CEFC Hong Kong Financial Investment Company Limited
香港華信金融投資有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1520)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHT

- Revenue for the six months ended 30 June 2018 was approximately HK$39,437,000 (2017: HK$85,426,000), representing a decrease of approximately 53.8% in comparison to the corresponding period in 2017.
- Gross profit for the six months ended 30 June 2018 was approximately HK$7,171,000 (2017: HK$25,573,000), representing a decrease of approximately HK$18,402,000 or 72.0% as compared to the corresponding period in 2017. The gross profit margin for the six months ended 30 June 2018 was approximately 18.2% (2017: 29.9%).
- Loss attributable to the owners of the Company for six months ended 30 June 2018 was approximately HK$44,808,000 (2017: HK$10,502,000), increased by approximately HK$34,306,000 or 326.7%.
- Loss per share of the Company for the six months ended 30 June 2018 was approximately HK$2.65 cents (2017: HK$0.94 cents).
- The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2018 (2017: nil).

SUMMARY

For the six months ended 30 June 2018:

- the Group's revenue decreased from approximately HK$85,426,000 for the six months ended 30 June 2017 to approximately HK$39,437,000 for the six months ended 30 June 2018, representing a decrease of approximately HK$45,989,000 or 53.8% in comparison to the corresponding period in 2017. The decrease in revenue for the six months ended 30 June 2018 was mainly caused by significant drop in orders from our major customers of our apparel operation, which have been adversely affected by the shift of consumers' buying habit to online shopping. Revenue from apparel operation was HK$30,643,000 (2017: HK$79,340,000) for the reporting period, representing a decrease of approximately HK$48,697,000 or 61.3% in comparison to the corresponding period in 2017. On the other hand, during the reporting period, our money lending business was benefited in the wake of steady economic growth in Hong Kong. Revenue from money lending operation was approximately HK$8,794,000 (2017: HK$6,086,000) for the reporting period, representing an increase of approximately HK$2,708,000 or 44.5% as compared to the corresponding period in 2017;

- gross profit for the six months ended 30 June 2018 was approximately HK$7,171,000 (2017: HK$25,573,000), representing a decrease of approximately HK$18,402,000 or 72.0% as compared to the corresponding period in 2017. The decrease in gross profit for the six months ended 30 June 2018 was mainly attributable to gross loss of approximately HK$1,624,000 incurred in the apparel operation for the reporting period, compared to gross profit of approximately HK$19,488,000 was earned in the apparel operation in the corresponding period in 2017. The gross loss for our apparel operation was incurred mainly attributable to significant decrease in revenue, while certain expenses in cost of sales, like labour wages and depreciation, remained stable or increased for the six months ended 30 June 2018 compared to the corresponding period in 2017;

- the loss for the period attributable to owners of the company was approximately HK$44,808,000 (2017: HK$10,502,000), increased by approximately HK$34,306,000 or 326.7%. The increase in the loss attributable to the owners of the Company for the six months ended 30 June 2018 was primarily attributable to (i) decrease in revenue of our apparel operation in comparison to the corresponding period in 2017 and (ii) the increase in administrative expenses during the period (such as staff costs, rental expenses and depreciation of property, plant and equipment, following New Seres CEFC Investment Fund LP became the controlling shareholder of the Company in May 2017);

- the Group's inventories increased by approximately 230.4%, from approximately HK$9,313,000 as at 31 December 2017 to approximately HK$30,771,000 as at 30 June 2018. The increase in inventories was primarily because (i) starting from second quarter of each year, the Group's customers generally start placing orders with the Group for the peak seasons' winter clothing; (ii) for the production of such peak season orders, the Group generally needs to purchase more new raw materials, resulting in significant amount of raw materials inventory as at 30 June 2018 compared to 31 December 2017;

- the Board of Directors of the Company (the "Board") did not recommend the payment of any interim dividend.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		For the six months ended 30 June	
		2018	2017
	Notes	***HK'000***	*HK'000*
Revenue	*4*	**39,437**	85,426
Cost of sales		**(32,266)**	(59,853)
Gross profit		**7,171**	25,573
Other income and gains	*5*	**760**	3,087
Selling and distribution expenses		**(12,630)**	(11,273)
Administrative expenses		**(44,744)**	(28,277)
Finance costs		**(17)**	(516)
Loss before income tax	*6*	**(49,460)**	(11,406)
Income tax credit	*7*	**4,652**	904
Loss for the period attributable to the owners of the Company		**(44,808)**	(10,502)
Other comprehensive income, net of tax attributable to the owners of the Company			
Item that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(303)**	303
Total comprehensive income for the period attributable to the owners of the Company		**(45,111)**	(10,199)
Loss per share attributable to the owners of the Company			
Basic and diluted loss per share (HK cents)	*9*	**(2.65)**	(0.94)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**Unaudited As at 30 June 2018 HK$'000**	Audited As at 31 December 2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**24,925**	27,198
Payments for leasehold land held for own use under operating leases		**1,756**	1,806
Deposits		–	5,000
Goodwill		**87,656**	87,656
Intangible assets		**800**	800
Deferred tax assets		**6,860**	1,511
		121,997	123,971
Current assets			
Inventories	*11*	**30,771**	9,313
Trade and bill receivables	*12*	**27,168**	52,789
Loans and interest receivables	*13*	**114,289**	148,881
Deposits, prepayments and other receivables		**36,530**	17,260
Tax recoverable		**2,382**	2,216
Pledged bank deposits		**1,581**	6,596
Cash and cash equivalents		**129,216**	164,736
		341,937	401,791
Current liabilities			
Trade and bill payables	*14*	**32,412**	37,395
Accruals, other payables and receipts in advance		**29,838**	39,469
Interest-bearing borrowings	*15*	**326**	325
Provision for taxation		**2,402**	1,868
		64,978	79,057
Net current assets		**276,959**	322,734
Total assets less current liabilities		**398,956**	446,705

