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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Board (the “**Board**”) of Directors (the “**Directors**”) of China Ding Yi Feng Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	950	1,317
Other income	5	3,290	392
Net realised gain on disposals of financial assets at fair value through profit or loss		23,937	3,543
Net unrealised gain (loss) on financial assets at fair value through profit or loss		<u>447,481</u>	<u>(153,534)</u>
		475,658	(148,282)
Net gain on disposals of subsidiaries	15	4	6
Administrative expenses		(95,883)	(88,935)
Finance costs	6	<u>(26,395)</u>	<u>(36,263)</u>
Profit (loss) before tax	7	353,384	(273,474)
Taxation	8	<u>(69,991)</u>	<u>22,703</u>
Profit (loss) for the year attributable to owners of the Company		<u><u>283,393</u></u>	<u><u>(250,771)</u></u>
Earnings (loss) per share	10		
– Basic (HK cents per share)		<u>21.88</u>	<u>(20.28)</u>
– Diluted (HK cents per share)		<u>21.36</u>	<u>(20.28)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit (loss) for the year attributable to owners of the Company	<u>283,393</u>	<u>(250,771)</u>
Other comprehensive income (expense):		
<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)	(1,167)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>47,719</u>	<u>(4,217)</u>
Other comprehensive income (expense) for the year, net of tax	<u>46,844</u>	<u>(5,384)</u>
Total comprehensive income (expense) attributable to owners of the Company	<u><u>330,237</u></u>	<u><u>(256,155)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Notes</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		517,247	6,189
Intangible assets		13,301	13,301
Right-of-use assets		21,818	6,792
Equity instruments at fair value through other comprehensive income		–	956
Deferred tax assets		–	3,238
Rental and utility deposits	11	4,415	1,003
		556,781	31,479
Current assets			
Prepayments, deposits and other receivables	11	7,143	13,261
Financial assets at fair value through profit or loss	12	682,142	121,398
Bank balances and cash		182,272	208,065
		871,557	342,724
Current liabilities			
Accruals and other payables		10,095	12,120
Borrowings	13	82,605	150,662
Lease liabilities		10,952	3,606
		103,652	166,388
Net current assets		767,905	176,336
Total assets less current liabilities		1,324,686	207,815

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current liabilities			
Borrowings	13	137,751	116,247
Lease liabilities		10,972	3,636
Deferred tax liabilities		66,753	–
		<u>215,476</u>	<u>119,883</u>
Net assets		<u>1,109,210</u>	<u>87,932</u>
Capital and reserve			
Share capital	14	66,394	61,836
Reserves		1,042,816	26,096
Total equity		<u>1,109,210</u>	<u>87,932</u>
		<i>HK\$</i>	<i>HK\$</i>
Net asset value per share	10	<u>0.84</u>	<u>0.07</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

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

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and these amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective date to be determined.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest income from banks and financial institutions	341	630
Interest income from convertible bond	373	–
Dividend income from listed investments	236	687
	<u>950</u>	<u>1,317</u>

4. SEGMENT INFORMATION

For the years ended 31 December 2020 and 2019, the Group's revenue was mainly interest income from banks and financial institutions, and interest and dividend income from financial assets. The directors of the Company consider that these activities constitute one business segment since these transactions are subject to common risks and returns. 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 year, analysed by geographical markets, are as follows:

	Hong Kong		PRC and others jurisdictions		Consolidated	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Segment revenue:						
Interest income from banks and financial institutions	265	594	76	36	341	630
Interest income from convertible bond	373	–	–	–	373	–
Dividend income from listed investments	236	687	–	–	236	687
	<u>874</u>	<u>1,281</u>	<u>76</u>	<u>36</u>	<u>950</u>	<u>1,317</u>
Non-current assets*	36,822	25,349	515,544	933	552,366	26,282
Total assets	<u>803,208</u>	<u>291,152</u>	<u>625,130</u>	<u>83,051</u>	<u>1,428,338</u>	<u>374,203</u>
Total liabilities	<u>318,374</u>	<u>285,249</u>	<u>754</u>	<u>1,022</u>	<u>319,128</u>	<u>286,271</u>
Other segment information:						
Additions to property, plant and equipment	209	5,093	478,492	–	478,701	5,093
Additions to right-of-use assets	24,100	6,431	–	950	24,100	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 fair value through other comprehensive income (“FVTOCI”), deferred tax assets and rental and utility deposits.

