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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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 2019 (the “period”), together with comparative figures for the corresponding period in 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	<i>Notes</i>	Six months ended 30 June	
		2019	2018
		<i>HK\$</i>	<i>HK\$</i>
		(unaudited)	(unaudited)
Revenue	4	603,022	36,337,968
Net realised gain (loss) on disposal of financial assets at fair value through profit or loss		6,858,260	(4,624,798)
Net unrealised (loss) gain on financial assets at fair value through profit or loss		(137,238,802)	15,271,816
Net realised gain on settlement of futures contracts		—	8,622,797
Unrealised loss from changes in fair value of futures contracts		—	(23,653,500)
		(129,777,520)	31,954,283
Net gain on disposals of subsidiaries		—	32,000,100
Administrative expenses		(45,489,740)	(44,940,089)
Finance costs	6	(18,476,568)	(12,961,040)
(Loss) profit before tax	7	(193,743,828)	6,053,254
Income tax credit	8	19,464,832	—
(Loss) profit for the period attributable to owners of the Company		<u>(174,278,996)</u>	<u>6,053,254</u>
(Loss) earnings per share	10		
— Basic (HK cents)		<u>(14.1)</u>	<u>0.50</u>
— Diluted (HK cents)		<u>(14.1)</u>	<u>0.49</u>

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

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK\$	HK\$
	(unaudited)	(unaudited)
(Loss) profit for the period attributable to owners of the Company	<u>(174,278,996)</u>	<u>6,053,254</u>
Other comprehensive income (expense)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(3)	12,334
<i>Item that will not be reclassified to profit or loss:</i>		
Reclassification of investment revaluation reserve upon disposal of subsidiaries	<u>—</u>	<u>34,949,701</u>
Other comprehensive (expense) income for the period, net of tax	<u>(3)</u>	<u>34,962,035</u>
Total comprehensive (expense) income for the period attributable to owners of the Company	<u><u>(174,278,999)</u></u>	<u><u>41,015,289</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

		30 June 2019	31 December 2018
	<i>Notes</i>	<i>HK\$</i> (unaudited)	<i>HK\$</i> (audited)
Non-current assets			
Property, plant and equipment		9,408,162	7,487,541
Intangible assets		13,300,752	10,228,403
Equity instruments at fair value through other comprehensive income	<i>11</i>	2,122,501	2,302,207
Rental deposit	<i>12</i>	—	5,726,351
		<u>24,831,415</u>	<u>25,744,502</u>
Current assets			
Prepayments, deposits and other receivables	<i>12</i>	22,909,091	261,724,420
Financial assets at fair value through profit or loss	<i>13</i>	147,490,122	226,126,899
Cash and cash equivalents		322,791,375	304,217,191
		<u>493,190,588</u>	<u>792,068,510</u>
Current liabilities			
Accruals and other payables		15,312,148	18,236,881
Borrowings	<i>14</i>	157,564,516	210,944,796
		<u>172,876,664</u>	<u>229,181,677</u>
Net current assets		<u>320,313,924</u>	<u>562,886,833</u>
Total assets less current liabilities		<u>345,145,339</u>	<u>588,631,335</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

At 30 June 2019

	<i>Notes</i>	30 June 2019 HK\$ (unaudited)	31 December 2018 HK\$ (audited)
Non-current liabilities			
Borrowings	<i>14</i>	175,337,714	200,345,439
Deferred tax liabilities	<i>15</i>	—	19,464,832
		<u>175,337,714</u>	<u>219,810,271</u>
Net assets		<u>169,807,625</u>	<u>368,821,064</u>
Capital and reserve			
Share capital	<i>16</i>	61,836,100	61,836,100
Reserves		<u>107,971,525</u>	<u>306,984,964</u>
Total equity		<u>169,807,625</u>	<u>368,821,064</u>
Net asset value per share	<i>10</i>	<u>0.14</u>	<u>0.30</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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 2019 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 2018.

