China Financial Services Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 605)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

	Unaudited six months ended 30 June 2019 ***HK$'000***	Unaudited six months ended 30 June 2018 *HK$'000*	**Percentage changes**
Interest, guarantee and financing consultancy services income	**415,301**	443,128	-6.3%
Profit for the period attributable to equity shareholders of the Company	**138,579**	171,389	-19.1%
Basic earnings per share	**HK3.32 cents**	HK3.98 cents	-16.6%
Underlying net profit attributable to equity shareholders (excluding the effects of share based payment expenses)	**138,579**	172,270	-19.6%
Dividend	**Nil**	HK1 cent	N/A

FINANCIAL RESULTS

The Board of Directors (the "Board") of China Financial Services Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2019 (the "Reporting Period") together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019 – unaudited

		For the six months ended 30 June	
		2019	2018
	Note	***HK$'000***	*HK$'000*
Interest, guarantee and financing consultancy services income	*4*	**415,301**	443,128
Interest and handling expenses	*4*	**(79,388)**	(84,812)
Net interest income and service income	*4*	**335,913**	358,316
Education consultancy service income	*4*	**3,089**	3,647
Other income, net	*5*	**27,206**	9,978
General and administrative expenses		**(140,438)**	(103,566)
Share of losses of associates		**(1,408)**	(743)
Share of losses of joint ventures		**(473)**	–
Profit before taxation	*6*	**223,889**	267,632
Income tax	*7*	**(64,656)**	(78,209)
Profit for the period		**159,233**	189,423
Attributable to:			
Equity shareholders of the Company		**138,579**	171,389
Non-controlling interests		**20,654**	18,034
Profit for the period		**159,233**	189,423
Earnings per share	*9*	***HK cents***	*HK cents*
– Basic		**3.32**	3.98
– Diluted		**3.32**	3.97

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019 – unaudited

		For the six months ended 30 June	
		2019	2018
	Note	***HK$'000***	*HK$'000*
Profit for the period		**159,233**	189,423
Other comprehensive income/(loss) for the period, net of nil income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation into presentation currency	*8*	**(23,638)**	(50,738)
Net gain on debt securities at fair value through other comprehensive income (recycling)	*8*	**6,640**	–
Other comprehensive loss for the period, net of nil income tax		**(16,998)**	(50,738)
Total comprehensive income for the period		**142,235**	138,685
Attributable to:			
Equity shareholders of the Company		**122,357**	122,884
Non-controlling interests		**19,878**	15,801
Total comprehensive income for the period		**142,235**	138,685

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019 – unaudited

	Note	At 30 June 2019 HK$'000	At 31 December 2018 HK$'000
Non-current assets			
Property, plant and equipment		**24,804**	11,564
Goodwill		**604,056**	603,707
Intangible assets		**19,371**	19,371
Interests in associates		**20,557**	17,925
Interests in joint ventures		**1,527**	–
Other financial assets		**106,143**	90,844
Loans receivable	*10*	**845,521**	620,488
Deposits		**25,000**	165,908
Deferred tax assets		**24,564**	10,304
		1,671,543	1,540,111
Current assets			
Contingent consideration receivables		**15,238**	15,238
Other financial assets		**56,840**	–
Loans receivable	*10*	**3,678,675**	3,984,541
Accounts receivable	*11*	**9,027**	3,471
Interests receivable	*12*	**23,450**	24,535
Other receivables, deposits and prepayments		**37,456**	30,154
Amount due from an associate		**7,272**	15,810
Amounts due from joint ventures		**47**	–
Tax recoverable		**157**	157
Pledged bank and security deposits paid		**11,129**	29,211
Cash and cash equivalents		**697,360**	540,184
		4,536,651	4,643,301

