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 2019

FINANCIAL HIGHLIGHT

- Revenue for the six months ended 30 June 2019 was approximately HK$31,673,000 (2018: HK$39,437,000), representing a decrease of approximately HK$7,764,000 or 19.7% in comparison to the corresponding period in 2018.

- Gross profit for the six months ended 30 June 2019 was approximately HK$4,386,000 (2018: HK$7,171,000), representing a decrease of approximately HK$2,785,000 or 38.8% as compared to the corresponding period in 2018. The gross profit margin for the six months ended 30 June 2019 was approximately 13.8% (2018: 18.2%).

- Loss attributable to the owners of the Company for six months ended 30 June 2019 was approximately HK$29,839,000 (2018: HK$44,808,000), decreased by approximately HK$14,969,000 or 33.4%.

- Loss per share of the Company for the six months ended 30 June 2019 was approximately HK$1.77 cents (2018: HK$2.65 cents).

- The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2019 (2018: nil).

SUMMARY

For the six months ended 30 June 2019:

- the Group's revenue decreased from approximately HK$39,437,000 for the six months ended 30 June 2018 to approximately HK$31,673,000 for the six months ended 30 June 2019, representing a decrease of approximately HK$7,764,000 or 19.7% in comparison to the corresponding period in 2018. Revenue from apparel operation was HK$26,102,000 (2018: HK $30,643,000) for the reporting period, representing a decrease of approximately HK$4,541,000 or 14.8% in comparison to the corresponding period in 2018. The decrease in revenue for our apparel operation for the six months ended 30 June 2019 was mainly adversely affected by intensified trade disputes between China and the United States during the period. On the other hand, revenue from money lending operation was approximately HK$5,571,000 (2018: HK$8,794,000) for the reporting period, representing a decrease of approximately HK$3,223,000 or 36.7% as compared to the corresponding period in 2018, mainly due to the fact that we did not re-enter a new agreement with a major customer, which contributed revenue of approximately HK$4,337,000 in the first half of 2018, after the old loan agreement expired in the second half of 2018;

- gross profit for the six months ended 30 June 2019 was approximately HK$4,386,000 (2018: HK$7,171,000), representing a decrease of approximately HK$2,785,000 or 38.8% as compared to the corresponding period in 2018. The gross profit margin for the six months ended 30 June 2019 was approximately 13.8% (2018: 18.2%). The decrease in gross profit for the six months ended 30 June 2019 was mainly attributable to a decrease in gross profit of approximately HK$3,223,000 generated by money lending operation for the reporting period, as a result of a decrease in revenue in money lending operation;

- the loss for the period attributable to owners of the company was approximately HK$29,839,000 (2018: HK$44,808,000), decreased by approximately HK$14,969,000 or 33.4%. Although there was decline in revenue of approximately HK$7,764,000 for the period, this was offset by a decrease in selling and distribution expenses of approximately HK$4,838,000 and a decrease in administrative expenses of approximately HK$16,015,000 respectively;

- the Group's inventories increased by approximately 297.9%, from approximately HK$9,007,000 as at 31 December 2018 to approximately HK$35,839,000 as at 30 June 2019. 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 2019 compared to 31 December 2018;

- 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 2019

	Notes	For the six months ended 30 June 2019 HK'000	2018 HK'000
Revenue	*4*	**31,673**	39,437
Cost of sales		**(27,287)**	(32,266)
Gross profit		**4,386**	7,171
Other income and gains	*5*	**2,895**	760
Selling and distribution expenses		**(7,792)**	(12,630)
Administrative expenses		**(28,729)**	(44,744)
Finance costs		**(507)**	(17)
Loss before income tax	*6*	**(29,747)**	(49,460)
Income tax (expense)/credit	*7*	**(92)**	4,652
Loss for the period attributable to the owners of the Company		**(29,839)**	(44,808)
Other comprehensive income, net of tax attributable to the owners of the Company			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) on translation of financial statements of foreign operations		**25**	(303)
Total comprehensive income for the period attributable to the owners of the Company		**(29,814)**	(45,111)
Loss per share attributable to the owners of the Company			
Basic and diluted loss per share (HK cents)	*9*	**(1.77)**	(2.65)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**Unaudited As at 30 June 2019 HK$'000**	Audited As at 31 December 2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**20,112**	23,465
Right-of-use assets	*11*	**19,670**	–
Payments for leasehold land held for own use under operating leases		**–**	1,661
Goodwill		**87,656**	87,656
Intangible assets		**800**	800
Loans and interest receivables	*14*	**18,160**	4,901
Deferred tax assets		**5,333**	5,333
		151,731	123,816
Current assets			
Inventories	*12*	**35,839**	9,007
Trade and bill receivables	*13*	**19,140**	18,548
Loans and interest receivables	*14*	**93,158**	100,438
Deposits, prepayments and other receivables		**16,097**	19,896
Pledged bank deposits		**483**	3,314
Cash and cash equivalents		**106,693**	152,597
		271,410	303,800
Current liabilities			
Trade and bill payables	*15*	**37,968**	20,273
Accruals, other payables and receipts in advance		**11,468**	18,893
Contract liabilities		**1,988**	2,031
Interest-bearing borrowings	*16*	**10,953**	218
Provision for taxation		**337**	2,930
		62,714	44,345
Net current assets		**208,696**	259,455
Total assets less current liabilities		**360,427**	383,271