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 2019 were approved and authorised for issue by the Directors on 20 August 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2019 are consistent with those adopted by the Group in its audited consolidated financial statements for the year ended 31 December 2018 except for the adoption of the new and amendments to Hong Kong Financial Reporting Standards (the “New and 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 Revised HKFRSs that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such New and Revised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 or amendments to HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

(a) Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short-term leases and leases of low-value assets

The Group applies the short term lease recognition exemption to lease of that have a lease term of 12 months or less from the commencement date and do not retain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

(b) Transition and summary of effects arising from initial application of HKFRS 16

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv. applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment; and
- v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has not made any adjustments upon application of HKFRS 16 because the Group elected not to recognise right-of-use assets and liabilities for lease as the outstanding lease term ends within 12 months of the date of initial application.

4. REVENUE

Revenue represents interest income from banks and financial institutions and dividend income for the period. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2019 <i>HK\$</i> (unaudited)	2018 <i>HK\$</i> (unaudited)
Interest income from banks and financial institutions	332,862	9,096
Dividend income	270,160	36,328,872
	<u>603,022</u>	<u>36,337,968</u>

5. SEGMENT INFORMATION

For the six months ended 30 June 2019 and 2018 respectively, the Group's revenue was mainly interest income from banks and financial institutions and dividend income from equity investments. 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	
	2019 <i>HK\$</i> (unaudited)	2018 <i>HK\$</i> (unaudited)	2019 <i>HK\$</i> (unaudited)	2018 <i>HK\$</i> (unaudited)	2019 <i>HK\$</i> (unaudited)	2018 <i>HK\$</i> (unaudited)
Segment revenue:						
Interest income from banks and financial institutions	319,583	1,432	13,279	7,664	332,862	9,096
Dividend income	270,160	36,328,872	—	—	270,160	36,328,872
	<u>589,743</u>	<u>36,330,304</u>	<u>13,279</u>	<u>7,664</u>	<u>603,022</u>	<u>36,337,968</u>

5. SEGMENT INFORMATION (CONTINUED)

	Hong Kong		PRC and other jurisdictions		Consolidated	
	30 June 2019	December 2018	30 June 2019	December 2018	30 June 2019	December 2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
Non-current assets*	22,665,425	17,667,249	43,489	48,695	22,708,914	17,715,944
Total assets	<u>425,861,585</u>	<u>800,917,374</u>	<u>92,160,418</u>	<u>16,895,638</u>	<u>518,022,003</u>	<u>817,813,012</u>
Total liabilities	<u>348,211,209</u>	<u>448,990,608</u>	<u>3,169</u>	<u>1,340</u>	<u>348,214,378</u>	<u>448,991,948</u>
Other segment information:						
Additions to property, plant and equipment	5,093,400	95,000	—	49,540	5,093,400	144,540
Additions to intangible asset	<u>3,072,349</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,072,349</u>	<u>—</u>

* 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”) and rental deposit.

6. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	<i>HK\$</i>	<i>HK\$</i>
	(unaudited)	(unaudited)
Interest expenses on:		
Bank and broker overdrafts	10	325
Interest-bearing loan notes	1,085,058	1,083,930
Interest-bearing bonds	16,148,270	10,774,520
Interest-bearing loans	<u>1,243,230</u>	<u>1,102,265</u>
	<u>18,476,568</u>	<u>12,961,040</u>

7. (LOSS) PROFIT BEFORE TAX

	Six months ended 30 June	
	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
(Loss) profit before tax has been arrived at after charging the following items:		
Directors' remuneration:		
Fees	2,183,885	2,259,093
Other emoluments	1,736,788	1,275,347
Retirement benefits scheme contributions	18,000	18,000
Other staff costs:		
Basic salaries and allowances	4,626,424	4,576,890
Retirement benefits scheme contributions	171,965	164,655
Total staff costs (including Directors' remuneration)	<u>8,737,062</u>	<u>8,293,985</u>
Auditor's remuneration	220,000	210,000
Depreciation of property, plant and equipment	3,088,535	2,774,646
Loss on write-off of property, plant and equipment	84,444	—
Net foreign exchange losses	3,038,943	454,278
Operating lease charges in respect of office premises	<u>4,633,772</u>	<u>4,435,879</u>