Given that the nature of the Group's operation is investment holding, there was no information regarding major customers as determined by the Group.

5. OTHER INCOME

	2020 HK\$'000	2019 HK\$'000
Government subsidies (<i>note</i>)	1,388	–
Net foreign exchange gains	1,720	–
Effective interest income from rental deposit	157	–
Sundry income	25	392
	<u>3,290</u>	<u>392</u>

Note: Regarding the government subsidies, HK\$1,335,000 were received from the Employment Support Scheme in Hong Kong.

6. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest expenses on:		
Interest-bearing loan notes	2,174	2,171
Interest-bearing bonds	21,357	32,192
Interest-bearing loans	1,431	1,383
Lease liabilities	1,433	517
	<u>26,395</u>	<u>36,263</u>

7. PROFIT (LOSS) BEFORE TAX

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
The Group's profit (loss) before tax has been arrived at after charging (crediting) the following items:		
Directors' emoluments:		
Fees	3,500	4,380
Other emoluments	3,460	3,352
Discretionary bonuses	604	442
Retirement benefits scheme contributions	56	63
Staff costs:		
Basic salaries and allowances	13,118	9,382
Retirement benefits scheme contributions	410	316
Total staff costs (including directors' emoluments)	<u>21,148</u>	<u>17,935</u>
Auditor's remuneration	750	750
Depreciation of property, plant and equipment	9,793	6,308
Depreciation of right-of-use assets	9,074	589
Loss on written off of property, plant and equipment	51	84
Net foreign exchange (gains) losses	(1,720)	663
Government subsidies	<u>(1,388)</u>	<u>–</u>

8. TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Deferred taxation		
Charge (credit) for the year	<u>69,991</u>	<u>(22,703)</u>

Under the Hong Kong Profits Tax two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No Hong Kong Profits Tax has been provided as the Group had no assessable profits in Hong Kong for the year (2019: Nil).

Under the law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the applicable PRC EIT rate of the Group's PRC subsidiaries is 25% for both years.

9. DIVIDEND

No dividend was proposed during the year, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

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

Net asset value per share

The net asset value per share is calculated by dividing the net assets included in the consolidated statement of financial position of approximately HK\$1,109,210,000 (2019: approximately HK\$87,932,000) by the number of shares in issue as at 31 December 2020, being 1,327,874,000 (2019: 1,236,722,000).

Earnings (loss) per share

The calculations of basic and diluted earnings (loss) per share are based on:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings (loss)		
Profit (loss) attributable to owners of the Company	<u>283,393</u>	<u>(250,771)</u>
	2020 <i>'000</i>	2019 <i>'000</i>
Shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share calculation	1,295,079	1,236,722
Effect of dilutive potential ordinary shares – share options	<u>31,696</u>	<u>32,480</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share calculation	<u>1,326,775</u>	<u>1,269,202*</u>

* No adjustment has been made to the basic loss per share amount for the year ended 31 December 2019 because the diluted loss per share amount is decreased when taking the outstanding share options into account, so the outstanding share options has 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. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Rental and utility deposits	6,136	6,632
Due from brokers (<i>note</i>)	3,156	3,890
Other prepayments	1,399	308
Other deposits and receivables	867	3,434
	<u>11,558</u>	<u>14,264</u>
Portion classified as non-current assets	<u>(4,415)</u>	<u>(1,003)</u>
	<u><u>7,143</u></u>	<u><u>13,261</u></u>

Note: The balances represent the cash account balances with securities brokers that are used for trading of securities. The management of the Company monitors the credit risk of 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 receivable for which there was no recent history of default.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Equity securities listed in Hong Kong (<i>note</i>)	611,024	59,139
Equity securities listed in the PRC (<i>note</i>)	71,118	62,259
	<u>682,142</u>	<u>121,398</u>