	Notes	**Unaudited As at 30 June 2018** *HK$'000*	Audited As at 31 December 2017 *HK$'000*
Non-current liabilities			
Interest-bearing borrowings	*15*	**229**	374
Net assets		**398,727**	446,331
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*16*	**16,900**	16,900
Reserves		**381,827**	429,431
Total equity		**398,727**	446,331

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital *HK$'000*	**Share premium** *HK$'000*	**Merger reserve** *HK$'000*	**Statutory reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*
At 31 December 2017	16,900	375,963	2,988	3,180	2,071	45,229	446,331
Adjustment on adoption of HKFRS 9 *(note 2)*	–	–	–	–	–	(2,493)	(2,493)
At 1 January 2018	16,900	375,963	2,988	3,180	2,071	42,736	443,838
Loss for the period	–	–	–	–	–	(44,808)	(44,808)
Other comprehensive income – Exchange loss on translation of financial statements of foreign operations	–	–	–	–	(303)	–	(303)
Total comprehensive income for the period	–	–	–	–	(303)	(44,808)	(45,111)
At 30 June 2018	16,900	375,963	2,988	3,180	1,768	(2,072)	398,727
At 1 January 2017	8,300	188,404	2,988	2,982	419	61,059	264,152
Loss for the period	–	–	–	–	–	(10,502)	(10,502)
Other comprehensive income – Exchange gain on translation of financial statements of foreign operations	–	–	–	–	303	–	303
Total comprehensive income for the period	–	–	–	–	303	(10,502)	(10,199)
Issuance of shares pursuant to the subscription of shares	8,600	187,559	–	–	–	–	196,159
At 30 June 2017	16,900	375,963	2,988	2,982	722	50,557	450,112

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Net cash (used in)/generated from operating activities	**(40,068)**	2,195
Net cash generated from/(used in) investing activities	**4,790**	(2,344)
Net cash (used in)/generated from financing activities	**(144)**	175,292
Net (decrease)/increase in cash and cash equivalents	**(35,422)**	175,143
Cash and cash equivalents at the beginning of the period		
Cash and bank balances	**164,736**	59,188
Bank overdraft	**–**	(32,044)
Effect of foreign exchange rates, net	**(98)**	(297)
Cash and cash equivalents at the end of the period	**129,216**	201,990

NOTES

For the six months ended 30 June 2018

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 June 2013. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Suite 2101, 21/F., Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong respectively. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

The parent of the Company is New Seres CEFC Investment Fund LP (“New Seres”), an exempted limited liability partnership registered in Cayman Islands, and the ultimate controlling party of the Company is Shanghai Zhong’an United Investment Fund Co., Ltd.

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 9 October 2017, the shareholders of the Company approved to change the Company’s name from “Runway Global Holdings Company Limited” to “CEFC Hong Kong Financial Investment Company Limited” and the Chinese name of the Company has been changed from “時尚環球控股有限公司” to “香港華信金融投資有限公司”. The change of the Company’s name has become effective since 9 October 2017.

The Company is an investment holding company and its subsidiaries (together the “Group”) are principally engaged in design, manufacture and trading of apparels and provision of money lending services. There were no significant changes in the Group’s business operation during the period.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(a) The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2018 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective terms include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited condensed consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinances and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The accounting policies used in the preparation of the unaudited consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2017 except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning on 1 January 2018.

The financial statements are presented in Hong Kong dollar ("HK$") which is also the functional currency of the Company. All values are rounded to the nearest thousand unless otherwise indicated.

(b) In the current period, the Group has applied the new/revised HKFRSs issued by the HKICPA that are first effective and relevant for the Group's financial statements for the annual period beginning on 1 January 2018.

HKFRS 9 – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL"). HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets.

The Group concludes that there is no significant changes to the classification and measurement of its financial assets currently measured at amortised cost after adoption of the standard.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. No financial liabilities of the Group are designated at FVTPL, therefore the Group also concludes that the adoption of the standard does not result in any impact to the Group's financial liabilities.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

The Group concludes that the application of the expected credit loss model may result in earlier recognition of credit losses. The Group did not have any hedging instruments as at 30 June 2018.

The following table summarises the impact, net of tax, of transition to HKFRS 9 on the opening balance of retained earnings as of 1 January 2018:

	HK$'000
Retained earnings	
Retained earnings as at 31 December 2017	45,229
Increase in expected credit losses ("ECLs") in trade receivables and loans and interest receivables	(2,493)
Restated retained earnings as at 1 January 2018	42,736

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group concludes that the application of HKFRS 15 may result in more disclosures. However, the application of HKFRS 15 does not have a material impact on the Group's revenue recognition policy.

The effect of the adoption of remaining standards, amendments and interpretations was not material to the Group's results of operations or financial position.

3. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. During the reporting period, the Company has identified design, manufacture and trading of apparels and provision for money lending services as the reportable operating segments.

Each of these operating segments is managed separately as each of them requires different business strategies.

The segment information provided to the executive directors for the reportable segments during the reporting period is as follows:

Six months ended 30 June 2018 (Unaudited)	**Design, manufacture and trading of apparels** *HK$'000*	**Money lending services** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**30,643**	**8,794**	**39,437**
Segment (loss)/profit	**(30,068)**	**4,266**	**(25,802)**
Reconciliation			
Bank interest income			**101**
Unallocated corporate expenses			**(23,742)**
Finance costs			**(17)**
Loss before tax			**(49,460)**
As at 30 June 2018 (Unaudited)			
Segment assets	**129,461**	**254,646**	**384,107**
Other corporate assets			**79,827**
Total assets			**463,934**
Segment liabilities	**61,108**	**2,341**	**63,449**
Other corporate liabilities			**1,758**
Total liabilities			**65,207**
Other segment information			
Six months ended 30 June 2018 (Unaudited)			
Depreciation and amortisation	**871**	**550**	**1,421**
Capital expenditure	**34**	**–**	**34**