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	
	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
Deferred taxation		
Credit for the period (<i>note 15</i>)	<u>19,464,832</u>	<u>—</u>

9. DIVIDENDS

During the period, a final dividend of HK\$0.02 (2018: Nil) per share in respect of the year ended 31 December 2018 was declared to the owners of the Company. The aggregate of the final dividends declared in the period amounts to HK\$24,734,440 (2018: Nil).

10. NET ASSET VALUE PER SHARE AND LOSS (EARNINGS) 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 HK\$169,807,625 (31 December 2018: HK\$368,821,064) by the number of shares in issue as at 30 June 2019, being 1,236,722,000 (31 December 2018: 1,236,722,000).

(Loss) earnings per share

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

	Six months ended 30 June	
	2019	2018
	HK\$	HK\$
	(unaudited)	(unaudited)
<i>(Loss) earnings:</i>		
(Loss) profit attributable to owners of the Company	<u>(174,278,996)</u>	<u>6,053,254</u>
	30 June	30 June
	2019	2018
	Shares	Shares
<i>Shares:</i>		
Weighted average number of ordinary shares in issue during the period used in basic (loss) earnings per share calculation	1,236,722,000	1,217,722,000
Effect of dilutive potential ordinary shares:		
Share options	<u>32,479,790</u>	<u>29,001,650</u>
Weighted average number of ordinary shares in issue during the period used in diluted (loss) earnings per share calculation	<u>1,269,201,790*</u>	<u>1,246,723,650</u>

* No adjustment has been made to the basic loss per share amount for the six months ended 30 June 2019 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. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2019 HK\$ (unaudited)	31 December 2018 HK\$ (audited)
Unlisted investments		
— Equity securities in Hong Kong (<i>note 1</i>)	<u>2,122,501</u>	<u>2,302,207</u>

Particulars of investments in unlisted equity securities held by the Group as at 30 June 2019 and 31 December 2018 disclosed pursuant to Chapter 21 of Listing Rules are as follows:

Note 1: Unlisted equity securities, at fair value

Name of investee company	Place of incorporation	Proportion of investee's capital owned	Cost HK\$	Fair value HK\$	Accumulated fair value adjustment HK\$	Dividend	% of gross assets of the Company
						received/ receivable during the year HK\$	
At 30 June 2019 (unaudited)							
China Investment Fund International Securities Limited ("CIFIS")	Hong Kong	9%	1,800,000	2,122,501	322,501	—	0.41%
At 31 December 2018 (audited)							
China Investment Fund International Securities Limited ("CIFIS")	Hong Kong	15%	1,764,706	2,302,207	537,501	—	0.28%

The above unlisted equity investments represent the Group's equity interest in a private entity established in Hong Kong. The Directors of the Company have elected to designate these investments in equity instruments at FVTOCI as they believe recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

During the period, the Group disposed of 6% equity interest in CIFIS to an independent third party in April 2019 for a consideration of HK\$1,415,000 and no realised gain (loss) on disposal of equity instruments at FVTOCI was resulted.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2019 HK\$ (unaudited)	31 December 2018 HK\$ (audited)
Other prepayments	112,065	87,367
Rental deposits	5,825,780	5,726,351
Due from brokers (<i>note a</i>)	16,396,952	257,179,136
Other deposits and receivables	574,294	4,457,917
	<u>22,909,091</u>	<u>267,450,771</u>
Portion classified as non-current assets	—	(5,726,351)
	<u><u>22,909,091</u></u>	<u><u>261,724,420</u></u>

