



中國鼎益豐控股有限公司

CHINA DING YI FENG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 00612

2020 INTERIM REPORT



INTERIM RESULTS

The Board (the “Board”) of Directors (the “Directors”) of China Ding Yi Feng Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2020 (the “period”), together with comparative figures for the corresponding period in 2019.



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	4	451	603
Other income		643	—
Net realised gain on disposal of financial assets at fair value through profit or loss		—	6,858
Net unrealised loss on financial assets at fair value through profit or loss		(11,934)	(137,239)
		(10,840)	(129,778)
Net gain on disposals of subsidiaries	19	4	—
Administrative expenses		(46,169)	(45,490)
Finance costs	6	(14,245)	(18,476)
Loss before tax	7	(71,250)	(193,744)
Income tax credit	8	—	19,465
Loss for the period attributable to owners of the Company		(71,250)	(174,279)
Loss per share	10		
— Basic (HK cents)		(5.59)	(14.10)
— Diluted (HK cents)		(5.59)	(14.10)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company	(71,250)	(174,279)
Other comprehensive expense		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(1,659)	—
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on equity instruments at fair value through other comprehensive income	(875)	—
Other comprehensive expense for the period, net of tax	(2,534)	—
Total comprehensive expense for the period attributable to owners of the Company	(73,784)	(174,279)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	482,537	6,189
Intangible assets	12	13,301	13,301
Right-of-use assets	11	27,589	6,792
Equity instruments at fair value through other comprehensive income	13	—	956
Deferred tax assets		3,238	3,238
Rental and utility deposits	14	5,261	1,003
		531,926	31,479
Current assets			
Prepayments, deposits and other receivables	14	12,176	13,261
Financial assets at fair value through profit or loss	15	135,952	121,398
Bank balances and cash		252,236	208,065
		400,364	342,724
Current liabilities			
Accruals and other payables		11,272	12,120
Borrowings	16	139,001	150,662
Lease liabilities		11,165	3,606
		161,438	166,388
Net current assets		238,926	176,336

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30 June 2020

	Notes	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Total assets less current liabilities		770,852	207,815
Non-current liabilities			
Borrowings	16	104,043	116,247
Lease liabilities		16,169	3,636
		120,212	119,883
Net assets		650,640	87,932
Capital and reserve			
Share capital	17	65,155	61,836
Reserves		585,485	26,096
Total equity		650,640	87,932
Net asset value per share	10	HK\$0.50	HK\$0.07

The condensed consolidated financial statements on pages 2 to 35 were approved and authorised for issue by the Board of Directors on 11 August 2020 and are signed on its behalf by:

Luk Hong Man, Hammond
Director

Zhang Xi
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Capital reserve HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2020 (audited)	61,836	575,477	(4,199)	9,610	65,158	(844)	(619,106)	87,932
Loss for the period	-	-	-	-	-	-	(71,250)	(71,250)
Other comprehensive expense for the period:								
Exchange differences arising on translation of foreign operations	-	-	(1,659)	-	-	-	-	(1,659)
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI")	-	-	-	-	-	(875)	-	(875)
Total comprehensive expense for the period	-	-	(1,659)	-	-	(875)	(71,250)	(73,784)
Issue of shares under placement of shares	3,319	174,174	-	-	-	-	-	177,493
Contributions from a shareholder	-	-	-	-	458,999	-	-	458,999
Transfer of investment revaluation reserve upon disposal of equity instruments at FVTOCI	-	-	-	-	-	1,719	(1,719)	-
At 30 June 2020 (unaudited)	65,155	749,651	(5,858)	9,610	524,157	-	(692,075)	650,640
At 1 January 2019 (audited)	61,836	575,477	18	9,610	65,158	537	(343,815)	368,821
Loss for the period	-	-	-	-	-	-	(174,279)	(174,279)
Other comprehensive expense for the period	-	-	-	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	-	-	-	(174,279)	(174,279)
Transfer of investment revaluation reserve upon disposal of equity instruments at FVTOCI	-	-	-	-	-	(215)	215	-
Dividend declared	-	-	-	-	-	-	(24,734)	(24,734)
At 30 June 2019 (unaudited)	61,836	575,477	18	9,610	65,158	322	(542,613)	169,808

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Operating activities			
Loss before tax		(71,250)	(193,744)
Adjustments for:			
Depreciation of property, plant and equipment	11	2,353	3,088
Depreciation of right-of-use assets	11	3,414	—
Interest income	4	(215)	(333)
Effective interest income from rental deposits		(44)	—
Dividend income	4	(236)	(270)
Interest expense	6	14,245	18,476
Loss on written off of property, plant and equipment	11	—	84
Net gain on disposals of subsidiaries	19	(4)	—
Net realised gain on disposals of financial assets at fair value through profit or loss (“FVTPL”)		—	(6,858)
Net unrealised loss on financial assets at FVTPL		11,934	137,239
Operating cash flows before movements in working capital		(39,803)	(42,318)
(Increase) decrease in prepayments, deposits and other receivables		(3,979)	244,542
Increase (decrease) in accruals and other payables		360	(6,767)
Proceeds on disposals of financial assets at fair value through profit or loss		—	46,263
Proceeds on disposal of equity instruments at FVTOCI		81	1,415
Purchase of financial assets at FVTPL		(27,667)	(98,596)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Purchase of equity instruments at FVTOCI	—	(1,235)
Release of restricted bank deposits	310	—
Cash (used in) generated from operations	(70,698)	143,304
Interest received	215	333
Dividend received	236	270
Net cash (used in) from operating activities	(70,247)	143,907
Investing activities		
Purchase of property, plant and equipment	(19,702)	(5,094)
Purchase of intangible asset	—	(3,072)
Net cash inflows from disposal of subsidiaries	4	—
Net cash used in investing activities	(19,698)	(8,166)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Financing activities		
Dividend paid	—	(20,790)
Interest paid	(8,742)	(13,456)
Repayment of lease liabilities	(3,820)	—
Net proceeds from issue of shares	177,493	—
Net proceeds from raised borrowings	73,475	105,190
Repayments of borrowings	(103,500)	(188,700)
Net cash from (used in) financing activities	134,906	(117,756)
Net increase in cash and cash equivalents	44,961	17,985
Effect of foreign exchange rate changes	(480)	589
Cash and cash equivalents as at 1 January	191,017	304,217
Cash and cash equivalents as at 30 June	235,498	322,791
Represented by:		
Bank balances and cash	252,236	322,791
Less: Restricted bank deposits	(16,738)	—
	235,498	322,791