	Notes	**Unaudited** **As at** **30 June** **2019** ***HK$'000***	Audited As at 31 December 2018 *HK$'000*
Non-current liabilities			
Interest-bearing borrowings	*16*	**7,823**	853
Net assets		**352,604**	382,418
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*17*	**16,900**	16,900
Reserves		**335,704**	365,518
Total equity		**352,604**	382,418

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	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 2018	16,900	375,963	2,988	3,344	683	(17,460)	382,418
Loss for the period	–	–	–	–	–	(29,839)	(29,839)
Other comprehensive income							
– Exchange gain on translation of financial statements of foreign operations	–	–	–	–	25	–	25
Total comprehensive income for the period	–	–	–	–	25	(29,839)	(29,814)
At 30 June 2019	16,900	375,963	2,988	3,344	708	(47,299)	352,604
At 31 December 2017	16,900	375,963	2,988	3,180	2,071	45,229	446,331
Adjustment on adoption of HKFRS 9	–	–	–	–	–	(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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Net cash used in operating activities	**(43,370)**	(40,068)
Net cash generated from investing activities	**1,008**	4,790
Net cash used in financing activities	**(3,292)**	(144)
Net decrease in cash and cash equivalents	**(45,654)**	(35,422)
Cash and cash equivalents at beginning of the period		
Cash and bank balances	**152,597**	164,736
Effect of foreign exchange rates, net	**(250)**	(98)
Cash and cash equivalents at end of the period	**106,693**	129,216

NOTES

For the six months ended 30 June 2019

1. CORPORATE INFORMATION

CEFC Hong Kong Financial Investment Company Limited ("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 Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

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

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 2019 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 the 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 2018 except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning on 1 January 2019.

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 2019.

HKFRS 16	Leases
HK(IFRIC) 23	Uncertainty over Income Tax Treatments
HKAS 28 (Amendment)	Long-term investment in an Associate or Joint Venture
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement
Annual Improvements to HKFRSs 2015-2017 cycle	

Except for the impact of adoption of HKFRS 16 set out below, the adoption of other applicable new and amended standards and interpretations did not have any material impact on the interim condensed consolidated financial statements of the Group.

HKFRS 16 – Lease

HKFRS 16, which supersedes HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

As permissible under HKFRS 16, the Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date/adoption date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The following tables summarise the impact of transition to HKFRS 16 on statement of financial position as of 31 December 2018 to that of 1 January 2019 (increase/(decrease)):

Consolidated statement of financial position as at 1 January 2019	*HK$'000* (Unaudited)
Property, plant and equipment	(1,060)
Right-of-use assets	22,452
Payments for leasehold land held for own use under operating leases (non-current)	(1,661)
Payments for leasehold land held for own use under operating leases (current)	(54)
Other payables	(814)
Lease liabilities (current)	9,629
Lease liabilities (non-current)	11,933
Obligations under finance leases (current)	(218)
Obligations under finance leases (non-current)	(853)

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 2019 (Unaudited)	**Design, manufacture and trading of apparels**	**Money lending services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue from external customers	**26,102**	**5,571**	**31,673**
Segment (loss)/profit	**(18,649)**	**2,088**	**(16,561)**
Reconciliation			
Bank interest income			**297**
Unallocated corporate expenses			**(12,976)**
Finance costs			**(507)**
Loss before tax			**(29,747)**
As at 30 June 2019 (Unaudited)			
Segment assets	**101,609**	**221,364**	**322,973**
Other corporate assets			**100,168**
Total assets			**423,141**
Segment liabilities	**57,044**	**2,797**	**59,841**
Other corporate liabilities			**10,696**
Total liabilities			**70,537**
Other segment information			
Six months ended 30 June 2019 (Unaudited)			
Depreciation and amortisation	**2,558**	**726**	**3,284**
Capital expenditure	**–**	**2,120**	**2,120**