Note a: The balances represent the cash account balances in the brokers that are used for investing in securities and financial derivative contracts. 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.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	30 June 2019 HK\$ (unaudited)	31 December 2018 HK\$ (audited)
Financial assets mandatorily measured at FVTPL:		
— Equity securities in Hong Kong (<i>note 1</i>)	71,306,750	216,704,800
— Equity securities in the PRC (<i>note 1</i>)	76,183,372	9,422,099
	<u>147,490,122</u>	<u>226,126,899</u>

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

Note 1: Particulars of investments of listed equity securities held by the Group as at 30 June 2019 and 31 December 2018 disclosed pursuant to Chapter 21 of the Listing Rules are as follows:

Name of investee companies	Place of incorporation	Number of issued shares/ units held	Proportion of investee's interest held	Cost <i>HKS</i>	Market value <i>HKS</i>	Accumulated unrealised gain (loss) recognised <i>HKS</i>	Net assets attributable to the Company <i>HKS'000</i>	Dividend received/ receivable during the period/year <i>HKS</i>	% of gross assets of the Company
At 30 June 2019 (unaudited)									
<u>Listed equity securities in Hong Kong</u>									
Smartac Group China Holdings Limited	Cayman Islands	197,000,000	3.50%	40,310,886	41,370,000	1,059,114	12,608	—	7.99%
MTR Corporation Limited	Hong Kong	148,000	Less than 0.01%	7,609,000	7,784,800	175,800	4,352	—	1.50%
China Petroleum & Chemical Corporation	PRC	930,000	Less than 0.01%	4,948,600	4,938,300	(10,300)	7,485	—	0.95%
Link Real Estate Investment Trust	Hong Kong	50,000	Less than 0.01%	4,835,200	4,800,000	(35,200)	4,488	—	0.93%
China Mobile Limited	Hong Kong	71,000	Less than 0.01%	5,008,100	5,051,650	43,550	4,165	—	0.98%
China Shenhua Energy Company Limited	PRC	450,000	Less than 0.01%	7,683,610	7,362,000	(321,610)	10,523	—	1.42%
				<u>70,395,396</u>	<u>71,306,750</u>	<u>911,354</u>			
<u>Listed equity securities in PRC</u>									
Irico Display Devices Co., Ltd.	PRC	6,540,032	0.18%	45,608,113	37,275,739	(8,332,374)	42,672	—	7.20%
Tianma Bearing Group Co., Ltd.	PRC	15,000,001	1.26%	41,700,917	38,907,633	(2,793,284)	48,876	—	7.51%
				<u>87,309,030</u>	<u>76,183,372</u>	<u>(11,125,658)</u>			

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

Note 1: Particulars of investment of listed equity securities held by the Group at 30 June 2019 and 31 December 2018 disclosed pursuant to Chapter 21 of the Listing Rules are as follows:

Name of investee companies	Place of incorporation	Particulars of issued shares held	Proportion of investee's interest owned	Cost <i>HK\$</i>	Market value <i>HK\$</i>	Accumulated unrealised gain (loss) recognised <i>HK\$</i>	Net assets attributable to the Company <i>HK\$000</i>	Dividend received/receivable during the year <i>HK\$</i>	% of gross assets of the Company
At 31 December 2018 (audited)									
<u>Listed equity securities in Hong Kong</u>									
Smartac Group China Holdings Limited	Cayman Islands	197,000,000	3.50%	40,310,886	177,300,000	136,989,114	4,257	-	21.68%
The Hong Kong and China Gas Company Limited	Hong Kong	620,000	Less than 0.01%	9,958,940	10,044,000	85,060	2,435	-	1.23%
Hong Kong Exchanges and Clearing Limited	Hong Kong	88,000	Less than 0.01%	19,874,840	19,940,800	65,960	2,623	-	2.44%
Tencent Holdings Limited	Cayman Islands	30,000	Less than 0.01%	8,967,960	9,420,000	452,040	807	-	1.15%
				<u>79,112,626</u>	<u>216,704,800</u>	<u>137,592,174</u>			
<u>Listed equity securities in PRC</u>									
Irigo Display Devices Co., Ltd.	PRC	1,880,000	0.05%	<u>18,797,786</u>	<u>9,422,099</u>	<u>(9,375,687)</u>	10,693	-	1.15%