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

Name of investee companies	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost HK\$'000	Market value HK\$'000	Accumulated unrealised gain (loss) recognised HK\$'000	Dividend received/receivable during the year HK\$'000	% of gross assets of the Group
At 31 December 2020								
Listed equity securities in Hong Kong								
Geely Automobile Holdings Limited	Cayman Islands	400,000	Less than 0.01%	9,793	10,600	807	-	0.74%
Hong Kong Exchanges and Clearing Limited	Hong Kong	24,800	Less than 0.01%	9,973	10,540	567	-	0.74%
Smartac International Holdings Limited (formerly known as Smartac Group China Holdings Limited)	Cayman Islands	266,000,000	4.72%	52,188	11,438	(40,750)	-	0.80%
Ground International Development Limited	Bermuda	1,050,000,000	17.29%	79,800	525,000	445,200	-	36.76%
Sunny Optical Technology (Group) Company Limited	Cayman Islands	64,500	Less than 0.01%	9,929	10,946	1,017	57	0.77%
Farnova Group Holdings Limited	Bermuda	340,002,053	4.76%	17,000	42,500	25,500	-	2.98%
				<u>178,683</u>	<u>611,024</u>	<u>432,341</u>		
Listed equity securities in the PRC								
Tianma Bearing Group Co., Ltd.	PRC	28,000,022	2.33%	74,725	71,118	(3,607)	-	4.98%
				<u>253,408</u>	<u>682,142</u>	<u>428,734</u>		
At 31 December 2019								
Listed equity securities in Hong Kong								
Smartac International Holdings Limited (formerly known as Smartac Group China Holdings Limited)	Cayman Islands	197,000,000	3.50%	40,311	29,550	(10,761)	-	7.90%
AAC Technologies Holdings Inc.	Cayman Islands	150,000	0.01%	9,936	10,200	264	-	2.73%
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%
				<u>70,195</u>	<u>59,139</u>	<u>(11,056)</u>		
Listed equity securities in the PRC								
Irico Display Devices Co., Ltd.	PRC	2,880,032	0.08%	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%
				<u>71,489</u>	<u>62,259</u>	<u>(9,230)</u>		
				<u>141,684</u>	<u>121,398</u>	<u>(20,286)</u>		

13. BORROWINGS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest-bearing loan notes, unsecured	42,372	42,323
Interest-bearing bonds, unsecured	161,484	217,586
Interest-bearing loans, unsecured	<u>16,500</u>	<u>7,000</u>
	220,356	266,909
Less: Amount classified as current liabilities	<u>(82,605)</u>	<u>(150,662)</u>
Amount classified as non-current liabilities	<u><u>137,751</u></u>	<u><u>116,247</u></u>
The carrying amounts of above borrowings are repayable:		
Within one year	82,605	150,662
More than one year but not exceeding two years	85,347	25,909
More than two years but not exceeding five years	52,277	80,794
More than five years	<u>127</u>	<u>9,544</u>
	<u><u>220,356</u></u>	<u><u>266,909</u></u>

14. SHARE CAPITAL

	Number of ordinary shares of HK\$0.05 each <i>'000</i>	Nominal value <i>HK\$'000</i>
Authorised:		
At 1 January 2019, 31 December 2019 and 31 December 2020	<u>4,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 1 January 2020	1,236,722	61,836
Issue of shares by placing (<i>Note a</i>)	90,368	4,519
Exercise of share options (<i>Note b</i>)	<u>784</u>	<u>39</u>
At 31 December 2020	<u><u>1,327,874</u></u>	<u><u>66,394</u></u>

Notes:

- (a) On 17 March 2020, 66,368,000 ordinary shares were issued by the Company pursuant to a placing agreement dated 9 March 2020 (amended on 10 March 2020) at a placing price of HK\$2.75 per share, giving gross proceeds of HK\$182,512,000.

On 6 October 2020, 24,000,000 ordinary shares were issued by the Company pursuant to a placing agreement dated 25 September 2020 at a placing price of HK\$2.31 per share, giving gross proceeds of HK\$55,440,000.

- (b) On 1 December 2020, 480,000 share options were exercised at the subscription price of HK\$0.808 per share, and a total of 480,000 ordinary shares were issued, giving gross proceeds of approximately HK\$388,000.

On 2 December 2020, 304,000 share options were exercised at the subscription price of HK\$0.808 per share, and a total of 304,000 ordinary shares were issued, giving gross proceeds of approximately HK\$245,000.

15. NET GAIN ON DISPOSALS OF SUBSIDIARIES

During the year ended 31 December 2020, the Group disposed of its entire equity interests in 11 subsidiaries to an independent third party for an aggregate consideration of approximately HK\$6,000, resulting in a gain on disposal of HK\$4,000.