	At 30 June 2019 *HK$'000*	At 31 December 2018 *HK$'000*
Current liabilities		
Borrowings and other payables	**1,426,785**	1,251,183
Bank loans	**228,208**	132,478
Security deposits received	**60,973**	107,433
Accruals and other deposit received	**153,474**	75,929
Liabilities arising from loan guarantee contracts	**1,054**	429
Amount due to an associate	**2,947**	2,970
Unsecured bonds	**64,032**	56,443
Income received in advance	**22,055**	18,038
Lease liabilities	**9,752**	–
Tax payable	**88,772**	101,288
	2,058,052	1,746,191
Net current assets	**2,478,599**	2,897,110
Total assets less current liabilities	**4,150,142**	4,437,221
Non-current liabilities		
Borrowings and other payables	**–**	271,231
Unsecured bonds	**260,427**	245,579
Lease liabilities	**2,150**	–
Deferred tax liabilities	**29,328**	26,342
	291,905	543,152
NET ASSETS	**3,858,237**	3,894,069
EQUITY		
Share capital	**2,080,113**	2,080,113
Reserves	**1,695,344**	1,629,890
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	**3,775,457**	3,710,003
Non-controlling interests	**82,780**	184,066
TOTAL EQUITY	**3,858,237**	3,894,069

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial information for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated interim financial information should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2018. The Group's policies on financial risk management were set out in the financial statements included in the Company's 2018 Annual Report and there have been no significant changes in these policies for the six months ended 30 June 2019.

No events and transactions that are significant to the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2018 should be included in the Group's unaudited condensed consolidated interim financial information. The unaudited condensed consolidated interim financial information does not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the year ended 31 December 2018 that is included in this preliminary announcement of 2019 interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

The interim financial information is unaudited, but has been reviewed by the Company's Audit Committee.

2. CHANGES IN ACCOUNTING POLICIES

A. Adoption of new accounting policies

Joint ventures

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

On the acquisition of an interest in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in a joint venture becomes an investment in an associate or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have a joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

Shares held under the share award scheme

Own equity instruments which are reacquired (shares held under the share award scheme) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

Share-based payments to employees under share award scheme

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in the "share award reserve" under equity, over the period in which the performance and/or service conditions are fulfilled in share-based compensation expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

B. Impact of amendments, new standards and interpretations issued and effective for the six months ended 30 June 2019

The HKICPA has issued a new HKFRS, HKFRS 16 "Leases", and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16 "Leases", none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17 "Leases", and the related interpretations, HK(IFRIC) 4 "Determining whether an arrangement contains a lease", HK(SIC) 15 "Operating leases – incentives", and HK(SIC) 27 "Evaluating the substance of transactions involving the legal form of a lease". It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) *Changes in the accounting policies*

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

– right-of-use assets that meet the definition of investment property are carried at fair value;

– right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value; and

– right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

(i) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 3.72%-6.74%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 *HK$'000*
Operating lease commitments at 31 December 2018	18,396
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(895)
	17,501
Less: total future interest expenses	(719)
Total lease liabilities recognised at 1 January 2019	16,782

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and presents lease liabilities separately in the consolidated statement of financial position.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	**Capitalisation of operating lease contracts**	**Carrying amount at 1 January 2019**
	HK$'000	*HK$'000*	*HK$'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	11,564	16,782	28,346
Total non-current assets	**1,540,111**	**16,782**	**1,556,893**
Lease liabilities (current)	–	9,887	9,887
Current liabilities	**1,746,191**	**9,887**	**1,756,078**
Net current assets	**2,897,110**	**(9,887)**	**2,887,223**
Total assets less current liabilities	**4,437,221**	**6,895**	**4,444,116**
Lease liabilities (non-current)	–	6,895	6,895
Total non-current liabilities	**543,152**	**6,895**	**550,047**
Net assets	**3,894,069**	**–**	**3,894,069**

The analysis of the carrying value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to HKFRS 16 is as follows:

	At 30 June 2019	**At 1 January 2019**
	HK$'000	*HK$'000*
Included in "Property, plant and equipment":		
Other properties leased for own use, carried at depreciated cost	11,717	16,782

(d) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to HKFRS 16 are as follows:

	At 30 June 2019		At 1 January 2019	
	Present value of the minimum lease payments	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	9,752	10,085	9,887	10,448
After 1 year but within 2 years	1,963	2,007	6,108	6,253
After 2 years but within 5 years	187	190	787	800
	2,150	2,197	6,895	7,053
	11,902	12,282	16,782	17,501
Less: total future interest expenses		(380)		(719)
Present value of lease liabilities		11,902		16,782

(e) Impact on the financial result and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a change on the reported profit before taxation in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the statement of cash flow.