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares has been listed on the Stock Exchange of Hong Kong Limited (“Stock Exchange”) since 2 January 2002. The address of the registered office of the Company is Unit 6602-03, Level 66, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries are investing in listed and unlisted securities.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated financial statements of the Group have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended 31 December 2019.

The condensed consolidated financial statements are unaudited, but have been reviewed by the Company’s audit committee (the “Audit Committee”). The condensed consolidated financial statements for the six months ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 11 August 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2020 are consistent with those adopted by the Group in its audited consolidated financial statements for the year ended 31 December 2019 except for the adoption of the amendments to Hong Kong Financial Reporting Standards (the “Amendments to HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA that are effective for the first time for the current period’s financial statements.

The Group has not applied any New and Amendments to HKFRSs that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such New and Amendments to HKFRSs to the Group but is yet in a position to state whether they would have any material financial impact on the Group’s results of operations and financial position.

Details of the changes in accounting policies are set out as below:

Changes in Hong Kong Financial Reporting Standards (“HKFRSs”)

The HKICPA has issued a number of new and amendments to HKFRSs that become effective for the current accounting period of the Group:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of amendments to references to the Conceptual Framework in the HKFRS standards and the amendments to HKFRSs had no material impact on the condensed consolidated financial statements in the current and prior periods. Their impacts on presentation and disclosures, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

4. REVENUE

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest income from deposits in banks and financial institutions	215	333
Dividend income from listed investments	236	270
	451	603

5. SEGMENT INFORMATION

For the six months ended 30 June 2020 and 2019 respectively, the Group's revenue was mainly interest income from banks and financial institutions and dividend income. The directors consider that these activities constitute one business segment since the Group only engaged in investing in listed and unlisted securities. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating profits. The Group's segment revenue, assets and liabilities for the period, analysed by geographical markets, are as follows:

	Hong Kong		PRC and other jurisdictions		Consolidated	
	six months ended 30 June		six months ended 30 June		six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Segment revenue:						
Interest income from banks and financial institutions	181	320	34	13	215	333
Dividend income	236	270	—	—	236	270
	417	590	34	13	451	603

5. SEGMENT INFORMATION (Continued)

	Hong Kong		PRC and other jurisdictions		Consolidated	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	HK\$'000 (unaudited)	HK\$'000 (audited)	HK\$'000 (unaudited)	HK\$'000 (audited)	HK\$'000 (unaudited)	HK\$'000 (audited)
Non-current assets*	44,166	25,349	479,261	933	523,427	26,282
Total assets	372,492	291,152	559,798	83,051	932,290	374,203
Total liabilities	280,776	285,249	874	1,022	281,650	286,271
Other segment information:						
Additions to property, plant and equipment	209	5,093	478,492	—	478,701	5,093
Additions to right-of-use assets	24,211	6,431	—	950	24,211	7,381
Additions to intangible assets	—	3,072	—	—	—	3,072

* The non-current assets information above is based on the locations of the assets and excluded equity instruments at FVTOCI, deferred tax assets and rental and utility deposits.

6. FINANCE COSTS

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest expenses on:		
Interest-bearing loan notes (note 16(a))	1,086	1,085
Interest-bearing bonds (note 16(b))	12,222	16,148
Interest-bearing loans	386	1,243
Lease liabilities	551	—
	14,245	18,476

7. LOSS BEFORE TAX

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Loss before tax has been arrived at after charging (crediting) the following items:		
Directors' remuneration:		
Fees	1,790	2,184
Other emoluments	1,654	1,737
Retirement benefits scheme contributions	18	18
Other staff costs:		
Basic salaries and allowances	5,990	4,626
Retirement benefits scheme contributions	203	172
Total staff costs (including Directors' remuneration)	9,655	8,737
Auditor's remuneration	220	220
Depreciation of property, plant and equipment	2,353	3,088
Depreciation of right-of-use assets	3,414	—
Loss on written off of property, plant and equipment	—	84
Net foreign exchange losses	246	3,039
Government subsidies	(587)	—
Effective interest income from rental deposits	(44)	—

8. INCOME TAX CREDIT

No Hong Kong Profits Tax has been provided as the Group had no assessable profits in Hong Kong for both periods. There are also no tax liabilities in other jurisdictions.

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Deferred taxation Credit for the period	—	19,465

No deferred tax asset has been recognised in respect of tax losses for the six months ended 30 June 2020 due to unpredictability stream of future taxable profits that will be available against which the tax losses can be utilised.