The aggregate net assets of the subsidiaries at the date of disposal were as follows:

	<i>HK\$'000</i>
Other receivables	2
Net assets disposal of	2
Total consideration	<u>(6)</u>
Net gain on disposal	<u><u>(4)</u></u>

An analysis of net inflows of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	<i>HK\$'000</i>
Net cash inflow arising on disposal:	
Cash consideration received	6
Cash and cash equivalents disposed of	<u>–</u>
	<u><u>6</u></u>

During the year ended 31 December 2019, the Group disposed of its entire equity interest in Fill Smart Inc Limited and First Peak Investment Limited to an independent third party for an aggregate consideration of HK\$160,000, resulting in a gain on disposal of approximately HK\$6,000.

The aggregate net assets of the subsidiaries at the date of disposal were as follows:

	<i>HK\$'000</i>
Other receivables	4
Bank balances and cash	<u>150</u>
Net assets disposal of	154
Total consideration	<u>(160)</u>
Net gain on disposal	<u><u>(6)</u></u>

An analysis of net inflows of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	<i>HK\$'000</i>
Net cash inflow arising on disposal:	
Cash consideration received	160
Cash and cash equivalents disposed of	<u>(150)</u>
	<u><u>10</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in investment in listed and unlisted securities.

The outbreak of the new coronavirus since early 2020 has posed extraordinary challenges in almost every part of the world. This highly contagious disease has caused over 100 million cases of infection and over 2.5 million deaths globally. The IMF estimates that the global growth contraction for 2020 is 3.5%. The only major economy to grow in 2020 was China, registered a growth of 2.3%. Given such difficult investment environment, the Directors have taken prudent strategies to manage our portfolio.

FINANCIAL REVIEW

For the year ended 31 December 2020, the Group recorded a net profit of approximately HK\$283,393,000 (2019: a net loss of approximately HK\$250,771,000). The turnaround of the result with a gain for the year as compared to a loss in the prior year was primarily due to net unrealised gain on financial assets at FVTPL of approximately HK\$447,481,000 (2019: net unrealised loss on financial assets at FVTPL of approximately HK\$153,534,000) which was mainly attributable to the fair value gains on listed securities investment.

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 31 December 2020, the Group held listed securities classified under financial assets at FVTPL of approximately HK\$682,142,000 (2019: approximately HK\$121,398,000).

Investment in unlisted securities

As at 31 December 2020, the Group disposed all equity instruments at FVTOCI at a consideration of HK\$81,000 to an independent third party, resulting in fair value loss of approximately HK\$875,000 and was recognised in other comprehensive income for the year.

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. Our investments during the year 2020 were diverse and covered the following sectors: e-commerce & internet services, and high technology industry, media and property development and management.

Details of all investments of the Group as at 31 December 2020 and 31 December 2019 are summarised below:

As at 31 December 2020

Listed Securities

Name of investee companies	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost HK\$'000	Market value HK\$'000	Accumulated unrealised gain (loss) recognised HK\$'000	Dividend received/receivable during the year HK\$'000	% of gross assets of the Group
At 31 December 2020								
<i>Listed equity securities in Hong Kong</i>								
Geely Automobile Holdings Limited	Cayman Islands	400,000	Less than 0.01%	9,793	10,600	807	–	0.74%
Hong Kong Exchanges and Clearing Limited	Hong Kong	24,800	Less than 0.01%	9,973	10,540	567	–	0.74%
Smartac International Holdings Limited (formerly known as Smartac Group China Holdings Limited)	Cayman Islands	266,000,000	4.72%	52,188	11,438	(40,750)	–	0.80%
Ground International Development Limited	Bermuda	1,050,000,000	17.29%	79,800	525,000	445,200	–	36.76%
Sunny Optical Technology (Group) Company Limited	Cayman Islands	64,500	Less than 0.01%	9,929	10,946	1,017	57	0.77%
Farnova Group Holdings Limited	Bermuda	340,002,053	4.76%	17,000	42,500	25,500	–	2.98%
				<u>178,683</u>	<u>611,024</u>	<u>432,341</u>		
<i>Listed equity securities in the PRC</i>								
Tianma Bearing Group Co., Ltd.	PRC	28,000,022	2.33%	74,725	71,118	(3,607)	–	4.98%
				<u>253,408</u>	<u>682,142</u>	<u>428,734</u>		