Six months ended 30 June 2017 (Unaudited)	Design, manufacture and trading of apparels	Money lending services	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	79,340	6,086	85,426
Segment (loss)/profit	(10,347)	5,349	(4,998)
Reconciliation			
Bank interest income			74
Unallocated corporate expenses			(5,966)
Finance costs			(516)
Loss before tax			(11,406)
As at 31 December 2017 (Audited)			
Segment assets	163,565	252,920	416,485
Other corporate assets			109,277
Total assets			525,762
Segment liabilities	69,651	2,323	71,974
Other corporate liabilities			7,457
Total liabilities			79,431
Other segment information			
Six months ended 30 June 2017 (Unaudited)			
Depreciation and amortisation	1,118	–	1,118
Capital expenditure	98	–	98

The Company is an investment holding company and the principal places of the Group's operations are in the PRC and Hong Kong. Management determines the Group is domiciled in Hong Kong, which is the Group's principal operating location.

The Group's revenue from external customers is divided into the following geographical areas:

	Unaudited For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
United States	**23,058**	52,289
Canada	**–**	25,645
Hong Kong	**15,125**	6,086
Others	**1,254**	1,406
	39,437	85,426

Geographical location of external customers is based on the location at which the customers are domiciled.

The Group's customer base is diversified and includes only the following customers with whom transactions have exceeded 10% of the Group's revenue. During the reporting period, revenue derived from these customers are as follows:

	Unaudited For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Customer A	**14,822**	15,136
Customer B	**6,331**	N/A*
Customer C	**4,925**	N/A*
Customer D	**4,337**	N/A*
Customer E	**N/A***	25,645
Customer F	**N/A***	11,265

* Accounted for less than 10% of the Group's revenue

4. REVENUE

Revenue represents the interest income from loans receivable, sales of apparels, net of returns, discounts, rebates and sales related taxes, during the period.

5. OTHER INCOME AND GAINS

	Unaudited For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Gain on disposal of financial assets at fair value through profit or loss	**–**	2,320
Interest income	**101**	74
Others	**659**	693
	760	3,087

6. LOSS BEFORE TAX

Loss before income tax is arrived at after charging/(crediting):

	Unaudited For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Amortisation of payments for leasehold land held for own use under operating leases	**27**	27
Auditor's remuneration		
– audit service	**–**	–
– non-audit services	**–**	62
Cost of inventories recognised as expense	**32,266**	59,853
Depreciation of property, plant and equipment	**2,471**	1,091
Losses on exchange differences, net	**256**	345
Reversal of impairment on trade receivables	**(370)**	–
Provision for impairment on loans and interest receivables	**14**	–
Provision for forfeiture of deposit related to the possible acquisition of two companies	**5,000**	–
Operating lease charges in respect of land and buildings	**7,021**	2,877
Employee benefit expenses (including directors' emoluments)	**36,806**	27,136

7. INCOME TAX CREDIT

	Unaudited For the six months ended 30 June 2018 *HK$'000*	2017 *HK$'000*
Current income tax charged for the period:		
Hong Kong profits tax	**697**	803
The People's Republic of China (the "PRC") enterprise income tax ("EIT")	**–**	(42)
United States Federal corporate income tax	**–**	–
	697	761
Deferred tax credited for the period:	**(5,349)**	(1,665)
	(4,652)	(904)

(i) British Virgin Islands ("BVI") and the Cayman Islands income tax

Pursuant to the rules and regulations of the BVI and the Cayman Islands, the Group is not subject to any taxation under these jurisdictions during the six months ended 30 June 2018 (2017: nil).

(ii) Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong for the period.

(iii) PRC EIT

PRC EIT is provided at 25% (2017: 25%) on the estimated assessable profits for the period for a subsidiary in the PRC.

(iv) PRC withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the new Corporate Income Tax Law issued on 6 December 2007, a 10% withholding income tax is levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 are subject to this withholding income tax. The withholding income tax rate applicable to the Group is 5% (six months ended 30 June 2017: 5%).

(v) United States Federal corporate income tax

United States Federal corporate income tax is calculated at 15% (2017: 15%) for the period on the estimated assessable profits for a subsidiary incorporated in the United Stated of America.

8. DIVIDENDS

No dividend was paid or proposed to the owners of the Company during the six months ended 30 June 2018 (2017: nil), nor has any dividend been proposed since the end of reporting period and up to the date of this announcement.

9. LOSS PER SHARE

The calculations of basic loss per share are based on the loss attributable to the owners of the Company for the six months ended 30 June 2018 of approximately HK$44,808,000 (2017: HK$10,502,000) and on the weighted average of 1,690,000,000 ordinary shares issued throughout the six months ended 30 June 2018 (2017: 1,115,082,873 shares).

Diluted loss per share was same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2018 and six months ended 30 June 2017.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018 under review, the Group's capital expenditures of approximately HK$326,000 (2017: HK$5,639,000) represented acquisition of property, plant and equipment.

11. INVENTORIES

	Unaudited As at 30 June 2018 *HK$'000*	Audited As at 31 December 2017 *HK$'000*
Raw materials and consumables	**15,178**	3,266
Work in progress	**2,130**	765
Finished goods	**13,463**	5,282
	30,771	9,313

12. TRADE AND BILLS RECEIVABLES

	Unaudited As at 30 June 2018 *HK$'000*	Audited As at 31 December 2017 *HK$'000*
Trade receivables, gross	**17,960**	42,613
Less: provision for impairment	**(269)**	–
Trade receivables, net	**17,691**	42,613
Bill receivables	**9,477**	10,176
	27,168	52,789

Trade receivables are recognised at their original invoice amounts which represented their fair values at initial recognition. The Group's trade receivables are attributable to a number of independent customers with credit terms. Bill receivables are received from independent customers under the ordinary course of business. The Group normally allows a credit period of 10 to 180 days (2017: 10 to 180 days) to its customers.