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

10. NET ASSET VALUE PER SHARE AND LOSS PER SHARE

Net asset value per share

The net asset value per share is calculated by dividing the net assets included in the condensed consolidated statement of financial position of approximately HK\$650,640,000 (31 December 2019: approximately HK\$87,932,000) by the number of shares in issue as at 30 June 2020, being 1,303,090,000 (31 December 2019: 1,236,722,000).

10. NET ASSET VALUE PER SHARE AND LOSS PER SHARE (Continued)

Loss per share

The calculation of the basic and diluted loss per share is based on:

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<i>Loss:</i>		
Loss attributable to owners of the Company	(71,250)	(174,279)
	30 June 2020 '000	30 June 2019 '000
<i>Shares:</i>		
Weighted average number of ordinary shares in issue during the period used in basic loss per share calculation	1,275,011	1,236,722
Effect of dilutive potential ordinary shares: Share options	32,480	32,480
Weighted average number of ordinary shares in issue during the period used in diluted loss per share calculation	1,307,491*	1,269,202*

* No adjustment has been made to the basic loss per share amount for the six months ended 30 June 2020 because the diluted loss per share amount is decreased when taking outstanding share options into account, so the outstanding share options had an anti-dilutive effect on the basic loss per share amount. Accordingly, the diluted loss per share is same as the basic loss per share.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, plant and equipment

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Carrying amounts at beginning of period/year	6,189	7,488
Additions (note)	478,701	5,093
Depreciation	(2,353)	(6,308)
Written off	—	(84)
Carrying amounts at end of the period/year	482,537	6,189

Note:

During the six months ended 30 June 2020, Hainan Qirisheng Enterprise Consulting Co. Ltd., an indirect substantial shareholder of the Company, has unconditionally and unilaterally gifted 22 non-residential units located in the PRC (“PRC properties”) to the Group with a fair value of approximately RMB421,000,000 (equivalent to approximately HK\$458,999,000) on the date of completion of transfer in June 2020.

Value of the PRC properties gifted was arrived at on the basis of a valuation by Access Partner Professional Services Limited, an independent qualified valuer not connected to the Group. The fair value was determined based on direct comparison method assuming sale of the properties in their existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

The amounts contributed from a shareholder was recognised and resulted in an increase in the capital reserve under equity.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

Right-of-use assets

	Leased properties	
	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
At beginning of period/year	6,792	–
Additions	24,211	7,381
Depreciation charge	(3,414)	(589)
At end of period/year	27,589	6,792

12. INTANGIBLE ASSETS

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Carrying amounts as at 1 January	13,301	10,229
Additions	–	3,072
Carrying amounts at end of the period/year	13,301	13,301

13. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Unlisted investments		
— Equity securities in Hong Kong (note 1)	—	956

Particulars of investments in unlisted equity securities held by the Group as at 30 June 2020 and 31 December 2019 disclosed pursuant to Chapter 21 of Listing Rules are as follows:

Note 1: Unlisted equity securities

Name of investee company	Place of incorporation	Proportion of investee's capital owned	Cost	Fair value	Accumulated fair value adjustment	Net assets attributable to the Group	Dividend received/receivable during the year/period	% of gross assets of the Group
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 30 June 2020 (unaudited)								
China Investment Fund International Securities Limited	Hong Kong	—	—	—	—	—	—	—
At 31 December 2019 (audited)								
China Investment Fund International Securities Limited	Hong Kong	9%	1,800	956	(844)	571	—	0.26%

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Rental deposits and prepayments	5,293	6,632
Due from brokers (note)	6,217	3,890
Other prepayments	83	308
Other deposits and receivables	5,844	3,434
	17,437	14,264
Portion classified as non-current assets	(5,261)	(1,003)
	12,176	13,261

Note: The balances represent the cash account balances in the brokers that are used for investing in securities. The management of the Company monitors the credit risk on these brokers on a regular basis.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default and regarded as low default risk by the management of the Company.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Equity securities listed in Hong Kong (note)	65,507	59,139
Equity securities listed in the PRC (note)	70,445	62,259
	135,952	121,398

Note: Particulars of investments of listed equity securities held by the Group as at 30 June 2020 and 31 December 2019 disclosed pursuant to Chapter 21 of the Listing Rules are as follows:

Name of investee companies	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Accumulated unrealised gain (loss) recognised	Dividend received/receivable during the period	% of gross assets of the Group
				HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 30 June 2020 (unaudited)								
<u>Listed equity securities in Hong Kong</u>								
AAC Technologies Holdings Inc. (note a)	Cayman Islands	150,000	0.01%	9,936	7,132	(2,804)	—	0.76%
Sunny Optical Technology (Group) Company Limited (note b)	Cayman Islands	70,000	Less than 0.01%	9,966	8,680	(1,286)	57	0.93%
Smartac Group China Holdings Limited (note c)	Cayman Islands	266,000,000	4.72%	52,188	39,634	(12,554)	—	4.25%
Alibaba Group Holding Limited (note d)	Cayman Islands	48,000	Less than 0.01%	9,982	10,061	79	—	1.08%
				82,072	65,507	(16,565)		
<u>Listed equity securities in PRC</u>								
Irico Display Devices Co., Ltd. (note e)	PRC	2,880,032	0.08%	18,888	14,402	(4,486)	—	1.54%
Tianma Bearing Group Co., Ltd. (note f)	PRC	15,000,001	1.26%	40,175	22,700	(17,475)	—	2.43%
Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd. (note g)	PRC	2,080,000	0.57%	11,043	17,290	6,247	—	1.85%
Kweichow Moutai Co., Ltd. (note h)	PRC	10,007	Less than 0.01%	15,790	16,053	263	179	1.72%
				85,876	70,445	(15,431)		
				167,948	135,952	(31,996)		