As at 31 December 2019

Listed Securities

Name of investee companies	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost HK\$'000	Market value HK\$'000	Accumulated unrealised gain (loss) recognised HK\$'000	Dividend received/receivable during the year HK\$'000	% of gross assets of the Group
<i>As at 31 December 2019</i>								
<i>Listed equity securities in Hong Kong</i>								
Smartac International Holdings Limited (formerly known as Smartac Group China Holdings Limited)	Cayman Islands	197,000,000	3.50%	40,311	29,550	(10,761)	–	7.90%
AAC Technologies Holdings Inc.	Cayman Islands	150,000	0.01%	9,936	10,200	264	–	2.73%
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)		
<i>Listed equity securities in the PRC</i>								
Irico Display Devices Co., Ltd.	PRC	2,880,032	0.08%	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)		

Going forward

Given the fluctuation in the worldwide financial markets, the Board will continue to identify any investment opportunities and manage the investment portfolio in accordance with the Company's investment objective and policy with a view of gaining good investment yields for our shareholders. The Board will monitor market development closely with a view of identifying attractive and long-term investment opportunities.

SUMMARY OF MATERIAL LEGAL PROCEEDINGS INVOLVING THE COMPANY

(1) High Court Constitutional and Administrative Law Proceedings HCAL 3305 of 2019

On 8 March 2019, trading suspension of the Company's shares was directed by the Securities and Futures Commission ("SFC") pursuant to Section 8(1) of the Securities and Futures (Stock Market Listing) Rules ("SMLR").

On 15 May 2019, the Company via its legal advisers filed its representations with the SFC to initiate the procedure under Section 9 of the SMLR for trading resumption.

On 3 October 2019, the Company and its legal advisers attended a meeting with the board of directors of the SFC (“**SFC Board**”) where the SFC Board considered the Company’s application for trading resumption and heard representations made by Senior Counsel on behalf of the Company.

By its letter dated 17 October 2019 (“**SFC Board Letter**”), the SFC Board delivered its written decision. The SFC Board Letter stated, among other things, that the SFC Board concluded that it would be in the interest of the investing public or the public interest, and for the protection of investors, to permit dealings in the shares of the Company to recommence, but only subject to a condition that the SFC had not instituted legal proceedings against the Company or any of its officers before 17 October 2020.

On 6 November 2019, the Company via its legal advisers filed an application for judicial review to the High Court of Hong Kong in HCAL 3305 of 2019. The Company’s application sought to quash the imposed condition on, inter alia, the grounds that the period of further suspension extended by the imposed condition was arbitrary, excessive, disproportionate, unjustified and oppressive. Prior to determination of the judicial review proceedings, on 22 January 2020, the SFC directed that the trading suspension be lifted from 23 January 2020. In view of the trading resumption, the Company via its legal advisers took steps to withdraw the judicial review proceedings against the SFC. The Court granted an order allowing the judicial review proceedings to be withdrawn on 23 January 2020.

(2) High Court Action HCA 796 of 2016

A Writ of Summons with an Indorsement of Claim was issued on 29 March 2016 in the High Court of Hong Kong in HCA 796 of 2016 by Yang Yan as plaintiff against the Company and its former subsidiary, Grand Dragon Investment Development Limited (“**Grand Dragon**”) as defendants whereby the plaintiff is claiming against the defendants for the forfeiture of a deposit for HK\$10,000,000 paid by the Company on behalf of Grand Dragon to the plaintiff pursuant to the written equity transfer agreement between Grand Dragon and the plaintiff in relation to the failure to commence due diligence of the target company which the plaintiff claims is a repudiatory breach of the said agreement. The defendants have counterclaimed against the plaintiff (which action has been consolidated with High Court Action 796 of 2016) for, inter alia, an order for the return of the deposit of HK\$10,000,000 to the defendants.

The parties have exchanged witness statements and a case management summons is fixed to be heard on 13 April 2021 at 9:30 a.m. at the High Court. While the parties continue to prepare the matter for trial, no hearing date has yet been fixed for the trial.

(3) High Court Action Miscellaneous Proceedings HCMP 1102 of 2019 and HCMP 719 of 2019

These two actions relate to the issuance of ten bond notes issued by the Company to an individual, namely, Huang Qingzhan (“**Huang**”) for the aggregate principal value of HK\$10 million due for repayment on 30 April 2023 (“**Bond Notes**”). Interest is payable on the Bond Notes on a bi-annual basis commencing 31 March 2016. The issue to be determined in HCMP 719 of 2019 related to whether the suspension of the Company’s shares on 8 March 2019 entitled Huang to early redemption of the Bond Notes. The Company maintained that such suspension was not a breach of the terms of the Bond Notes. The issue to be determined in HCMP 1102 of 2019 related to whether the interest payment paid by the Company on the due date of 31 March 2016 to an account provided by Huang was made in accordance with the terms and conditions of the Bond Notes. The Company maintains the interest payment was duly paid on time.