Trade and bill receivables are non-interest bearing. The directors of the Company consider that the fair values of trade and bill receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods at their inception.

Ageing analysis of trade receivables based on invoice date is as follows:

	Unaudited As at 30 June 2018 *HK$'000*	Audited As at 31 December 2017 *HK$'000*
0 to 30 days	**3,230**	6,646
31 to 60 days	**6,631**	10,560
61 to 90 days	**136**	10,024
91 to 180 days	**257**	13,623
Over 180 days	**7,437**	1,760
	17,691	42,613

13. LOANS AND INTEREST RECEIVABLES

	Unaudited As at 30 June 2018 *HK$'000*	Audited As at 31 December 2017 *HK$'000*
Loans receivable	**116,061**	147,906
Interest receivables	**96**	975
	116,157	148,881
Less: provision for impairment	**(1,868)**	–
	114,289	148,881

The Group's loans and interest receivables, which arise from the money lending business of providing corporate loans, personal loans and property mortgage loans in Hong Kong, are denominated in Hong Kong dollars.

14. TRADE AND BILL PAYABLES

	Unaudited As at 30 June 2018 *HK$'000*	Audited As at 31 December 2017 *HK$'000*
Trade payables	**27,140**	23,044
Bill payables	**5,272**	14,351
	32,412	37,395

Credit periods of trade payables normally granted by the Group's suppliers were ranging from 15 to 120 days (2017: from 15 to 120 days).

Ageing analysis of trade payables based on invoice date is as follows:

	Unaudited As at 30 June 2018 *HK$'000*	Audited As at 31 December 2017 *HK$'000*
0 to 30 days	**16,181**	11,216
31 to 60 days	**3,367**	2,239
61 to 90 days	**3,621**	3,075
91 to 180 days	**2,576**	2,950
Over 180 days	**1,395**	3,564
	27,140	23,044

Bill payables are normally settled on 180 days (2017: 180 days) credit terms.

15. INTEREST-BEARING BORROWINGS

	Unaudited **As at** **30 June** **2018** ***HK$'000***	Audited As at 31 December 2017 *HK$'000*
Current portion:		
Obligations under finance leases	**326**	325
	326	325
Non-current portion:		
Obligations under finance leases	**229**	374
	555	699

Total current and non-current interest-bearing borrowings were scheduled to repay as follows:

	Unaudited **As at** **30 June** **2018** ***HK$'000***	Audited As at 31 December 2017 *HK$'000*
Within one year	**326**	325
More than one year, but not exceeding two years	**62**	176
More than two years, but not exceeding five years	**167**	198
	555	699

16. SHARE CAPITAL

	Number of shares	*HK$'000*
Authorised:		
Ordinary shares at HK$0.01 each, at 31 December 2017 and 30 June 2018	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares at HK$0.01 each, at 31 December 2017 and 30 June 2018	1,690,000,000	16,900

17. RELATED PARTY TRANSACTION

The Group entered into the following significant related party transactions during the period.

(a) Transaction with related party

	Unaudited For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Rental expenses charged by a fellow subsidiary of New Seres	**3,358**	–

(b) Key management personnel remuneration

	Unaudited For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Directors' emoluments	**4,617**	2,520

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in design, manufacture and trading of apparels and loan financing business.

APPAREL OPERATION

Revenue from apparel operation is principally derived from the sales of apparel products. The Group's products can be classified into two categories, namely, private label products and own brand products. Private label products are those designed and manufactured under the private labels owned or specified by the Group's customers, while own brand products are those designed and manufactured under the Group's proprietary labels.

Revenue from apparel operation decreased from approximately HK$79,340,000 for the six months ended 30 June 2017 to approximately HK$30,643,000 for the six months ended 30 June 2018, representing a decrease of approximately HK$48,697,000 or 61.3% in comparison to the corresponding period in 2017. The decrease in revenue for the six months ended 30 June 2018 was mainly caused by significant drop in orders from our major customers of our apparel operation, which have been adversely affected by the shift of consumers' buying habit to online shopping.

MONEY LENDING OPERATION

Our money lending business primarily offers loans to individual customers and small businesses in Hong Kong. During the reporting period, our money lending business was benefited in the wake of steady economic growth in Hong Kong. Revenue from money lending operation was approximately HK$8,794,000 (2017: HK$6,086,000) for the reporting period, representing an increase of approximately HK$2,708,000 or 44.5% as compared to the corresponding period in 2017.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit for the six months ended 30 June 2018 was approximately HK$7,171,000 (2017: HK$25,573,000), representing a decrease of approximately HK$18,402,000 or 72.0% as compared to the corresponding period in 2017. The gross profit margin for the six months ended 30 June 2018 was approximately 18.2% (2017: 29.9%). The decrease in gross profit for the six months ended 30 June 2018 was mainly attributable to gross loss of approximately HK$1,624,000 incurred in the apparel operation for the reporting period, compared to gross profit of approximately HK$19,488,000 was earned in the apparel operation during the corresponding period in 2017.

The gross loss for our apparel operation was incurred mainly attributable to significant decrease in revenue, while certain expenses in cost of sales, like labour wages and depreciation, remained stable or increased for the six months ended 30 June 2018 compared to the corresponding period in 2017.

The gross profit earned from our money lending operation was approximately HK$8,794,000 (2017: HK$6,086,000). The gross profit margin was 100% for money lending operation for the period (2017: 100%), as there was no direct cost incurred in generating revenue and thus all revenue from money lending operation was reflected in the gross profit.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses mainly consist of (i) staff cost for the sales representative; (ii) transportation costs for delivery of products; and (iii) rental costs of the showroom. The selling and distribution expenses incurred in the reporting period were approximately HK$12,630,000 (2017: HK$11,273,000), increased by approximately 12.0% or HK$1,357,000.