Six months ended 30 June 2018 (Unaudited)	Design, manufacture and trading of apparels	Money lending services	Total
	HK$'000	*HK$'000*	*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 31 December 2018 (Audited)			
Segment assets	103,300	219,724	323,024
Other corporate assets			104,592
Total assets			427,616
Segment liabilities	40,119	2,930	43,049
Other corporate liabilities			2,149
Total liabilities			45,198
Other segment information			
Six months ended 30 June 2018 (Unaudited)			
Depreciation and amortisation	871	550	1,421
Capital expenditure	34	–	34

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 that 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	
	2019	2018
	HK$'000	*HK$'000*
United States	**19,325**	23,058
Hong Kong	**11,179**	15,125
Others	**1,169**	1,254
	31,673	39,437

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	
	2019	2018
	HK$'000	*HK$'000*
Customer A	**12,546**	14,822
Customer B	**7,319**	4,925
Customer C	**5,389**	6,331
Customer D	**N/A***	4,337

* 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	
	2019	2018
	HK$'000	*HK$'000*
Interest income	**297**	101
Subcontracting income	**1,934**	–
Others	**664**	659
	2,895	760

6. LOSS BEFORE TAX

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

	Unaudited For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Amortisation of payments for leasehold land held for own use under operating leases	**–**	27
Auditor's remuneration	**–**	–
Cost of inventories recognised as expense	**27,287**	32,266
Depreciation of property, plant and equipment	**2,569**	2,471
Depreciation of right-of-use assets	**4,901**	–
(Gain)/Losses on exchange differences, net	**(104)**	256
Provision for/(Reversal of) impairment on trade receivables	**52**	(370)
(Reversal of)/Provision for impairment on loans and receivables	**(33)**	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	**822**	7,021
Employee benefit expenses (including directors' emoluments)	**25,574**	36,806

7. INCOME TAX (EXPENSE)/CREDIT

	Unaudited For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Current income tax for charged the period:		
Hong Kong profits tax	**(294)**	(697)
The People's Republic of China (the "PRC") enterprise income tax ("EIT")	**208**	–
United States Federal corporate income tax	**(6)**	–
	(92)	(697)
Deferred tax credited for the period:	**–**	5,349
	(92)	4,652

(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 2019 (2018: nil).

(ii) Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong for the period.

(iii) PRC EIT

PRC EIT is provided at 25% (2018: 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% (2018: 5%).

(v) United States corporate income tax

The United Stated corporate income tax comprises federal income tax calculated at 15% (2018: 15%) and state and local income tax calculated at various rates on the estimated assessable profits of the Group's subsidiary in the United Stated.

8. DIVIDENDS

No dividend was paid or proposed to the owners of the Company during the six months ended 30 June 2019 (2018: 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 2019 of approximately HK$29,839,000 (2018: HK$44,808,000) and on the weighted average of 1,690,000,000 ordinary shares issued throughout the six months ended 30 June 2019 (2018: 1,690,000,000 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 2019 and six months ended 30 June 2018.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019 under review, the Group's capital expenditures of HK$: nil (2018: HK$326,000) represented acquisition of property, plant and equipment.

11. RIGHT-OF-USE ASSETS

As stated in Note 2(b), the Group recognised right-of-use assets of approximately HK$22,452,000 as at 1 January 2019.

During the current period, the Group entered into a new lease agreement in which the lease period is 2 years. On lease commencement, the Group recognised approximately of HK$2,120,000 of right-of-use assets relating to the new lease agreement.