On 19 March 2020, the Court delivered judgment in favour of the Company in HCMP 719 of 2019 and in favour of Huang in HCMP 1102 of 2019 with each party bearing its own costs.

The Company lodged an appeal on 7 May 2020 against the decision of the Court made on 19 March 2020 in relation to HCMP 1102 of 2019 under Civil Appeal No. 103 of 2020. In addition, the Company applied for a stay of execution of the Order made in HCMP 1102 of 2019 pending determination of the appeal which was refused by the Court. The Company therefore lodged an appeal on 25 May 2020 against the refusal to stay the execution under Civil Appeal No. 134 of 2020.

The Company has made a further application for a stay of execution before the Court of Appeal under Civil Appeal No. 103 of 2020 and the application is still pending the Court’s determination. No hearing dates have yet been fixed by the Court of Appeal for the hearing of the appeals.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had bank balances and cash of approximately HK\$182,272,000 as at 31 December 2020 (2019: approximately HK\$208,065,000), representing approximately 12.8% (2019: approximately 55.6%) of the Group’s total assets. As at 31 December 2020, the Group had long-term debts which are unsecured interest-bearing loan notes and unsecured interest-bearing bonds in an aggregate amount of approximately HK\$137,751,000 (2019: approximately 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 at approximately HK\$82,605,000 (2019: approximately HK\$150,662,000).

The Group's gearing ratio, being the total debts (total borrowings) divided by equity attributable to owners of the Company, was approximately 19.9% as at 31 December 2020 (2019: approximately 303.5%).

COMMITMENTS

There were no capital commitments as at 31 December 2020 (2019: Nil).

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2020, there were no charges on the Group's assets and the Group did not have any material contingent liabilities (2019: Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the business transactions of the Group are denominated in Hong Kong dollars ("HK\$") and Renminbi ("RMB"). The management of the Group will closely monitor fluctuations in these currencies and take appropriate actions when needed. As at 31 December 2020, the Group did not engage in currency hedging nor did it adopt any formal hedging activities. For the year ended 31 December 2020, the Group had major financial assets of approximately HK\$134,536,000 (2019: approximately HK\$81,871,000) which was denominated in RMB. The Group currently does not have any foreign currency hedging policy. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Except for disclosed in note 15 to this announcement there was no other material acquisition or disposal of subsidiaries by the Group during the year.

CAPITAL STRUCTURE

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

On 17 March 2020, 66,368,000 ordinary shares were issued by the Company pursuant to a placing agreement dated 9 March 2020 (amended on 10 March 2020). Shares were issued at a placing price of HK\$2.75 per share, giving gross proceeds of HK\$182,512,000. During the year, the Company fully utilised the gross proceeds of HK\$182,512,000. The Company utilised (a) HK\$123.2 million (or 67% of the gross proceeds) to invest in listed securities (namely, listed equity securities in Smartac International Holdings Limited (HK\$11.9 million), Kweichow Moutai Co. Ltd. (HK\$16.0 million), Ground International Development Limited (HK\$79.8 million) and Luzhou Lao Jiao Co., Ltd. (HK\$15.5 million)); (b) HK\$25 million (or 14% of the gross proceeds) to invest in the unlisted convertible bonds issued by Farnova Group Holdings Limited and (c) HK\$34.3 million (or 19% of the gross proceeds) for general working capital purposes.

On 6 October 2020, 24,000,000 ordinary shares were issued by the Company pursuant to a placing agreement dated 25 September 2020 at a placing price of HK\$2.31 per share, giving gross proceeds of HK\$55,440,000. Up to 31 December 2020, the Company utilised (a) HK\$39.6 million (or 71% of the gross proceeds) to invest in listed securities (namely, listed equity securities in Geely Automobile Holdings Limited (HK\$9.8 million), Hong Kong Exchanges and Clearing Limited (HK\$10 million), Tencent Holdings Limited (HK\$9.9 million) and Sunny Optical Technology (Group) Company Limited (HK\$9.9 million)) and (b) HK\$10.9 million (or 20% of the gross proceeds) for general working capital purposes.