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of (i) staff costs; (ii) rental expenses; (iii) forfeiture of deposit in relation to the possible acquisition of companies, (iv) professional fees; and (v) depreciation of property, plant and equipment. The administrative expenses for the six months ended 30 June 2018 were approximately HK$44,744,000 (2017: HK$28,277,000), increased by approximately 58.2% or HK$16,467,000. The increase in administrative expenses was mainly attributable to (i) the increase in staff costs, rental expenses and depreciation of property, plant and equipment during the period, following New Seres became the controlling shareholder of the Company in May 2017; and (ii) provision for forfeiture of deposit of HK$5,000,000 in relation to the possible acquisition of companies (please refer to the paragraph headed "POSSIBLE ACQUISITION OF PRIOR SECURITIES LIMITED AND PRIOR ASSET MANAGEMENT LIMITED" for further details).

LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the period attributable to owners of the company was approximately HK$44,808,000 (2017: HK$10,502,000), increased by approximately HK$34,306,000 or 326.7%. The increase in the loss attributable to the owners of the Company for the six months ended 30 June 2018 was primarily attributable to (i) decrease in revenue of our apparel operation in comparison to the corresponding period in 2017 and (ii) increase in administrative expenses as discussed above.

LIQUIDITY AND FINANCIAL RESOURCES

During the reporting period, the Group maintained a healthy liquidity position, with working capital financed by internal resources. As at 30 June 2018, pledged bank deposits and cash and bank balances amounted to approximately HK$130,797,000 (31 December 2017: HK$171,332,000). Total interest-bearing borrowings of the Group as at 30 June 2018 was approximately HK$555,000 (31 December 2017: HK$699,000), of which approximately HK$326,000 (31 December 2017: HK$325,000) would be repayable within one year and all the remaining interest-bearing borrowings of approximately HK$229,000 (31 December 2017: HK$374,000) would be repayable after one year. The current ratio of the Group was approximately 5.26 (31 December 2017: 5.08).

CHARGE ON ASSETS

As at 30 June 2018, the Group's time deposits of approximately HK$1,581,000 (31 December 2017: HK$6,596,000) and buildings and land with net carrying value of approximately HK$6,338,000 (31 December 2017: HK$6,653,000) were pledged as securities for the Group's banking facilities.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any material contingent liability (31 December 2017: nil).

GEARING RATIO

The gearing ratio of the Group, calculated as total borrowings over total equity, was approximately 0.1% as at 30 June 2018 (31 December 2017: 0.2%).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the reporting period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 June 2018.

FOREIGN EXCHANGE EXPOSURE

The Group derives the majority of its revenue in US$ while substantial portion of our costs are denominated in Renminbi ("RMB"). Appreciation of RMB against US$ will therefore directly decrease the profit margin of the Group if the Group is unable to increase the selling prices of its products accordingly. If the Group increases the selling prices of its products as a result of the appreciation of RMB, it may in turn affect the Group's competitiveness against other competitors. To the extent that the Company needs to convert future financing into RMB for the Group's operations, appreciation of the RMB against the relevant foreign currencies would have an adverse effect on the purchasing power of the RMB amount that the Company would receive from the conversion.

The exchange rates between RMB and US$ are subject to changes of the PRC Government's policies and global political and economic conditions.

POSSIBLE ACQUISITION OF PRIOR SECURITIES LIMITED AND PRIOR ASSET MANAGEMENT LIMITED

On 25 January 2017, the Group entered into two sale and purchase agreements (as supplemented and amended) thereof (the "Agreements") with a vendor in relation to the acquisition (the "Acquisition") of the entire share capital of Prior Securities Limited and Prior Asset Management Limited.

The conditions precedent pursuant to the Agreements were not fulfilled or satisfied by 31 July 2018, being the long stop date of the Agreements, therefore the Acquisition was not completed and the Agreements were automatically terminated.

The amount of HK$5,000,000 which represented payments of non-refundable deposit for the Acquisition was forfeited after the termination of the Agreements. The forfeiture of the non-refundable deposit was reflected in this interim result for the six months ended 30 June 2018.

CAPITAL COMMITMENTS

As at 30 June 2018, the Group did not have any significant capital commitment (31 December 2017: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group had a total of 350 employees (31 December 2017: 339 employees). Total staff costs (including directors' emoluments) were approximately HK$36,806,000, as compared to approximately HK$27,136,000 for the six months ended 30 June 2017. Remuneration is determined with reference to market norms as well as individual employees' performance, qualification and experience.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Other than the information disclosed in the paragraph headed "POSSIBLE ACQUISITION OF PRIOR SECURITIES LIMITED AND PRIOR ASSET MANAGEMENT LIMITED", there was no specific plan for material investments or capital assets as at 30 June 2018 (31 December 2017: nil).

THE SUBSCRIPTION AND THE USE OF PROCEEDS

As disclosed in the joint announcement issued by the Company and New Seres CEFC Investment Fund LP ("New Seres") dated 15 February 2017 (the "Joint Announcement") and the circular of the Company dated 10 April 2017 (the "Circular"), the Company entered into an agreement with New Seres on 26 January 2017 in relation to the subscription of 860,000,000 new shares in the Company by New Seres (the "Subscription"). The Subscription was completed on 2 May 2017, raising net proceeds of approximately HK$195,720,000. Set out below are the details of the utilisation of the net proceeds from the Subscription up to 30 June 2018:

		Intended use of the net proceeds as disclosed in the Joint Announcement and the Circular	Actual use of the net proceeds up to 30 June 2018	Unutilised net proceeds as at 30 June 2018
		HK$'000	*HK$'000*	*HK$'000*
(i)	for the development of the loan financing business of the Group including but not limited to:			
	– the provision of loans of larger principal amount and longer term (e.g. mortgage loans)	103,432	114,600	Over-utilised of HK$11,168 *(Note 1)*
	– the expansion of sales and customer service team and the overheads for the loan financing business	9,000	1,323	7,677 *(Note 1)*
	– the marketing campaign for the loan financing business	5,000	726	4,274 *(Note 1)*
(ii)	for the development of the securities and asset management business of the Group including but not limited to:			
	– the settlement of the outstanding consideration for the Acquisition	28,900	3,000	25,900 *(Note 2 and 3)*
	– the business development of Prior Securities and Prior Asset	11,388	–	11,388 *(Note 3)*
	– the grant of securities margin financing loans	38,000	–	38,000 *(Note 3)*
		195,720	119,649	76,071