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Continued)

Note: Particulars of investments of listed equity securities held by the Group as at 30 June 2020 and 31 December 2019 disclosed pursuant to Chapter 21 of the Listing Rules are as follows: (Continued)

Name of investee companies	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Accumulated unrealised gain (loss) recognised	Dividend received/receivable during the year	% of gross assets of the Group
				HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 31 December 2019 (audited)								
<u>Listed equity securities in Hong Kong</u>								
AAC Technologies Holdings Inc.	Cayman Islands	150,000	0.01%	9,936	10,200	264	—	2.73%
Smartac Group China Holdings Limited	Cayman Islands	197,000,000	3.50%	40,311	29,550	(10,761)	—	7.90%
Sunny Optical Technology (Group) Company Limited	Cayman Islands	70,000	Less than 0.01%	9,966	9,443	(523)	—	2.52%
Alibaba Group Holding Limited	Cayman Islands	48,000	Less than 0.01%	9,982	9,946	(36)	—	2.66%
				70,195	59,139	(11,056)		
<u>Listed equity securities in PRC</u>								
Inco Display Devices Co., Ltd.	PRC	2,880,032	0.06%	19,246	13,659	(5,587)	—	3.65%
Tianma Bearing Group Co., Ltd.	PRC	15,000,001	1.26%	40,979	33,221	(7,758)	—	8.88%
Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.	PRC	2,080,000	0.57%	11,264	15,379	4,115	—	4.11%
				71,489	62,259	(9,230)		
				141,684	121,398	(20,286)		

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

(Continued)

A brief description of the business and financial information of the listed investee companies extracted from their latest published annual reports is as follows:

Notes:

- (a) AAC Technologies Holdings Inc. (“AAC Tech”) was incorporated in the Cayman Islands and its shares are listed on Main Board of Hong Kong Stock Exchange (stock code: 2018). AAC Tech is principally engaged in (i) manufacture and sales of acoustic related products; (ii) manufacture and sales of electronic components; (iii) manufacture and sales of tooling and precision components; and (iv) provision of electroplating service.

For the year ended 31 December 2019, the audited consolidated profit attributable to owners of AAC Tech was approximately RMB2,222,375,000 and the basic earnings per share was RMB1.84. As at 31 December 2019, its audited consolidated net assets value attributable to owners of AAC Tech was approximately RMB19,351,193,000. No dividend was received during the period.

- (b) Sunny Optical Technology (Group) Company Limited (“Sunny Optical”) was incorporated in the Cayman Islands and its shares are listed on the Main Board of Hong Kong Stock Exchange (Stock code: 2382). Sunny Optical is principally engaged in the business of designing, researching and developing, manufacturing and selling of optical and optical related products and scientific instruments.

For the year ended 31 December 2019, the audited consolidated profit attributable to owners of Sunny Optical was approximately RMB3,991,298,000 and the basic earnings per share was RMB364.81 cents. As at 31 December 2019, its audited consolidated net assets value attributable to owners of Sunny Optical was approximately RMB12,552,887,000. The Group has received dividend of approximately HK\$57,000 during the period.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

(Continued)

Notes: (Continued)

- (c) Smartac Group China Holdings Limited (“Smartac”) was incorporated in the Cayman Islands and its shares are listed on the Main Board of Hong Kong Stock Exchange (stock code: 395). Smartac was principally engaged in (i) software sales and O2O consultation services; (ii) digital advertising platform and related solutions services and (iii) marketing strategy and management services in the operation of online shops on e-commerce platform.

For the year ended 31 December 2019, the audited consolidated loss attributable to owners of Smartac was approximately RMB37,926,000 and the basic loss per share was RMB0.67 cents. At 31 December 2019, its audited consolidated net assets value attributable to owners of Smartac was approximately RMB241,589,000. No dividend was received during the period.

- (d) Alibaba Group Holding Limited (“Alibaba”) was incorporated in the Cayman Islands and its shares are listed on the Main Board of Hong Kong Stock Exchange (stock code: 9988). Alibaba is principally engaged in core commerce, cloud computing, digital media and entertainment, and innovation initiatives and others.

For the year ended 31 March 2020, net income attributable to the ordinary shareholders of Alibaba was approximately RMB149,263 million and basic earnings per share was RMB7.10. As at 31 March 2020, the consolidated net assets value attributable to the shareholders of Alibaba was approximately RMB755,401 million. No dividend was received during the period.

- (e) Irico Display Devices Co., Ltd. (“Irico Display”) was incorporated in the PRC and its shares are listed on Shanghai Stock Exchange (stock code: 600707). Irico Display was principally engaged in development, production and sales of electronic information display devices in China and internationally.

For the year ended 31 December 2019, the audited consolidated profit attributable to owners of Irico Display was approximately RMB64,896,000 and the basic earnings per share was RMB0.02. At 31 December 2019, its audited consolidated net assets value attributable to owners of Irico Display was approximately RMB20,485 million. No dividend was received during the period.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

(Continued)

Notes: (Continued)

- (f) Tianma Bearing Group Co., Ltd. (“Tianma Bearing”) was incorporated in the PRC and its shares are listed on Shenzhen Stock Exchange (stock code: 002122). Tianma Bearing was principally engaged in the bearing and machine tool business. Its main products include bearings, round bars, machine tools, and agricultural and pastoral products.

For the year ended 31 December 2019, the audited consolidated loss attributable to owners of Tianma Bearing was approximately RMB1,654 million and the basic loss per share was RMB1.39. At 31 December 2019, its audited consolidated net assets value attributable to equity holders of Tianma Bearing was approximately RMB1,555 million. No dividend was received during the period.