During the month of December 2020, a total of 784,000 ordinary shares were issued due to the exercise of share options under the share option scheme. Shares were issued at a price of HK\$0.808 per share, giving gross proceeds of approximately HK\$633,000.

PROSPECTS

Although recent development and rollout of multiple vaccines have raised hopes of a turnaround in the Covid-19 pandemic later this year, renewed waves and new variants of the virus pose concerns for the outlook. In addition to former US President Trump's US\$1.8 trillion stimulus package in October 2020, US President Biden is offering another US\$1.9 trillion American Rescue Plan, raising concerns of inflation and other problems. However, the strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, and exposure to cross-country spillovers. Under such highly uncertain economic environment, the Directors will take prudent strategies to manage our investment portfolio.

COMPLIANCE WITH THE APPLICABLE LAWS AND REGULATIONS

During the year the Group has in all material respects complied with the applicable requirements under the Companies Law (Revised) under the laws of the Cayman Islands, the Rules Governing the Listing of Securities on the Stock Exchange, the Companies Ordinance and the Securities and Futures Ordinance under the laws of Hong Kong.

EMPLOYEES

As at 31 December 2020, the Company had 35 employees including executive Directors (2019: 20). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees. During the year, the Group has generally maintained good relationship with its employees.

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

During the year ended 31 December 2020, 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 for Securities Transactions by Directors by Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company of those who served as Director during the year ended 31 December 2020, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2020.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2020, the Company 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 did not attend 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 comprises solely of independent non-executive Directors only, namely, Ms. Jing Siyuan (chairman), Mr. Zhang Aimin and Mr. Zhang Qiang. The composition and members of the Audit Committee comply with the requirement under Rule 3.21 of the Listing Rules.

The Audit Committee is mainly responsible for overseeing the Company’s financial reporting system and internal control procedures; making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of the resignation or dismissal of such auditors; and reviewing the interim and annual reports and accounts of the Company.

The Audit Committee meets regularly to review the financial reporting process and internal controls of the Group. The Audit Committee has reviewed the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters with the management of the Company including a review on the consolidated financial statements of the Group for the year ended 31 December 2020.

The Group’s 2020 audited financial statements had been duly reviewed by the Audit Committee with the auditor and in relation to which the members of the Audit Committee unanimously recommended for approval by the Board. The Audit Committee has concluded that it is satisfied with the professional performance of Confucius International

CPA Limited (“CICPA”) as the auditor of the Company and therefore recommends to the Board that CICPA be reappointed as the auditor of the Company, which will be put forward for Shareholders approval at the coming annual general meeting.

With the consent of the Audit Committee, the Board hereby confirms that, in the preparation of the 2020 consolidated financial statements of the Group, the Directors, both collectively and individually applied such degree of skill, care and diligence as may reasonably be expected of them under the Rule 3.08 of the Listing Rules.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises of one executive Director, Mr. Zhang Xi and two independent non-executive Directors, namely, Mr. Zhang Aimin (chairman) and Ms. Jing Siyuan.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company’s policy and structure for remuneration of all the Directors and senior management of the Company and making recommendations to the Board on the remuneration packages of individual executive Director and senior management.

NOMINATION COMMITTEE

The Nomination Committee currently comprises of one executive Director, Mr. Luk Hong Man, Hammond and two independent non-executive Directors, namely, Ms. Jing Siyuan (chairman) and Mr. Zhang Aimin.

The Nomination Committee is mainly responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy; identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of the independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee formulated the Board diversity policy and the Company has adopted the Board diversity policy in August 2013. The Company recognises and embraces the benefits of diversity in Board members. Selection of Board members will be based on a range of diversified perspectives, including but not limited to gender, age, ethnicity, cultural and educational background, or professional experience. All Board appointments will be based on merit and the needs of the Company’s business while taking into account diversity. The Nomination Committee also monitors the implementation of this policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under this policy.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the website of the Company at www.dyf.com.hk. The Company's annual report for the year ended 31 December 2020 will in due course be published on the same websites and despatched to the Company's shareholders.

SCOPE OF WORK OF CICPA

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group's auditors, CICPA, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CICPA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CICPA on this annual results announcement.

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

Hong Kong, 15 March 2021

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