Notes:

1. As the development of the financing business has exceeded expectation, no significant additional expenses were expected to be incurred on expansion of sales and customer service team and marketing campaign, and the unutilised proceeds as at 30 June 2018 had accordingly been used principally towards provision of loans to clients. The remaining unutilised balance of approximately HK$783,000 is expected to be utilised towards payment of overheads for the loan financing business by 31 December 2018.

2. Up to 30 June 2018, the amount of HK$3,000,000 was utilised which represented payment of the second non-refundable deposit for the Acquisition in accordance with the terms of the Agreements.

3. As disclosed in the paragraph headed "POSSIBLE ACQUISITION OF PRIOR SECURITIES LIMITED AND PRIOR ASSET MANAGEMENT LIMITED", the Acquisition was not completed and the Agreements were automatically terminated. The unutilised proceeds, amounting to HK$75,288,000, which was originally allocated for the development of the securities and asset management business (including the Acquisition), shall be retained by the Group for its future acquisition(s) and business development and/or working capital purposes.

INTERIM DIVIDEND

The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2018.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 June 2018, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required to be recorded in the register pursuant to Section 352 of the SFO, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, were as follows:

Long positions in Shares of the Company

Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of interests
Mr. Guo Lin	Interest in controlled corporation *(Note 1)*	860,120,000	50.89%
Mr. Jiang Tianqing	Interest in controlled corporation *(Note 2)*	860,120,000	50.89%
Mr. Jiang Mingsheng	Beneficial owner *(Note 3)*	25,857,000	1.53%
Mr. Hubert Tien	Interest in controlled corporation *(Note 4)*	9,000,000	0.53%
Mr. Tang Shu Pui Simon	Beneficial owner	5,000,000	0.30%
Mr. Zhang Yu	Beneficial owner *(Note 5)*	20,618,000	1.22%

Notes:

1. By virtue of the SFO, Mr. Guo Lin ("Mr. Guo") is deemed to be interested in 860,120,000 shares of the Company, representing approximately 50.89% of the total number of issued shares of the Company, which are directly held by New Seres CEFC Investment Fund LP, which in turn is owned as to 50% by its general partner, New Seres International Asset Management (Cayman) Limited, and is in turn owned as to 50% by New Seres Investment Co., Ltd.* (新絲綢之路投資有限公司). New Seres Investment Co., Ltd.* (新絲綢之路投資有限公司) is owned as to 40% by Mr. Guo and 60% by Shanghai Chengyi Corporate Management Partnership (Limited Partnership)* (上海承羿企業管理合夥企業(有限合夥)). Shanghai Chengyi Corporate Management Partnership (Limited Partnership)* (上海承羿企業管理合夥企業(有限合夥)) is 10% directly owned by Mr. Guo (as its limited partner) and is 1% owned by Shanghai Chengyi Business Consulting Company Limited* (上海承羿商務諮詢有限公司) as its general partner, which is in turn directly owned as to 80% by Mr. Guo.

2. By virtue of the SFO, Mr. Jiang Tianqing ("Mr. Jiang TQ") is deemed to be interested in 860,120,000 shares of the Company, representing approximately 50.89% of the total number of issued shares of the Company, which are directly held by New Seres CEFC Investment Fund LP, which in turn is owned as to 50% by its general partner, New Seres International Asset Management (Cayman) Limited, and is in turn owned as to 50% by New Seres Investment Co., Ltd.* (新絲綢之路投資有限公司). New Seres Investment Co., Ltd.* (新絲綢之路投資有限公司) is owned as to 60% by its limited partner Shanghai Chengyi Corporate Management Partnership (Limited Partnership)* (上海承羿企業管理合夥企業(有限合夥)), which in turn is owned directly as to 33% by Mr. Jiang TQ (as its limited partner) and is owned as to 1% by Shanghai Chengyi Business Consulting Company Limited* (上海承羿商務諮詢有限公司) as its general partner, which is in turn directly owned as to 20% by Mr. Jiang TQ.

3. By virtue of the SFO, Mr. Jiang Mingsheng ("Mr. Jiang MS") is the indirect beneficial owner of 25,857,000 shares of the Company, representing approximately 1.53% of the total number of issued shares of the Company, which are directly held by New Seres CEFC Investment Fund LP, which in turn is owned as to 50% by its general partner, New Seres International Asset Management (Cayman) Limited, and is in turn owned as to 50% by New Seres Investment Co., Ltd.* (新絲綢之路投資有限公司). New Seres Investment Co., Ltd.* (新絲綢之路投資有限公司) is owned as to 60% by its limited partner Shanghai Chengyi Corporate Management Partnership (Limited Partnership)* (上海承羿企業管理合夥企業(有限合夥)), which in turn is directly owned as to 20% by Mr. Jiang MS as its limited partner.

4. These shares are held by All Divine Limited, which is wholly owned by Mr. Hubert Tien. By virtue of the SFO, Mr. Hubert Tien is deemed to be interested in the 9,000,000 shares under the SFO.

5. By virtue of the SFO, Mr. Zhang Yu ("Mr. Zhang") is the indirect beneficial owner of 20,618,000 shares of the Company, representing approximately 1.22% of the total number of issued shares of the Company, which are directly held by New Seres CEFC Investment Fund LP, which in turn is owned as to 50% by its general partner, New Seres International Asset Management (Cayman) Limited, and is in turn owned as to 50% by New Seres Investment Co., Ltd.* (新絲綢之路投資有限公司). New Seres Investment Co., Ltd.* (新絲綢之路投資有限公司) is owned as to 60% by its limited partner Shanghai Chengyi Corporate Management Partnership (Limited Partnership)* (上海承羿企業管理合夥企業(有限合夥)), which in turn is directly owned as to 16% by Mr. Zhang as its limited partner.