The following tables may give an indication of the estimated impact of adoption of HKFRS 16 on the Group's financial result, segment results and cash flows for the six months ended 30 June 2019, by adjusting the amounts reported under HKFRS 16 in these interim financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply to 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16	**Add back: HKFRS 16 depreciation and interest expense**	**Deduct: Estimated amounts related to operating leases as if under HKAS 17** *(note 1)*	**Hypothetical amounts for 2019 as if under HKAS 17**	Compared to amounts reported for 2018 under HKAS 17
	(A)	(B)	(C)	(D=A+B-C)	
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Financial result for the six months ended 30 June 2019 impacted by the adoption of HKFRS 16:					
Interest and handling expenses	**(79,388)**	**339**	**–**	**(79,049)**	(84,812)
General and administrative expenses	**(140,438)**	**5,076**	**(5,229)**	**(140,591)**	(103,566)
Profit before taxation	**223,889**	**5,415**	**(5,229)**	**224,075**	267,632
Profit for the period	**159,233**	**5,415**	**(5,229)**	**159,419**	189,423

	2019			2018
	Amounts reported under HKFRS 16	**Estimated amounts related to operating leases as if under HKAS 17** *(notes 1 & 2)*	**Hypothetical amounts for 2019 as if under HKAS 17**	Compared to amounts reported under HKAS 17
	(A)	(B)	(C=A+B)	
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
Line items in the condensed consolidated cash flow statement for the six months ended 30 June 2019 impacted by the adoption of HKFRS 16:				
Cash generated from operations	**403,568**	**(5,229)**	**398,339**	278,049
Net cash generated from operating activities	**328,390**	**(5,229)**	**323,161**	198,495
Capital element of lease rentals paid	**(4,890)**	**4,890**	**–**	–
Interest element of lease rentals paid	**(339)**	**339**	**–**	–
Net cash used in financing activities	**(109,496)**	**5,229**	**(104,267)**	(661,196)

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

3. SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the condensed consolidated financial information, are identified from the financial information provided regularly to the Company's board of directors for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

a) Operating segment information

The Company's board of directors assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the operation of provision of financing services business. Therefore, the Company's board of directors considers there is only one operating segment under the requirements of HKFRS 8 "Operating Segments". In this regard, no operating segment information is presented.

b) Geographic information

Revenue from external customers

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**38,089**	39,961
The PRC	**377,212**	403,167
United Kingdom	**3,089**	3,647
	418,390	446,775

The geographic location of revenue from external customers is based on the location at which the services were rendered.

Non-current assets

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
Hong Kong	**57,754**	82,699
The PRC	**602,753**	710,941
United Kingdom	**34,808**	24,835
	695,315	818,475

The above table sets out the information about the geographical location of the Group's property, plant and equipment, goodwill, intangible assets, interests in associates, interests in joint ventures and deposits ("Specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, goodwill and deposits and the location of operation, in the case of interests in associates and interests in joint ventures.

4. NET INTEREST INCOME AND SERVICE INCOME

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Interest, guarantee and financing consultancy services income	**415,301**	443,128
Interest and handling expenses arising from:		
Bank loans	**(5,531)**	(9,956)
Borrowings and other payables	**(60,278)**	(53,942)
Senior bonds	**–**	(5,535)
Unsecured bonds	**(13,240)**	(15,379)
Lease liabilities	**(339)**	–
	(79,388)	(84,812)
Net interest income and service income	**335,913**	358,316
Income arising from:		
Education consultancy service	**3,089**	3,647

For the six months ended 30 June 2019, the total amount of interest income on financial assets not at fair value through profit or loss including bank and interest income from debt securities was approximately HK$417,682,000 (2018: approximately HK$444,588,000).

5. OTHER INCOME, NET

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**2,381**	1,460
Dividend income from other financial assets	**68**	93
Other interest income from debt securities	**1,539**	1,539
Income from government subsidies	**17,227**	10,897
Gain on disposal of other financial assets	**15**	555
Loss on fair value change of financial assets at FVTPL	**(311)**	(4,734)
Gain on fair value change of financial derivatives in respect of decumulator contract	**–**	56
Exchange gain/(loss), net	**705**	(3,445)
Others net gain	**5,582**	3,557
	27,206	9,978

6. PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging:

		For the six months ended 30 June	
		2019	2018
		HK$'000	*HK$'000*
(a)	**Staff costs (including directors' emoluments):**		
	Salaries, allowances and other benefits	**34,855**	40,345
	Contributions to defined contribution retirement plans	**3,439**	3,773
		38,294	44,118
(b)	**Other items:**		
	Depreciation of property, plant and equipment		
	– self-owned assets	**2,880**	1,565
	– right-of-use assets	**5,076**	–
	Impairment losses		
	– loans receivable	**13,015**	2,257
	Equity-settled share-based payment expenses *(see note (i) below)*	**–**	881

Note:

(i) Equity-settled share-based payment expense includes HK$nil (2018: HK$881,000) relating to share options issued to consultants in exchange for goods or services.