- (g) Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd. (“Hainan Dadonghai”) was incorporated in the PRC and its shares are listed on Shenzhen Stock Exchange (stock code: 000613). Hainan Dadonghai was principally engaged in provision of tourism catering services.

For the year ended 31 December 2019, the audited consolidated profit attributable to owners of Hainan Dadonghai was approximately RMB757,000 and earnings per share was RMB0.21 cent. As at 31 December 2019, the audited consolidated net assets value attributable to the owners of Hainan Dadonghai was approximately RMB78,487,000. No dividend was received during the period.

- (h) Kweichow Moutai Co., Ltd. (“Kweichow Moutai”) was incorporated in the PRC and its shares are listed on Shanghai Stock Exchange (stock code: 600519). Kweichow Moutai was principally engaged in production and sales of Chinese liquor.

For the year ended 31 December 2019, the audited consolidated profit attributable to owners of Kweichow Moutai was approximately RMB41,206 million and earnings per share was RMB32.80. As at 31 December 2019, the audited consolidated net assets value attributable to the owners of Kweichow Moutai was approximately RMB136,010 million. The Group has received dividend of approximately HK\$179,000 during the period.

The fair value of these listed securities are based on their closing prices quoted in active markets.

16. BORROWINGS

	Notes	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Interest-bearing loan notes, unsecured	(a)	42,347	42,323
Interest-bearing bonds, unsecured	(b)	186,697	217,586
Interest-bearing loans, unsecured	(c)	14,000	7,000
		243,044	266,909
Less: Amount classified as current liabilities		(139,001)	(150,662)
Amount classified as non-current liabilities		104,043	116,247

(a) Interest-bearing loan notes

The Company issued unsecured interest-bearing loan notes (the “Notes”) to independent private investors through the placing agent in an aggregate principal amount of HK\$30,000,000 with effective dates of 29 April 2015 and 30 April 2015 which are repayable on the date falling 8 years from the date of issue of the Notes, which are 28 April 2023 and 29 April 2023 respectively, and a principal amount of HK\$12,500,000 with effective date of 9 September 2015 which is repayable on the date falling 8 years of the date of issue of the Notes, which is 8 September 2023 (the “Maturity Dates”). The Company has the right at any time after the second year of the issue date of the Notes to the Maturity Dates to redeem the whole or part of the outstanding Notes at the redemption amount with not less than 15 business days written notice, specifying the amount to be redeemed and the date of such redemption (the “Redemption Right”). But the noteholders have no right to require the Company to redeem the Notes before the Maturity Dates.

16. BORROWINGS (Continued)

(a) Interest-bearing loan notes (Continued)

The Notes carry interest at the fixed rate of 5% per annum payable semiannually in arrears on 31 March and 30 September in each year (“Interest Payment Date”), provided that the first Interest Payment Date fell on 31 March 2016 and the final repayment of the interest shall be on the Maturity Date.

The Redemption Right is regarded as embedded derivative in the host contract. The Redemption Right is not recognised in the condensed consolidated financial statements since the redemption is at the discretion of the Company and the Directors consider that the probability of exercise of the Redemption Right is remote. The Directors have assessed the fair value of the Redemption Right at initial recognition and at the end of the reporting period and consider that the fair value was insignificant. Accordingly, the fair value of the Redemption Right was not accounted for in the condensed consolidated financial statements as at 30 June 2020.

The Notes are measured at amortised cost, using the effective interest method. The effective interest rates of the Notes range from 5.08% p.a. to 5.15% p.a..

The Notes recognised in the condensed consolidated statement of financial position of the Group are calculated as follows:

	HK\$'000
At 1 January 2019	42,277
Effective interest expenses	2,171
Interest paid/payable	(2,125)
	<hr/>
At 31 December 2019 and 1 January 2020	42,323
Effective interest expenses (note 6)	1,086
Interest paid/payable	(1,062)
	<hr/>
At 30 June 2020	42,347
	<hr/>

16. BORROWINGS (Continued)

(b) Interest-bearing bonds

During the six months ended 30 June 2020, the Company has issued and repaid unsecured interest-bearing bonds with aggregate principal amounts of HK\$56,500,000 and HK\$91,500,000 (31 December 2019: HK\$97,000,000 and HK\$234,334,000) respectively, which bear interests ranging from 0.50% p.a. to 18% p.a. (31 December 2019: 0.36% p.a. to 18% p.a.) and with maturity dates ranging from three months to two years (31 December 2019: three months to eight years).

The interest-bearing bonds recognised in the condensed consolidated statement of financial position of the Group is calculated as follows:

	HK\$'000
At 1 January 2019	346,312
Issued during the year, at fair value	93,690
Repaid during the year	(234,334)
Effective interest expenses	32,192
Interest paid/payable	(20,274)
	<hr/>
At 31 December 2019 and 1 January 2020	217,586
Issued during the period, at fair value	54,475
Repaid during the period	(91,500)
Effective interest expenses (note 6)	12,222
Interest paid/payable	(6,086)
	<hr/>
At 30 June 2020	186,697

(c) Interest-bearing loans

As at 30 June 2020, the Company had outstanding unsecured loans with principal amount in aggregate of HK\$14,000,000 (31 December 2019: HK\$7,000,000) from independent third parties, which bear interest at 1% per month (31 December 2019: 1% per month) and will mature within three months from the reporting dates.