* *For identification purpose only*

Save as disclosed above, as at 30 June 2018, none of the directors or chief executive of the Company have or are deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were notifiable to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or recorded in the register required to be maintained by the Company under Section 352 of the SFO, or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, so far as it was known by or otherwise notified to any directors or the chief executive of the Company, the particulars of the corporations or persons (other than the directors and the chief executive of the Company) which had 5% or more interests in shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in Shares of the Company

Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of interests
New Seres CEFC Investment Fund LP	Beneficial owner *(Note 1)*	860,120,000	50.89%
New Seres International Asset Management (Cayman) Limited	Interest in controlled corporation *(Note 2)*	860,120,000	50.89%
New Seres Investment Co., Ltd.*	Interest in controlled corporation *(Note 3)*	860,120,000	50.89%
Shanghai Chengyi Corporate Management Partnership (Limited Partnership)* (上海承羿企業管理合夥企業(有限合夥))	Interest in controlled corporation *(Note 4)*	860,120,000	50.89%

* *For identification purpose only*

Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of interests
Shanghai Chengyi Business Consulting Company Limited* (上海承羿商務諮詢有限公司)	Interest in controlled corporation *(Note 5)*	860,120,000	50.89%
CEFC Shanghai Financial Services Co., Ltd.*	Interest in controlled corporation *(Note 6)*	860,120,000	50.89%
Shanghai CEFC Financial Holding Co., Ltd.*	Interest in controlled corporation *(Note7)*	860,120,000	50.89%
CEFC China Energy	Interest in controlled corporation *(Note 8)*	860,120,000	50.89%
CEFC China Energy Investment Fund Co., Ltd*	Interest in controlled corporation *(Note 9)*	860,120,000	50.89%
China CEFC International Equity Investment Co., Ltd.*	Interest in controlled corporation *(Note 10)*	860,120,000	50.89%
Shanghai Zhong'an United Investment Fund Co., Ltd.*	Interest in controlled corporation *(Note 11)*	860,120,000	50.89%
Wisely Inc Limited	Interest in controlled corporation *(Note 12)*	860,120,000	50.89%
Shanghai Huaxin Group (Hongkong) Limited	Interest in controlled corporation *(Note 13)*	860,120,000	50.89%
Shanghai CEFC International Group*	Interest in controlled corporation *(Note 14)*	860,120,000	50.89%

* *For identification purpose only*

Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of interests
Su Weizhong	Interest in controlled corporation *(Note 15)*	860,120,000	50.89%
Yi Qianru	Deemed interest of spouse and interest in controlled corporation *(Note 16)*	860,120,000	50.89%
Han Wenjing	Deemed interest of spouse and interest in controlled corporation *(Note 17)*	860,120,000	50.89%
Li Yong	Interest in controlled corporation *(Note 18)*	860,120,000	50.89%
Feng Qiuling	Deemed interest of spouse and interest in controlled corporation *(Note 19)*	860,120,000	50.89%
Ms. Tin Yuen Sin Carol	Beneficial owner and interest in controlled corporation *(Note 20)*	114,362,000	6.77%
Favor Way Investments Limited	Beneficial owner *(Note 20)*	110,000,000	6.51%
Hua Zhen	Beneficial owner	87,000,000	5.15%

Note:

1. New Seres CEFC Investment Fund LP, is an exempted limited liability partnership registered in the Cayman Islands on 20 January 2017.

2. New Seres International Asset Management (Cayman) Limited is the general partner of New Seres CEFC Investment Fund LP, and is owned as to 50% by New Seres Investment Co., Ltd* (新絲綢之路投資有限公司) and 50% by CEFC Shanghai Financial Services Co. Ltd.* (上海華信金融服務有限公司).

* *For identification purpose only*

3. New Seres Investment Co., Ltd* (新絲綢之路投資有限公司) is owned as to 50% by Mr. Guo and 50% by Shanghai Chengyi Corporate Management Partnership (Limited Partnership)* (上海承羿企業管理合夥企業(有限合夥)).

4. Shanghai Chengyi Corporate Management Partnership (Limited Partnership)* (上海承羿企業管理合夥企業(有限合夥)) is owned, amongst others, as to 1% by Shanghai Chengyi Business Consulting Company Limited* 上海承羿商務諮詢有限公司, 10% by Mr. Guo, 33% by Mr. Jiang TQ and 20% by Mr. Jiang MS.

5. Shanghai Chengyi Business Consulting Company Limited* (上海承羿商務諮詢有限公司) is owned as to 80% by Mr. Guo and 20% by Mr. Jiang TQ.

6. CEFC Shanghai Financial Services Co., Ltd* (上海華信金融服務有限公司) is owned as to 100% by Shanghai CEFC Financial Holdings Co., Ltd* (上海市華信金融控股有限公司).

7. Shanghai CEFC Financial Holdings Co., Ltd* (上海市華信金融控股有限公司) is owned as to approximately 87.67% by CEFC China Energy Company Limited* (中國華信能源有限公司), approximately 6.17% by Mr. Su Weizhong, approximately 4.93% by Mr. Zheng Xiongbin and approximately 1.23% by Shanghai Zhong'an United Investment Fund Co., Ltd.* (上海中安聯合投資基金股份有限公司).

8. CEFC China Energy Company Limited* (中國華信能源有限公司) is owned as to 99.05% by CEFC China Energy Investment Fund Co., Ltd* (上海能源基金投資有限公司).

9. CEFC China Energy Investment Fund Co., Ltd* (上海能源基金投資有限公司) is owned as to 100% by China CEFC International Equity Investment Co., Ltd.* (中國華信國際股權投資有限公司).