7. INCOME TAX

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Current Tax		
Hong Kong Profits Tax	**(409)**	1,008
PRC Income Tax	**62,948**	73,144
	62,539	74,152
Deferred tax		
Origination and reversal of temporary differences	**2,117**	4,057
	64,656	78,209

(a) Hong Kong

The provision for the Hong Kong Profits Tax of the subsidiaries established in HK is calculated at 16.5% (2018: 16.5%) of the estimated taxable profit for the six months ended 30 June 2019, except for QL Credit Gain Finance Company Limited, a subsidiary of the Company which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2018.

(b) The PRC

The provision for the PRC Enterprise Income Tax of the subsidiaries established in the PRC is calculated at 25% (2018: 25%) of the estimated taxable profits for the reporting period.

A PRC subsidiary of the Company, 北京中金投商業經紀有限公司 was qualified as "small Low-profit Enterprise" in Beijing and subject to a concessionary PRC enterprise income tax rate.

Pursuant the Enterprise Income Tax Law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the PRC enterprise.

For the purpose of the interim financial report, the directors determined that the management of the Group can control the quantum and timing of distribution of profits of their PRC subsidiaries. Deferred tax liabilities have been provided for in this regard based on the expected dividends to be distributed from the Group's PRC subsidiaries in the foreseeable future in respect of profits generated since 1 January 2008.

(c) BVI, Cayman Islands and United Kingdom

Pursuant to the rules and regulations of the BVI and Cayman Islands, the Group is not subject to any income tax and Cayman Islands.

The Group is not subject to income tax in United Kingdom since no assessable income is arisen.

8. OTHER COMPREHENSIVE INCOME/(LOSS)

Components of other comprehensive income/(loss), including re-classification adjustments, are as follows:

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Exchange differences on translation into presentation currency	**(23,638)**	(50,738)
Net gain on debt securities at fair value through other comprehensive income (recycling)	**6,640**	–
	(16,998)	(50,738)

9. EARNINGS PER SHARE

a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$138,579,000 (2018: HK$171,389,000) and the weighted average number of 4,176,254,596 (2018: 4,307,245,634) ordinary shares in issue less shares held under the Company's share award scheme of the interim period.

b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$138,579,000 (2018: HK$171,389,000).

The calculation of diluted earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of number of ordinary shares for the purpose of diluted earnings per share is as follows:

	For the six months ended 30 June	
	2019	2018
	No. of shares	*No. of shares*
Weighted average number of ordinary shares in issue less shares held for the share award scheme used in the basic earnings per share calculation	**4,176,254,596**	4,307,245,634
Effect of dilution – weighted average number of ordinary shares:		
Share options under the share option scheme	**1,952,493**	14,346,945
Number of ordinary shares for the purpose of diluted earnings per share	**4,178,207,089**	4,321,592,579

10. LOANS RECEIVABLE

	At 30 June 2019 HK$'000	At 31 December 2018 HK$'000
Pawn loans receivable	**229,854**	321,525
Loans receivable arising from:		
– Micro-lending	**1,202,330**	1,124,664
– Money-lending	**625,542**	589,054
Other loans receivable	**2,545,603**	2,642,681
	4,603,329	4,677,924
Less: Allowance for doubtful debts	**(79,133)**	(72,895)
	4,524,196	4,605,029
Amounts due within one year included under current assets	**3,678,675**	3,984,541
Amounts due after one year included under non-current assets	**845,521**	620,488
	4,524,196	4,605,029

a) Maturity profile

As at the end of the reporting period, the maturity profile of loans receivable, based on maturity date, is as follows:

	At 30 June 2019					At 31 December 2018				
	Pawn loans receivable	**Loans receivable arising from micro-lending**	**Loans receivable arising from money-lending**	**Other loans receivable**	**Total**	Pawn loans receivable	Loans receivable arising from micro-lending	Loans receivable arising from money-lending	Other loans receivable	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Due within 1 month or on demand	**827**	**110,735**	**54,769**	**226,436**	**392,767**	51,359	66,211	21,014	423,849	562,433
Due after 1 month but within 3 months	**4,547**	**95,831**	**27,620**	**470,636**	**598,634**	40,744	219,851	11,684	221,250	493,529
Due after 3 months but within 6 months	**70,880**	**390,533**	**25,192**	**1,246,220**	**1,732,825**	60,306	273,862	25,532	535,710	895,410
Due after 6 months but within 12 months	**101,858**	**319,402**	**182,040**	**419,468**	**1,022,768**	169,116	415,960	50,118	1,461,872	2,097,066
Due after 12 months	**51,742**	**285,829**	**335,921**	**182,843**	**856,335**	–	148,780	480,706	–	629,486
Allowance for doubtful debts	**(1,625)**	**(11,967)**	**(47,350)**	**(18,191)**	**(79,133)**	(2,107)	(8,096)	(45,212)	(17,480)	(72,895)
	228,229	**1,190,363**	**578,192**	**2,527,412**	**4,524,196**	319,418	1,116,568	543,842	2,625,201	4,605,029

11. ACCOUNTS RECEIVABLE

As at the end of the reporting period, the ageing analysis of accounts receivable, based on the revenue recognition date, is as follows:

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
Within 1 month	**5,558**	2,177
1 to 3 months	**1,787**	1,000
3 to 6 months	**915**	294
Over 6 months	**767**	–
	9,027	3,471

Accounts receivable are due within 30 days from the date of billing.

12. INTERESTS RECEIVABLE

As at the end of the reporting period, the ageing analysis of interests receivable, based on the revenue recognition date, is as follows:

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
Within 1 month	**12,299**	12,464
1 to 3 months	**3,761**	2,936
3 to 6 months	**1,713**	292
Over 6 months	**5,677**	8,843
	23,450	24,535

Interests receivable are due within 30 days from the date of billing (or on maturity date of loans receivable according to the relevant loan agreements).

13. DIVIDENDS

a) During the six months ended 30 June 2019, the directors of the Company do not recommend the payment of an interim dividend for the interim period (2018: HK1 cent, totaling HK$43,000,000).

b) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period:

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK0.30 cent per share (six months ended 30 June 2018: HK0.70 cent per share)	**12,768**	30,109

14. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

Despite global economic growth slowed down recently and Sino-US trade conflict escalated, China's economic development still maintained sound momentum. In January 2019, the central bank lowered the reserve requirement ratio (RRR) on two occasions and started to implement a lower RRR for small and medium-sized banks on 15 May 2019. In April 2019, the State Council proposed that China will further reduce the finance costs of SMEs and increase the support to the real economy. This policy will also further foster the size of financing for private enterprises.

Currently, the principal business of the Group is loan services, especially mortgages. The liquidity that released by the two RRR reductions will provide further support for social financing, and enable the Group to maintain the loan-to-value ratio within a safe range.

BUSINESS REVIEW

Our Group is one of the leading integrated financial services providers in Mainland China and in Hong Kong. We mainly engage in the provision of one-stop financing services to small and medium enterprises, microenterprises and individuals.

In April 2019, the Group completed the acquisition of Shenzhen Credit Gain Finance Company Limited ("Shenzhen Credit Gain")（深圳市領達小額貸款有限公司）, organizational structure enhancement, addition of professional staff, and upgrade of Information Technology system have since commenced. As such, the expenses of Shenzhen Credit Gain recorded a temporary increase, but we are confident its profitability will substantially improve with the gradual expansion of the Group's loan business.

In the first half of 2019, due to the Sino-US trade conflict, the loan business segment of the Group was slightly affected, but still remained stable in general. At the end of first half year, the Group realized interest, guarantee and financing consultancy services income of approximately HK$415.3 million, down by 6.27% as compared to the corresponding period of last year. The loan management size amounted to HK$4,524 million, down by 4.4% as compared to the corresponding period of last year. On the other hand, the development of the online loan platform jointly established by the Group and Enova, a subsidiary of NYSE-listed Enova International (NYSE: ENVA), is progressing well and is expected to be launched in the fourth quarter. The online platform will become an important growth driver in the Group's business expansion.