17. SHARE CAPITAL

	Number of ordinary shares of HK\$0.05 each	Nominal value HK\$'000
Authorised:		
At 1 January 2019, 31 December 2019 and 30 June 2020	4,000,000,000	200,000
Issued and fully paid:		
At 1 January 2019 and 31 December 2019	1,236,722,000	61,836
Issue of shares under placement of shares (Note)	66,368,000	3,319
At 30 June 2020	1,303,090,000	65,155

Note: On 17 March 2020, 66,368,000 ordinary shares were issued by the Company as a result of a placing agreement dated 9 March 2020 (amended on 10 March 2020). Shares were issued at a price of HK\$2.75 giving the gross proceeds of HK\$182,512,000.



18. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 27 June 2011. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives and/or rewards for their contribution and support to the Company. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees and executives, including all the Directors of the Company and any substantial shareholders as defined in the Listing Rules to subscribe for shares in the Company.

The maximum number of shares in respect of which options may be granted under the Scheme must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the shares of the Company in issue during the twelve-month period before the date of grant, unless with prior approval from the Company's shareholders.

Share options granted must be taken up within 21 days of the date of grant, upon payment of HK\$1 on the acceptance. Options may be exercised in accordance with the terms of the Scheme at any time during a period to be notified by the Board of Directors to each grantee but must not be exercised after the expiry of ten years from the date of grant of the option. There is no minimum period for which an option must be held or a performance target that must be achieved before an option can be exercised specified in the terms of the Scheme. However, the Board of Directors may provide restrictions on the exercise of an option during the period an option may be exercised including, if appropriate, a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

The exercise price is determined by the Board of Directors, and should not be less than the higher of (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer of the option, which must be a business day, (ii) the average of the closing prices of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of the option and (iii) the nominal value of the Share on the date of offer of the option.

The Scheme will remain in force for a period of 10 years commencing on 27 June 2011.

18. SHARE OPTION SCHEME (Continued)

The following table disclosed details of the Company's share options under the Scheme held by directors, employees and other participants and the movements during the six months ended 30 June 2020:

Grantee	Date of grant	Exercise price HK\$	Exercisable period up to	Outstanding					Outstanding number at 30 June 2020
				number of share options	Granted during the period	Exercised during the period	Expired during the period	Lapsed during the period	
<i>Executive Directors</i>									
Luk Hong Man, Hammond	17/6/2015	0.729	16/6/2025	776,597	–	–	–	–	776,597
	15/11/2016	0.808	15/11/2026	5,300,000	–	–	–	–	5,300,000
Zhang Xi	17/6/2015	0.729	16/6/2025	776,597	–	–	–	–	776,597
	15/11/2016	0.808	15/11/2026	5,300,000	–	–	–	–	5,300,000
<i>Non-executive Directors</i>									
Leung Ka Fai	15/11/2016	0.808	15/11/2026	3,000,000	–	–	–	–	3,000,000
Wang Mengtao	15/11/2016	0.808	15/11/2026	3,000,000	–	–	–	–	3,000,000
Ma Xiaojie	29/8/2017	2.250	29/8/2027	1,200,000	–	–	–	–	1,200,000
<i>Independent Non-executive Directors</i>									
Jing Siyuan	15/11/2016	0.808	15/11/2026	800,000	–	–	–	–	800,000
Zhang Amin	15/11/2016	0.808	15/11/2026	800,000	–	–	–	–	800,000
Zhang Qiang	15/11/2016	0.808	15/11/2026	800,000	–	–	–	–	800,000
Subtotal				21,753,194	–	–	–	–	21,753,194
Employees and other participants	17/6/2015	0.728	16/6/2025	776,596	–	–	–	–	776,596
	15/11/2016	0.808	15/11/2026	9,950,000	–	–	–	–	9,950,000
Total				32,479,790	–	–	–	–	32,479,790

For the six months ended 30 June 2020, no options had been lapsed, granted, exercised and expired under the Scheme.

19. NET GAIN ON DISPOSALS OF SUBSIDIARIES

During the six months ended 30 June 2020, the Group disposed certain wholly-owned subsidiaries to independent third parties for an aggregate consideration of approximately HK\$6,000, resulting in a gain on disposal of HK\$4,000.

20. RELATED PARTY AND CONNECTED TRANSACTIONS

(a) Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Directors' fee	1,790	2,184
Other emoluments	1,654	1,737
Retirement benefits scheme contributions	18	18
	3,462	3,939

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(b) Investment management fee

On 4 July 2019, the Company and Tianhe Quant Asset Management Limited ("Tianhe"), a wholly-owned subsidiary of the Company, entered into an investment management agreement pursuant to which Tianhe shall act as the investment manager of the Company for the period up to 4 July 2021. Under the investment management agreement, the investment management fee payable to the investment manager was HK\$220,000 per month together with expenses reimbursement up to a maximum amount of HK\$1,390,000, HK\$2,840,000 and HK\$1,450,000 respectively for each of the years ending 31 December 2019, 2020 and 2021. The investment manager is defined as a connected person of the Company pursuant to the Rule 21.13 of the Listing Rules. As Tianhe (the investment manager) is a wholly-owned subsidiary of the Company, the transaction with Tianhe is eliminated on consolidation and will not be considered a connected transaction under the Listing Rules.

20. RELATED PARTY AND CONNECTED TRANSACTIONS (Continued)

(c) Contributions from a shareholder

During the six months ended 30 June 2020, Hainan Qirisheng Enterprise Consulting Co. Ltd., an indirect substantial shareholder of the Company, has unconditionally and unilaterally gifted 22 non-residential units located in the PRC (“PRC properties”) to the Group with a fair value of approximately RMB421,000,000 (equivalent to approximately HK\$458,999,000) on the date of completion of transfer in June 2020.