12. INVENTORIES

	Unaudited As at 30 June 2019 *HK$'000*	Audited As at 31 December 2018 *HK$'000*
Raw materials and consumables	**14,562**	2,575
Work in progress	**1,738**	742
Finished goods	**19,539**	5,690
	35,839	9,007

13. TRADE AND BILLS RECEIVABLES

	Unaudited As at 30 June 2019 *HK$'000*	Audited As at 31 December 2018 *HK$'000*
Trade receivables, gross	**13,689**	15,725
Less: written off trade receivables	**–**	(464)
Less: impairment loss	**(459)**	(407)
Trade receivables, net	**13,230**	14,854
Bill receivables	**5,910**	3,694
	19,140	18,548

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 (2018: 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 2019 *HK$'000*	Audited As at 31 December 2018 *HK$'000*
0 to 30 days	**8,425**	3,215
31 to 60 days	**186**	5,895
61 to 90 days	**4**	717
91 to 180 days	**94**	2,120
Over 180 days	**4,521**	2,907
	13,230	14,854

14. LOANS AND INTEREST RECEIVABLES

	Unaudited As at 30 June 2019 *HK$'000*	Audited As at 31 December 2018 *HK$'000*
Non-current		
Loans receivables	**18,160**	4,901
Current		
Loans receivables	**92,583**	100,190
Interest receivables	**2,341**	2,047
Less: impairment loss	**(1,766)**	(1,799)
	93,158	100,438
	111,318	105,339

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.

15. TRADE AND BILLS PAYABLES

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2019	2018
	HK$'000	*HK$'000*
Trade payables	**35,912**	9,227
Bills payables	**2,056**	11,046
	37,968	20,273

Credit periods of trade payables normally granted by the Group's suppliers were ranging from 15 to 120 days (2018: from 15 to 120 days).

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

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**21,291**	4,728
31 to 60 days	**4,402**	1,929
61 to 90 days	**2,458**	881
91 to 180 days	**6,939**	981
Over 180 days	**822**	708
	35,912	9,227

Bill payables are normally settled on 180 days (2018: 180 days) credit terms.

16. INTEREST-BEARING BORROWINGS

	Unaudited As at 30 June 2019 ***HK$'000***	Audited As at 31 December 2018 *HK$'000*
Current portion:		
Lease liabilities	**10,953**	–
Obligations under finance leases	**–**	218
Non-current portion:		
Lease liabilities	**7,823**	–
Obligations under finance leases	**–**	853
	18,776	1,071

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

	Unaudited As at 30 June 2019 ***HK$'000***	Audited As at 31 December 2018 *HK$'000*
Within one year	**10,953**	218
More than one year, but not exceeding two years	**7,077**	229
More than two years, but not exceeding five years	**746**	624
	18,776	1,071

17. SHARE CAPITAL

	Number of shares	*HK$'000*
Authorised:		
Ordinary shares at HK$0.01 each, at 31 December 2018 and 30 June 2019	**10,000,000,000**	**100,000**
Issued and fully paid:		
Ordinary shares at HK$0.01 each, at 31 December 2018 and 30 June 2019	**1,690,000,000**	**16,900**

18. 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	
	2019	2018
	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	
	2019	2018
	HK$'000	*HK$'000*
Directors' emoluments	**3,151**	4,617

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in (i) design, manufacture and trading of apparels; and (ii) provision of money lending services.

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 was HK$26,102,000 (2018: HK $30,643,000) for the reporting period, representing a decrease of approximately HK$4,541,000 or 14.8% in comparison to the corresponding period in 2018. The decrease in revenue for our apparel operation for the six months ended 30 June 2019 was mainly adversely affected by intensified trade disputes between China and the United States during the period.

MONEY LENDING OPERATION

Revenue from money lending operation was approximately HK$5,571,000 (2018: HK$8,794,000) for the reporting period, representing a decrease of approximately HK$3,223,000 or 36.7% as compared to the corresponding period in 2018, mainly due to the fact that we did not re-enter a new agreement with a major customer, which contributed revenue of approximately HK$4,337,000 in the first half of 2018, after the old loan agreement expired in the second half of 2018.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit for the six months ended 30 June 2019 was approximately HK$4,386,000 (2018: HK$7,171,000), representing a decrease of approximately HK$2,785,000 or 38.8% as compared to the corresponding period in 2018. The gross profit margin for the six months ended 30 June 2019 was approximately 13.8% (2018: 18.2%). The decrease in gross profit for the six months ended 30 June 2019 was mainly attributable to a decrease in gross profit of approximately HK$3,223,000 generated by money lending operation for the reporting period, as a result of a decrease in revenue in money lending operation.

Our apparel operation incurred gross loss for the six months ended 30 June 2019. Despite there was a decline in material costs as a result of the decline in revenue, direct labour costs and subcontracting costs have continued to increase. This resulted in gross loss for the six months ended 30 June 2019, likewise a gross loss for the first half of 2018 was recorded.