FUTURE PROSPECTS

In the second half of 2019, the Group will continue to restructure the business process and organizational structure of Shenzhen Credit Gain, focusing on the vast personal loan and SME markets in order to establish stable business growth as soon as possible. The Group also expects to complete the acquisition of Chongqing Credit Gain Finance Company Limited（重慶兩江新區領達小額貸款有限公司）in the second half of 2019. On the other hand, the Group will continue to cooperate with various companies on the financial technology front to supplement its existing financial products and services, thus further improving the Group's profitability.

For the Hong Kong market, with the slowdown of the global economic growth, the local economy faces certain challenges. The Group will adjust its business strategy when necessary, to improve its business competitiveness and enhance its operation efficiency so as to maintain the Group's core value and the interests of its investors.

The management team remains optimistic on the Group's long-term prospects. With the target of building an all-rounded financial services provider, the Group will continue to enhance its service quality and efficiency by actively leveraging on financial technology. In addition, the Group will continue to seek cooperation with other financial institutions, so as to improve asset turnover of the Group, and to maximize the value for our shareholders.

FINANCIAL REVIEW

For the six months ended 30 June 2019 (the "Reporting Period"), the Group reported interest, guarantee and financing consultancy services income of approximately HK$415,301,000, a decrease of 6.3% as compared to approximately HK$443,128,000 for the corresponding period in 2018. The decrease in revenue was mainly attributable due to the continuous depreciation of Renminbi ("RMB"). In addition, Group had reserved funding for the completion of Shenzhen Credit Gain hence no interest guarantee and financing consultancy services income was generated by the reserved funds. Profit attributable to equity shareholders in the Reporting Period was approximately HK$138,579,000, down 19.1% as compared to the corresponding period last year. The loans receivable as at 30 June 2019 was about HK$4,524,196,000, down 4.4% as compared to the corresponding period last year.

Interest and handling expenses

Interest and handling expenses represent finance costs for the Reporting Period. The amount was approximately HK$79,388,000, representing a decrease of 6.4% over the corresponding period in 2018. The decrease in finance costs was caused by repayment of some bank loan during the Reporting Period.

General and administrative expenses

General and administrative expenses for the Reporting Period were approximately HK$140,438,000, primarily comprised staff costs, consultancy fee, insurance, intermediary handling charges and legal and professional fee. The management will continue to act on its stringent measures on costs control to maintain general and administrative expenses at a reasonable level.

Profit for the period

The profit for the period attributable to equity shareholders for the Company was approximately HK$138,579,000, representing a decrease of about 19.1% as compared to approximately HK$171,389,000 for the corresponding period last year. The decrease was mainly attributable to the continuous depreciation of RMB and increase in general and administrative expenses after completion of Shenzhen Credit Gain.

Financial Resources and Capital Structure

The assets of the Group were mainly comprised of loans receivable of approximately HK$4,524,196,000, accounting for 72.9% of the total assets of the Group as at 30 June 2019. Other major non-current assets include goodwill of approximately HK$604,056,000, property, plant and equipment of approximately HK$24,804,000, deposits of approximately HK$25,000,000, intangible assets of approximately HK$19,371,000, other financial assets of approximately HK$106,143,000, deferred tax assets of approximately HK$24,564,000 and interests in associates of approximately HK$20,557,000.

Current assets mainly comprised of accounts receivable of approximately HK$9,027,000, interests receivable of approximately HK$23,450,000, contingent consideration receivables of approximately HK$15,238,000, other financial assets of approximately HK$56,840,000, other receivables, deposits and prepayments of approximately HK$37,456,000, amount due from an associate of approximately HK$7,272,000, pledged bank and security deposits paid of approximately HK$11,129,000 and cash and cash equivalents of approximately HK$697,360,000.

Current liabilities mainly comprised of borrowings and other payables of approximately HK$1,426,785,000, bank loans of approximately HK$228,208,000, security deposits received of approximately HK$60,973,000, unsecured bonds of approximately HK$64,032,000, accruals and other deposit received of approximately HK$153,474,000, amount due to an associate of approximately HK$2,947,000, income received in advance of approximately HK$22,055,000, lease liabilities of approximately HK$9,752,000 and tax payable of approximately HK$88,772,000.

Non-current liabilities includes unsecured bonds of approximately HK$260,427,000, lease liabilities of approximately HK$2,150,000 and deferred tax liabilities of approximately HK$29,328,000.