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

14. BORROWINGS

	30 June 2019 <i>HK\$</i> (unaudited)	31 December 2018 <i>HK\$</i> (audited)
Interest-bearing loan notes, unsecured	42,300,377	42,277,817
Interest-bearing bonds, unsecured	290,601,853	346,312,418
Interest-bearing loans, unsecured	—	22,700,000
	332,902,230	411,290,235
Less: Amount classified as current liabilities	157,564,516	(210,944,796)
Amount classified as non-current liabilities	175,337,714	200,345,439

15. DEFERRED TAX ASSETS/LIABILITIES

The following are the major deferred tax liabilities and assets recognised and movements during the current period and prior years.

	Unrealised gain on financial assets at FVTPL HK\$	Tax losses HK\$	Total HK\$
At 1 January 2018	—	—	—
Charge (credit) to profit or loss	<u>22,702,710</u>	<u>(3,237,878)</u>	<u>19,464,832</u>
At 31 December 2018	22,702,710	(3,237,878)	19,464,832
(Credit) charge to profit or loss (<i>note 8</i>)	<u>(22,702,710)</u>	<u>3,237,878</u>	<u>(19,464,832)</u>
At 30 June 2019	<u>—</u>	<u>—</u>	<u>—</u>

16. SHARE CAPITAL

	Number of ordinary shares of HK\$0.05 each	Nominal value HK\$
Authorised:		
At 1 January 2018, 31 December 2018 and 30 June 2019	<u>4,000,000,000</u>	<u>200,000,000</u>
Issued and fully paid:		
At 1 January 2018	1,217,722,000	60,886,100
Issue of shares under placement of shares	<u>19,000,000</u>	<u>950,000</u>
At 31 December 2018 and 30 June 2019	<u>1,236,722,000</u>	<u>61,836,100</u>

17. 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	
	2019	2018
	HK\$	HK\$
	(unaudited)	(unaudited)
Directors' fee	2,183,885	2,259,093
Other emoluments	1,736,788	1,275,347
Retirement benefits scheme contributions	18,000	18,000
	<u>3,938,673</u>	<u>3,552,440</u>

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 2017, the Company and Fundamental Dynamics (HK) Limited (currently named as “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 from 5 July 2017 to 4 July 2019. 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 2017, 2018 and 2019. The investment manager is 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.

The Company has renewed the engagement under the investment management agreement of July 2017 by entering into an investment management agreement dated 4 July 2019 with Tianhe whereby Tianhe would provide investment management services to the Company from 5 July 2019 to 4 July 2021.

18. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the current interim period, the Group had commitments for future minimum lease payments under operating leases in respect of office premises as follows:

	30 June 2019 <i>HK\$</i> (unaudited)	31 December 2018 <i>HK\$</i> (audited)
Within one year	<u><u>2,374,727</u></u>	<u><u>6,438,632</u></u>

Operating lease payments represent rental payable by the Group for its office premises. Leases are negotiated and fixed for a term of three years.

19. CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any material contingent liabilities (31 December 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the period, the Group reported a loss of HK\$174.3 million (six months ended 30 June 2018: profit of HK\$6.1 million). The loss for the period was primarily due to (i) a net unrealised loss on financial assets at fair value through profit or loss (“FVTPL”) of HK\$137,239,000 while net unrealised gain of HK\$15,272,000 was recorded for the six months ended 30 June 2018 and (ii) an increase in finance costs of HK\$5,516,000 as compared with corresponding period in 2018.