Value of the PRC properties gifted was arrived at on the basis of a valuation by Access Partner Professional Services Limited, an independent qualified valuer not connected to the Group. The fair value was determined based on direct comparison method assuming sale of the properties in their existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

The amounts contributed from a shareholder was recognised and resulted in an increase in the capital reserve under equity.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value on a recurring basis

Some of the Group’s financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined, as well as the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial instruments measured at fair value on a recurring basis

(Continued)

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2020 (unaudited)				
<i>Assets</i>				
Financial assets at FVTPL				
– Listed equity securities (note a)	135,952	–	–	135,952
At 31 December 2019 (audited)				
<i>Assets</i>				
Financial assets at FVTPL (note a)				
– Listed equity securities	121,398	–	–	121,398
Equity instruments at FVTOCI (note b)	–	–	956	956
	121,398	–	956	122,354

Notes:

- The fair value of listed equity securities classified as Level 1 is determined by the closing price quoted in an active market.
- The fair value of unlisted equity securities classified as Level 3 is determined by management's valuation assessment with reference to valuation report performed by the independent professional valuer.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial instruments measured at fair value on a recurring basis

(Continued)

Reconciliation for financial instruments arrived at fair value based on significant inputs (Level 3) are as follows:

	Unlisted equity securities HK\$'000
At 1 January 2020	956
Change in fair value	(875)
Disposal	(81)
	<hr/>
At 30 June 2020	—
	<hr/>

22. CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liabilities (31 December 2019: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the period, the Group reported a loss of approximately HK\$71.3 million (six months ended 30 June 2019: HK\$174.3 million). The loss for the period decreased by HK\$103.0 million or 59.1% as compared with corresponding period in 2019 was primarily due to (i) a decrease of net unrealised loss on financial assets at fair value through profit or loss (“FVTPL”) by HK\$125,305,000 from HK\$137,239,000 to HK\$11,934,000 and (ii) an decrease in finance costs by HK\$4,231,000 as compared with corresponding period in 2019.

For the period, the Group recorded a revenue of HK\$451,000 (six months ended 30 June 2019: HK\$603,000), a decrease of HK\$152,000 as compared to the corresponding period in 2019. The Group recorded a net realised gain on disposal of financial assets at FVTPL of HK\$Nil (six months ended 30 June 2019: HK\$6,858,000). The Group recorded a net unrealised loss on financial assets at FVTPL of HK\$11,934,000 (six months ended 30 June 2019: HK\$137,239,000).

SECURITIES INVESTMENTS

The Board exercised caution while actively managing its investment portfolio in accordance with the Company’s investment objective and policy for the best interests of our shareholders.

Investment in listed securities

As at 30 June 2020, the Group held listed securities classified under financial assets at FVTPL of approximately HK\$135,952,000 (31 December 2019: approximately HK\$121,398,000).

Investment in unlisted securities

As at 30 June 2020, the Group did not hold any unlisted securities (31 December 2019: approximately HK\$956,000).

INVESTMENT PORTFOLIO

We divide our strategy into three categories, namely long-term holding investment, mid-term private equity and venture capital and short-term trading of securities and other financial instruments. The main sectors of our current investments as at 30 June 2020 were e-commerce & internet services, telecommunication, energy and commerce and Chinese liquor industry.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had bank balances and cash of HK\$252,236,000 as at 30 June 2020 (31 December 2019: HK\$208,065,000) representing 27.1% (31 December 2019: 55.6%) of the Group's total assets. As at 30 June 2020, the Group had long-term debts which are unsecured interest-bearing loan notes and unsecured interest-bearing bonds in total amount of HK\$104,043,000 (31 December 2019: HK\$116,247,000). Apart from the long-term debts, the Group had short-term debts consisting of unsecured interest-bearing bonds and unsecured interest-bearing loans of approximately HK\$139,001,000 (31 December 2019: HK\$150,662,000).

As at 30 June 2020, the Group's gearing ratio, being the total debts (including borrowings) divided by total equity, was 37.4% (31 December 2019: 303.5%).

FOREIGN CURRENCY EXPOSURE

Most of the business transactions of the Group are denominated in Hong Kong dollars and Renminbi ("RMB"). The Group closely monitors the fluctuation in these currencies and take actions as appropriate. As at 30 June 2020, the Group did not engage in currency hedging. During the period, the Group had financial assets of HK\$121,591,000 (31 December 2019: HK\$81,871,000) which was denominated in RMB. The Group does not have any foreign currency hedging policy. However, the Group monitors foreign exchange exposure and will take hedging or other actions as appropriate.



CAPITAL STRUCTURE

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited. During the period, the movement in the Company's share capital is as follow:

On 17 March 2020, 66,368,000 ordinary shares were issued by the Company as a result of a placing agreement dated 9 March 2020 (amended on 10 March 2020). Shares were issued at a price of HK\$2.75 giving the gross proceeds of HK\$182,512,000. Up to 30 June 2020, the Company used of HK\$27.9 million (or 15% of the gross proceeds) to invest in listed securities (namely, listed equity securities in Smartac International Holdings Limited (HK\$11.9 million) and Kweichow Moutai Co. Ltd. (HK\$16.0 million)) and HK\$26.5 million (or 15% of the gross proceeds) for general working capital purposes.

COMMITMENTS

There were no commitment as at 30 June 2020 (2019: Nil).

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have material contingent liabilities (31 December 2019: Nil).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2020, the Group had 24 employees and 8 Directors. The Group's remuneration policies are in line with prevailing market practice and are determined on the basis of the performance and experience of individual employees.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the period, there was no material acquisition or disposal of subsidiaries by the Group.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the period.