10. China CEFC International Equity Investment Co., Ltd.* (中國華信國際股權投資有限公司) is owned as to 80% by Shanghai Zhong'an United Investment Fund Co., Ltd.* (上海中安聯合投資基金股份有限公司).

11. The beneficial shareholders of Shanghai Zhong'an United Investment Fund Co., Ltd.* (上海中安聯合投資基金股份有限公司) are Mr. Su Weizhong (owned as to approximately 50%), Mr. Li Yong (owned as to approximately 49%) and Mr. Zheng Xiongbin (owned as to approximately 1%).

12. Wisely Inc Limited (永事利有限公司) is the limited partner of New Seres CEFC Investment Fund LP and is owned as to 100% by Shanghai Huaxin Group (Hongkong) Limited (上海華信集團(香港)有限公司).

13. Shanghai Huaxin Group (Hongkong) Limited (上海華信集團(香港)有限公司) is owned as to 85.74% by Shanghai CEFC International Group Co. Ltd.* (上海華信國際集團有限公司) and as to 14.26% by Gain Sun Ventures Limited.

* *For identification purpose only*

14. Shanghai CEFC International Group Co. Ltd.* (上海華信國際集團有限公司) is owned as to 54.14% by CEFC China Energy Company Limited* (中國華信能源有限公司), as to 32.41% by Shanghai CEFC Financial Holding Co., Ltd.* (上海市華信金融控股有限公司) and as to 13.45% by China CEFC International Equity Investment Co., Ltd.* (中國華信國際股權投資有限公司).

15. Mr. Su Weizhong holds 50% shares in Shanghai Zhong'an United Investment Fund Co., Ltd.* (上海中安聯合投資基金股份有限公司).

16. Ms. Yi Qianru is the spouse of Mr. Guo, the Chairman of the Board and an executive director of the Company and is therefore deemed to be interested in the Shares held by Mr. Guo.

17. Ms. Han Wenjing is the spouse of Mr. Jiang Tianqing and is therefore deemed to be interested in the Shares held by Mr. Jiang Tianqing.

18. Mr. Li Yong holds 49% shares in Shanghai Zhong'an United Investment Fund Co., Ltd.* (上海中安聯合投資基金股份有限公司).

19. Ms. Feng Qiuling is the spouse of Mr. Li Yong and is therefore deemed to be interested in the Shares held by Mr. Li Yong.

20. Based on the disclosure of interests of Ms. Tin Yuen Sin Carol ("Ms. Tin") filed on 28 November 2016, these 114,362,000 Shares are owned as to (i) 4,362,000 Shares beneficially by Ms. Tin; and (ii) 110,000,000 Shares through Favor Way Investments Limited, a company wholly-owned by Ms. Tin. Ms. Tin is the director of Delta Wealth Finance Limited, a wholly-owned subsidiary of the Company. By virtue of the SFO, Ms. Tin is deemed to be interested in the 114,362,000 shares under the SFO.

Save as disclosed above, as at 30 June 2018, the directors of the Company were not aware of any other persons/entities (other than the directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, its Group members or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO; or as otherwise notified to the Company and the Stock Exchange.

* *For identification purpose only*

SHARE OPTION SCHEME

The share option scheme enables the Company to grant options to any full-time or part-time employee of the Company or any member of the Group (the "Eligible Participant") as incentives or rewards for their contributions to the Group, the Company conditionally adopted a share option scheme (the "Scheme") on 22 November 2013 whereby the Board was authorised, at its absolute discretion and subject to the terms of the Scheme, to grant options to subscribe for the shares of the Company to the Eligible Participant. The Scheme will be valid and effective for a period of ten years commencing from the listing date of the Company.

As at the date of this announcement, the total number of shares available for issue under the Scheme is 60,000,000 shares, representing 3.55% of the enlarged issued share capital of the Company.

Since the adoption of the Scheme and during the six months ended 30 June 2018, no share option has been granted, exercised, lapsed or cancelled, and as at 30 June 2018, no share options under the Scheme were outstanding.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value. The Company's corporate governance practices are based on the principles and code provision as set out in the Code on Corporate Governance Practices ("CG code") in Appendix 14 to the Listing Rules.

Throughout the reporting period, the Company has complied with the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions (the "Required Standard of Dealings"). The Company has confirmed, having made specific enquiry of directors, all the directors have complied with the Required Standard of Dealings throughout the six months ended 30 June 2018.

AUDIT COMMITTEE

The audit committee has reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters. The unaudited consolidated financial statements of the Group for the six months ended 30 June 2018 have been reviewed by the audit committee members who have provided advice and comments thereon.

CHANGE OF DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of directors subsequent to the date of the Annual Report 2017 are set out below.

On 9 July 2018, Mr. Zhang Yu resigned as an executive director and the Chief Executive Officer of the Company. He also ceased to be a member of each of the remuneration committee, nomination committee and corporate governance committee of the Company and an authorised representative of the Company under Rule 3.05 of the Listing Rules with effect from 9 July 2018.

Mr. Jiang Tianqing has been appointed as a member of each of the remuneration committee, nomination committee and corporate governance committee of the Company and an authorised representative of the Company with effect from 9 July 2018.

Save as disclosed above, the Company is not aware of other changes in the directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

By order of the Board
CEFC Hong Kong Financial Investment Company Limited
Guo Lin
Chairman

Hong Kong, 27 August 2018

As at the date of this announcement, the Board is comprised of 10 directors:

Executive Directors:	Mr. Guo Lin Mr. Jiang Mingsheng Mr. Wang Zhou Mr. Jiang Tianqing Mr. Hubert Tien Mr. Liu Chun Fai
Independent Non-Executive Directors:	Mr. Lu Hongbing Mr. Tang Shu Pui Simon Mr. Hon Ming Sang Professor Wu Fei