For the period, the Group recorded a revenue of HK\$603,000 (six months ended 30 June 2018: HK\$36,338,000), a decrease of HK\$35,735,000 as compared to the corresponding period in 2018. The Group recorded a net realised gain on disposal of financial assets at FVTPL of HK\$6,858,000 (six months ended 30 June 2018: net realised loss on disposal of HK\$4,625,000). The Group recorded a net unrealised loss on financial assets at FVTPL of HK\$137,239,000 (six months ended 30 June 2018: net unrealised gain of HK\$15,272,000). The Group made a net realised gain on settlement of futures contracts of HK\$Nil (six months ended 30 June 2018: HK\$8,623,000). The Group made an unrealised loss from changes in fair value of futures contracts of HK\$Nil (six months ended 30 June 2018: HK\$23,654,000).

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 for our shareholders.

Investment in listed securities

As at 30 June 2019, the Group held listed securities classified under financial assets at FVTPL of HK\$147,490,000 (31 December 2018: HK\$226,127,000).

Investment in unlisted securities

As at 30 June 2019, the Group’s investment in unlisted securities classified under equity instruments at FVTOCI consisted of 9% equity interest in China Investment Fund International Securities Limited (“CIFIS”) of HK\$2,123,000 (31 December 2018: HK\$2,302,000). CIFIS is incorporated in Hong Kong and principally engaged in the securities business.

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 investments as at 30 June 2019 were e-commerce & internet services, telecommunication, energy and commerce and industry.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of HK\$322,791,000 as at 30 June 2019 (31 December 2018: HK\$304,217,000) representing 62.3% (31 December 2018: 37.2%) of the Group's total assets. As at 30 June 2019, the Group had long-term debts which are unsecured interest-bearing loan notes and unsecured interest-bearing bonds in total amount of HK\$175,338,000 (31 December 2018: HK\$200,345,000). Apart from the long-term debts, the Group had short-term debts consisting of unsecured interest-bearing bonds of HK\$157,565,000 (31 December 2018: unsecured interest-bearing bonds and unsecured interest-bearing loans of HK\$210,945,000).

As at 30 June 2019, the Group's gearing ratio was 6.0% (31 December 2018: 29.0%), being the ratio of net debts (total borrowings, net of cash and cash equivalents) to total equity.

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 2019, the Group did not engage in currency hedging. During the period, the Group had financial assets of HK\$92,391,255 (2018: HK\$16,892,246) 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, there was no movements in the Company's share capital.

CAPITAL STRUCTURE (CONTINUED)

Following a placing in September 2018, the Company obtained gross proceeds of HK\$200.0 million. Up to the end of 2018, the Company used HK\$75.8 million (or 38% of the gross proceeds) to invest in listed securities and HK\$29.3 million (or 15% of the gross proceeds) for general working capital purposes. During the period, the Company fully utilized the balance of the gross proceeds in the amount of HK\$94.9 million, of which HK\$68.5 million was used to invest in listed securities (namely, listed equity securities in Tianma Bearing Group Co., Ltd. (HK\$41.7 million) and Irico Display Devices Co., Ltd. (HK\$26.8 million)) and HK\$26.4 million was used for general working capital purposes.

COMMITMENTS

Details of the commitments of the Group are set out in note 18 to this announcement.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have material contingent liabilities (31 December 2018: Nil).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2019, the Group had 27 employees and 9 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.

TRADING IN THE COMPANY'S SHARES

On 8 March 2019, the Securities & Futures Commission (“SFC”) directed the Stock Exchange to suspend trading in the shares of the Company with effect from 9 a.m. on 8 March 2019.