PROSPECT

The outbreak of COVID-19 pandemic earlier this year has severe negative impacts on the global economy. China introduced extremely strict measures to contain the spread of the virus and managed to turn its GDP from a 6.8 percent decline in the first quarter to a 3.2 percent growth in the second quarter, pointing towards a V-shaped recovery. In response to the pandemic, the Federal Reserve System slashed rates to near zero and promised unlimited, open-ended large-scale asset purchases to increase liquidity in financial markets. Recently, the IMF forecast that global GDP will contract by 4.9 percent this year, a noticeable downgrade from its previous estimate of 3 percent shrink in April 2020. Under such highly challenging investment environment, the Directors will focus more on the China market and take prudent strategies to manage our portfolio.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AND ANY ASSOCIATED CORPORATIONS

As at 30 June 2020, the interests and short positions of each Director and the chief executives of the Company in the shares and the underlying shares of the Company and any associated corporations (as defined in Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

(i) Long positions in shares as at 30 June 2020

Name of Director	Capacity	Notes	Number of shares	Approximate percentage of shareholding
Ma Xiaoqiu	Beneficial owner		10,520,000	0.81%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AND ANY ASSOCIATED CORPORATIONS (Continued)

(ii) Long positions in underlying shares as at 30 June 2020

Name of Director	Capacity	Notes	Number of underlying shares	Approximate percentage of shareholding
Luk Hong Man, Hammond	Beneficial owner	(1)	6,076,597	0.47%
Zhang Xi	Beneficial owner	(1)	6,076,597	0.47%
Wang Mengtao	Beneficial owner	(2)	3,000,000	0.23%
Leung Ka Fai	Beneficial owner	(2)	3,000,000	0.23%
Jing Siyuan	Beneficial owner	(2)	800,000	0.06%
Zhang Aimin	Beneficial owner	(2)	800,000	0.06%
Zhang Qiang	Beneficial owner	(2)	800,000	0.06%
Ma Xiaojun	Beneficial owner	(3)	1,200,000	0.09%

Notes:

- (1) 776,597 share options are at an exercise price of HK\$0.729 per share of the Company with exercise period from 17 June 2015 to 16 June 2025. 5,300,000 share options are at an exercise price of HK\$0.808 per share of the Company with exercise period from 16 November 2016 to 15 November 2026.
- (2) These share options are at an exercise price of HK\$0.808 per share of the Company with exercise period from 16 November 2016 to 15 November 2026.
- (3) These share options are at an exercise price of HK\$2.25 per shares of the Company with exercise period from 30 August 2017 to 29 August 2027.

Save as disclosed above, at 30 June 2020, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register required to be maintained under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDER

As at 30 June 2020, the following person's interest in 5% or more in the shares and underlying shares of the Company have been notified to the Company or recorded in the register of interest in shares and short positions required to be kept under Section 336 of the SFO:

Name	Number of Shares	Type of interest	Approximate percentage of total issued share capital of the Company
HK DYF Int'l Holding Group Limited	198,030,400	Beneficial owner	15.20%
Shenzhen Ding Yi Feng Enterprise Management Co., Ltd. (Note 1)	198,030,400	Interest of controlled corporation	15.20%
Hainan Qirisheng Enterprise Consulting Co. Ltd. (Note 1)	198,030,400	Interest of controlled corporation	15.20%
Sui Guangyi (Note 2)	347,612,800	Beneficial owner and Interest of controlled corporation	26.68%

Note 1: Each of Shenzhen Ding Yi Feng Enterprise Management Co., Ltd. and Hainan Qirisheng Enterprise Consulting Co. Ltd. is deemed to be interested in 198,030,400 shares through its controlled corporation, HK DYF Int'l Holding Group Limited.

Note 2: 198,030,400 of these shares are held by HK DYF Int'l Holding Group Limited, which is held as to 68.72% by Shenzhen Ding Yi Feng Enterprise Management Co., Ltd., and 31.28% by Hainan Qirisheng Enterprise Consulting Co. Ltd., which are respectively held as to 26% and 29.39% and controlled by Mr. Sui. Mr. Sui is deemed to be interested in these shares by virtue of the SFO.

Save as disclosed above, the Directors are not aware of any person who has an interest or short position in the shares or underlying shares of the Company (which is discloseable under Divisions 2 and 3 of Part XV of the SFO), or is directly or is indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (which is discloseable under the Listing Rules).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the period.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2020, the Company had complied with all the applicable provisions of the Corporate Governance Code (the "Code Provision") as set out in Appendix 14 to the Listing Rules, except for the deviation set out as below.

Code Provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. The Chairman of the Board had not attended the annual general meeting of the Company held on 5 May 2020. The Chairman of the Board will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so.



AUDIT COMMITTEE

The Audit Committee currently comprised solely of independent non-executive Directors, namely, Ms. Jing Siyuan (chairman), Mr. Zhang Aimin and Mr. Zhang Qiang. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The unaudited interim results and unaudited condensed consolidated financial information of the Group for the period have been reviewed by the Audit Committee and approved by the Board on 11 August 2020.

By Order of the Board
China Ding Yi Feng Holdings Limited
Luk Hong Man, Hammond
Executive Director

Hong Kong, 11 August 2020

As at the date of this report, the executive Directors are Mr. Luk Hong Man, Hammond and Mr. Zhang Xi; the non-executive Directors are Ms. Ma Xiaoqiu, Mr. Leung Ka Fai and Mr. Wang Mengtao; and the independent non-executive Directors are Ms. Jing Siyuan, Mr. Zhang Aimin and Mr. Zhang Qiang.