The gross profit earned from our money lending operation was approximately HK$5,571,000 (2018: HK$8,794,000), as there was less revenue from money lending operation for the period. The gross profit margin was 100% for money lending operation for the period (2018:100%), as there was no direct cost incurred in generating revenue from the money lending operation.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses mainly consist of (i) staff cost for the sales representatives; (ii) transportation costs for delivery of products; and (iii) staff travelling expenses. The selling and distribution expenses incurred in the reporting period were approximately HK$7,792,000 (2018: HK$12,630,000), decreased by approximately 38.3% or HK$4,838,000. The decrease in selling and distribution expenses for the period was mainly due to a decrease in staff cost of approximately HK$4,031,000.

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of (i) staff costs; (ii) depreciation of right-of-use assets; (iii) depreciation of property, plant and equipment; and (iv) professional fees. The administrative expenses for the six months ended 30 June 2019 were approximately HK$28,729,000 (2018: HK$44,744,000), decreased by approximately 35.8% or HK$16,015,000. The decrease in administrative expenses was mainly attributable to (i) a decrease in staff costs of approximately HK$6,294,000, (ii) one-off nature of provision for forfeiture of deposit of HK$5,000,000 for the period ended 30 June 2018 in relation to the possible acquisition and (iii) a decrease in professional fees of approximately HK$1,169,000.

LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the period attributable to owners of the company was approximately HK$29,839,000 (2018: HK$44,808,000), decreased by approximately HK$14,969,000 or 33.4%. Although there was a decline in revenue of approximately HK$7,764,000 for the period, this was offset by a decrease in selling and distribution expenses of approximately HK$4,838,000 and a decrease in administrative expenses of approximately HK$16,015,000 respectively, 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 2019, pledged bank deposits and cash and bank balances amounted to approximately HK$107,176,000 (31 December 2018: HK$155,911,000). Total interest-bearing borrowings of the Group as at 30 June 2019 was approximately HK$18,776,000 (31 December 2018: HK$1,071,000), of which approximately HK$10,953,000 (31 December 2018: HK$218,000) would be repayable within one year and all the remaining interest-bearing borrowings of approximately HK$7,823,000 (31 December 2018: HK$853,000) would be repayable after one year. The current ratio of the Group was approximately 4.33 (31 December 2018: 6.85).

CHARGE ON ASSETS

As at 30 June 2019, Group's time deposits of approximately HK$483,000 (31 December 2018: HK$3,314,000) and buildings and land with net carrying value of approximately HK$5,649,000 (31 December 2018: HK$5,874,000) were pledged as security for the Group's bills payables.

CONTINGENT LIABILITIES

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

GEARING RATIO

The gearing ratio of the Group, calculated as total borrowings over total equity, was approximately 5.3% as at 30 June 2019 (31 December 2018: 0.3%).

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 condition 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 2019.

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 RMB against the relevant foreign currencies would have an adverse effect on the purchasing power of RMB amount that the Company would receive from the conversion.

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

CAPITAL COMMITMENTS

As at 30 June 2019, the Group did not have any significant capital commitment (31 December 2018: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, the Group had a total of 313 employees (31 December 2018: 332 employees). Total staff costs (including directors' emoluments) were approximately HK$25,574,000 for the six months ended 30 June 2019, as compared to approximately HK$36,806,000 for the six months ended 30 June 2018. 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

There was no specific plan for material investments or capital assets as at 30 June 2019 (31 December 2018: nil).

THE SUBSCRIPTION AND THE USE OF PROCEEDS

As disclosed in the joint announcement issued by the Company and 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 2019:

	Intended use of the net proceeds as disclosed in the Joint Announcement and the Circular *HK$'000*	Actual use of the net proceeds up to 30 June 2019 *HK$'000*	Unutilised net proceeds as at 30 June 2019 *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	133,240	Over-utilised of HK$29,808 *(Note 1)*
– the expansion of sales and customer service team and the overheads for the loan financing business	9,000	3,710	5,290 *(Note 1)*
– the marketing campaign for the loan financing business	5,000	948	4,052 *(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 2)*
– the grant of securities margin financing loans	38,000	–	38,000 *(Note 2)*
	195,720	140,898	54,822

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 2019 had accordingly been used principally towards provision of loans to clients.

2. 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 ("Prior Securities") and Prior Asset Management Limited ("Prior Asset"). 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 the annual result for the year ended 31 December 2018.