On 18 March 2019, the Company announced that:

- on 8 March 2019, the SFC informed the Company its decision to exercise its power under section 8(1) of the Securities and Futures (Stock Market Listing) Rules (Cap. 571V) to direct the Stock Exchange to suspend trading in the shares of the Company
- on 8 March 2019, the SFC visited the premises of the Company with a search warrant for the purpose of obtaining documents and information in relation to an investigation and seized certain documents
- there have been no charges laid or arrests made in connection with the execution of the search warrant

Trading in the shares of the Company remained suspended as at the date of the publication of this announcement.

Based on the Board’s assessment, the Board confirms that, the Group’s operations have not been materially adversely affected. The Board also confirms that it has taken the appropriate steps for the purpose of resuming trading in the Company’s shares and preserving the operations and business of the Company.

PROSPECT

In the first half of 2019, the ten-year US treasury bond yield was lower than the 3-month treasury bond yield. To mitigate the negative impact of inverted yield curve on the economy, the US Federal Reserve cut the interest rate by a quarter point, the first cut since the 2008 financial crisis, and has plans for another rate cut later this year. The escalation of trade tensions between the US and the rest of the world provides an additional source of concern about the global economic slowdown. Under such highly uncertain investment environment, the Directors will 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 2019, 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 2019

Name of Director	Capacity	Notes	Number of shares	Approximate percentage of shareholding
Sui Guangyi (“Mr. Sui”)	Beneficial owner		149,582,400	12.10%
Mr. Sui	Interest of controlled corporation	(1)	198,030,400	16.01%
Ma Xiaoqiu	Beneficial owner		10,520,000	0.85%

(ii) Long positions in underlying shares as at 30 June 2019

Name of Director	Capacity	Notes	Number of underlying shares	Approximate percentage of shareholding
Luk Hong Man, Hammond	Beneficial owner	(2)	6,076,597	0.49%
Zhang Xi	Beneficial owner	(2)	6,076,597	0.49%
Wang Mengtao	Beneficial owner	(3)	3,000,000	0.24%
Leung Ka Fai	Beneficial owner	(3)	3,000,000	0.24%
Jing Siyuan	Beneficial owner	(3)	800,000	0.06%
Zhang Aimin	Beneficial owner	(3)	800,000	0.06%
Zhang Qiang	Beneficial owner	(3)	800,000	0.06%
Ma Xiaoqiu	Beneficial owner	(4)	1,200,000	0.10%

Notes:

- (1) 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. which is held as to 26% and controlled by Mr. Sui. Mr. Sui is deemed to be interested in these shares by virtue of the SFO.

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 2019 (continued)

- (2) 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.
- (3) 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.
- (4) 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, as at 30 June 2019, 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 2019, the following persons' 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	Approximately percentage of total issued share capital of the Company
HK DYF Int'l Holding Group Limited	198,030,400	Beneficial owner	16.01%
Shenzhen Ding Yi Feng Enterprise Management Co., Ltd. (<i>Note 1</i>)	198,030,400	Interest of controlled corporation	16.01%
Mr. Sui (<i>Note 2</i>)	347,612,800	Beneficial owner and Interest of controlled corporation	28.11%

Note 1: Shenzhen Ding Yi Feng Enterprise Management 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., which is held as to 26% and controlled by Mr. Sui. Mr. Sui is deemed to be interested in these shares by virtue of the SFO.

SUBSTANTIAL SHAREHOLDER (CONTINUED)

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 2019, 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 15 May 2019. 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 20 August 2019.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on both the Stock Exchange's website at www.hkexnews.hk and the website of the Company at www.dyf.com.hk. The Company's interim report for the six months ended 30 June 2019 will be published at the same websites and will be despatched to the Company's shareholders in due course.

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

Hong Kong, 20 August 2019

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 Mr. Sui Guangyi, Mr. Leung Ka Fai, Mr. Wang Mengtao and Ms. Ma Xiaoqiu; and the independent non-executive Directors are Ms. Jing Siyuan, Mr. Zhang Aimin and Mr. Zhang Qiang.