Employee and Remuneration Policies

As at 30 June 2019, the Group had approximately 395 employees in the PRC and Hong Kong. Competitive remuneration packages and performance-based bonuses are structured to commensurate with individual responsibilities, qualifications, experience and performance. The Group also set up share option scheme and share award scheme for the purpose of providing incentives to eligible grantees. Total staff costs for the Reporting Period were approximately HK$38,294,000.

APPROVAL OF THE UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board of the Company on 29 August 2019.

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

During the Reporting Period, the Company had bought back on the Stock Exchange a total of 50,000 shares and those shares have been cancelled.

Details of the buy-back of the shares of the Company are as follows:

Month of Buy-back	**Number of Shares Bought Back**	**Highest Price Per Share**	**Lowest Price Per Share**	**Aggregate Purchase Price**
		HK$	*HK$*	*HK$*
January	50,000	0.52	0.52	26,000

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

SHARE AWARD SCHEME

During the six month ended 30 June 2019, the trustee acquired 89,754,000 ordinary shares (six months ended 30 June 2018: Nil) of the Company for the Scheme through purchases in the open market, at a total cost, including related transaction costs at approximately HK$49,365,000 (six months ended 30 June 2018: HK$Nil).

Up to the date of approving the Group's unaudited condensed consolidated interim financial statements, no award shares are granted to selected Grantees.

INTERIM DIVIDEND

The Board do not recommend the payment of any interim dividend for the Reporting Period (six months ended 30 June 2018: HK1 cent).

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the Reporting Period, except for code provisions A.1.1, A.2.1, A.4.1 and A.6.1:

Code Provision A.1.1

Code provision A.1.1 of the CG Code stipulates that regular board meetings should be held at least 4 times a year at approximately quarterly intervals with active participation of majority of directors, either in person or through other electronic means of communication.

The Company does not announce its quarterly results and hence not consider the holding of quarterly meetings as necessary.

Code Provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Board considers that the chairman's responsibilities are to manage the Board whereas the chief executive officer's responsibilities are to manage the Company's businesses. The responsibilities of the chairman and the chief executive officer respectively are clear and distinctive and hence written terms thereof are not necessary.

Code provision A.4.1

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. One of the non-executive directors of the Company is not appointed for a specific term but is subject to retirement by rotation at least once every three years according to the articles of association of the Company.

Save for the exception above, all non-executive directors of the Company are appointed for a specific term of 1 year, subject to renewal after the expiry of the current term.

Code Provision A.6.1

Code provision A.6.1 of the CG Code stipulates that every newly appointed director of an issuer should receive a comprehensive, formal and tailored induction on appointment. Subsequently he should receive any briefing and professional development necessary to ensure that he has a proper understanding of the issuer's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the issuer's business and governance policies.

There is currently no arrangement in place for providing professional briefings and training programmes to directors. Nevertheless, the directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. The Company would consider to engage external legal and other professional advisers for providing professional briefings and training programmes to directors whenever necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Company Code") on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Company Code throughout the Reporting Period.

The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee"), which comprises one non-executive director and four independent non-executive directors, has reviewed the interim results for six months ended 30 June 2019. The Audit Committee considered that the interim financial report for the Reporting Period is in compliance with the relevant financial reporting standards, requirement on the Listing Rules and Laws of Hong Kong, and the Company has made appropriate disclosures thereof. The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the chief financial officer or external auditors of the Company before submission to the Board.

- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee provides supervision on the internal control system of the Group and reports to the Board on any material issues and makes recommendations to the Board.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.cfsh.com.hk.

The 2019 Interim Report will be despatched to shareholders and published on both websites in due course.

On behalf of the Board
Chan Yuk Ming
Chairman

Hong Kong, 29 August 2019

As at the date of this announcement, the directors of the Company are:

Executive Directors:
Mr. Luo Rui *(Chief Executive Officer)*
Madam Guan Xue Ling
Dr. Cheung Chai Hong

Non-executive Directors:
Mr. Chan Yuk Ming *(Chairman)*
Mr. Cheung Siu Lam
Mr. Dong Yibing
Madam Huang Mei

Independent Non-executive Directors:
Mr. Chan Chun Keung
Mr. Chan Wing Fai
Dr. Zhang Xiao Jun
Madam Zhan Lili