   The unutilised proceeds, amounting to HK$75,288,000, which were originally allocated for the development of the securities and asset management business (including the Acquisition), have been retained by the Group for its future acquisition(s) and business development and/or working capital purposes. To date, the Company has not been able to identify any suitable business merger and acquisition opportunities to pursue. In the circumstances, the Company intends to maintain the use of the unutilised proceeds to 31 December 2019. In the event that no suitable merger and acquisition opportunities arise in the meantime to deploy the unutilised proceeds, the unutilised proceeds will be re-allocated to working capital purposes. Further announcement(s) in this regard will be made by the Company as and when appropriate.

3. Up to 30 June 2019, 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.

INTERIM DIVIDEND

The Board of Directors did not recommend any payment of an interim dividend for the six month ended 30 June 2019.

OTHER INFORMATION

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

As of 30 June 2019, 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 Listing Rules, 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. Hubert Tien	Interest in controlled corporation *(Note 3)*	9,000,000	0.53%
Mr. Tang Shu Pui Simon	Beneficial owner	5,000,000	0.30%

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 Aurora Capital Co., LTD.* (上海至輝投資有限公司), formerly known as New Seres Investment Co., Ltd.* (新絲綢之路投資有限公司). Aurora Capital Co., LTD.* (上海至輝投資有限公司) 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 54% 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 Aurora Capital Co., LTD.* (上海至輝投資有限公司), formerly known as New Seres Investment Co., Ltd.* (新絲綢之路投資有限公司). Aurora Capital Co., LTD.* (上海至輝投資有限公司) 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. 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.

Save as disclosed above, as at 30 June 2019, 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.

* *For identification purpose only*

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

As at 30 June 2019, 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%
Aurora Capital Co., LTD.* (formerly known as New Seres Investment Co., Ltd.*)	Interest in controlled corporation *(Note 3)*	860,120,000	50.89%
Shanghai Chengyi Corporate Management Partnership (Limited Partnership)*	Interest in controlled corporation *(Note 4)*	860,120,000	50.89%
Shanghai Chengyi Business Consulting Company Limited*	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%

Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of interests
Shanghai CEFC Financial Holding Co., Ltd.*	Interest in controlled corporation *(Note 7)*	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%
Mr. Su Weizhong	Interest in controlled corporation *(Note 15)*	860,120,000	50.89%
Ms. Yi Qianru	Deemed interest of spouse and interest in controlled corporation *(Note 16)*	860,120,000	50.89%

Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of interests
Ms. Han Wenjing	Deemed interest of spouse and interest in controlled corporation *(Note 17)*	860,120,000	50.89%
Mr. Li Yong	Interest in controlled corporation *(Note 18)*	860,120,000	50.89%
Ms. 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%

Notes:

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 Aurora Capital Co., LTD.* (上海至輝投資有限公司), formerly known as 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).

3. Aurora Capital Co., LTD.* (上海至輝投資有限公司), formerly known as 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)).

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), 54% by Mr. Guo and 33% by Mr. Jiang TQ.

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, and is the general partner of Shanghai Chengyi Corporate Management Partnership (Limited Partnership)* (上海承羿企業管理合夥企業(有限合夥)).

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.

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 TQ and is therefore deemed to be interested in the Shares held by Mr. Jiang TQ.

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 2019, the Directors were not aware of any other persons or 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.

Save as disclosed above, as at 30 June 2019, 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 2019, no share option has been granted, exercised, lapsed or cancelled, and as at 30 June 2019, 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 2019.

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 the directors, all the directors have complied with the Required Standard of Dealings throughout the six months ended 30 June 2019.

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 2019 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 2018 are set out below.

On 28 June 2019, Mr. Liu Chun Fai resigned as an executive director of the Company.

Mr. Cheung Ka Lung has been appointed as an executive director of the Company with effect from 28 June 2019. Mr. Cheung has been appointed as the deputy chief executive officer of the Company since 1 May 2017.

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, 26 August 2019

As at the date of this announcement, the Board is comprised of 9 directors:

Executive Directors:	Mr. Guo Lin Mr. Jiang Mingsheng Mr. Jiang Tianqing Mr. Cheung Ka Lung Mr. Hubert Tien
Independent Non-Executive Directors:	Mr. Lu Hongbing Mr. Tang Shu Pui Simon Mr. Hon Ming Sang Professor Wu Fei