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**中國山東高速金融集團有限公司**  
CHINA SHANDONG HI-SPEED FINANCIAL GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 412)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

The Board of Directors (the “Board”) of China Shandong Hi-Speed Financial Group Limited (the “Company”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2019 together with the comparative figures.

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2019

		<b>For the six months ended 30 June 2019</b>	For the six months ended 30 September 2018
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>REVENUE</b>	4	<b>329,973</b>	281,900
<b>COST OF SERVICES</b>		<b>(143,854)</b>	(80,775)
Gross profit		<b>186,119</b>	201,125
Other income		<b>37,772</b>	12,622
Other gains and losses, net		–	(146,586)
Impairment losses, net of reversal	5	<b>(166,698)</b>	(288,171)
Fair value losses on financial assets measured at fair value through profit or loss, net	7	<b>(1,382,284)</b>	(31,925)
Employee benefit expenses	7	<b>(75,885)</b>	(64,557)
Depreciation		<b>(2,648)</b>	(2,535)
Minimum lease payments under operating lease		<b>(14,131)</b>	(12,009)
Administrative expenses		<b>(44,305)</b>	(67,416)
Finance costs	6	<b>(144,739)</b>	(142,848)
Share of results of associates		<b>(946)</b>	(830)

		<b>For the six months ended 30 June 2019</b>	For the six months ended 30 September 2018
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
LOSS BEFORE TAX	7	<b>(1,607,745)</b>	(543,130)
Income tax (expense)/credit	8	<u><b>(1,897)</b></u>	<u>84,505</u>
<b>LOSS FOR THE PERIOD</b>		<u><b>(1,609,642)</b></u>	<u>(458,625)</u>
 (Loss)/profit for the period attributable to:			
Owners of the Company		<b>(1,617,719)</b>	(455,161)
Non-controlling interests		<u><b>8,077</b></u>	<u>(3,464)</u>
		<u><b>(1,609,642)</b></u>	<u>(458,625)</u>
 <b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic	9	<u><b>HK\$(6.62) cents</b></u>	<u>HK\$(2.11) cents</u>
Diluted	9	<u><b>HK\$(6.62) cents</b></u>	<u>HK\$(2.11) cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	For the six months ended 30 June 2019 <i>HK\$'000</i> (Unaudited)	For the six months ended 30 September 2018 <i>HK\$'000</i> (Unaudited)
<b>LOSS FOR THE PERIOD</b>	<b>(1,609,642)</b>	(458,625)
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes on investments in equity instruments measured at fair value through other comprehensive income	<b>363,511</b>	234,251
<i>Item that may be reclassified subsequently to the condensed consolidated income statement:</i>		
Exchange difference arising on translation of foreign operations	<u>20,412</u>	<u>(371,303)</u>
<b>TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<u><b>383,923</b></u>	<u>(137,052)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><b>(1,225,719)</b></u>	<u>(595,677)</u>
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	<u>(1,233,939)</u>	(584,993)
Non-controlling interests	<u>8,220</u>	<u>(10,684)</u>
	<u><b>(1,225,719)</b></u>	<u>(595,677)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2019*

		30 June 2019	31 December 2018
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		8,532	10,011
Intangible assets		1,290,909	1,269,605
Right-of-use assets		25,982	–
Interests in associates		51,038	51,703
Financial assets measured at fair value through other comprehensive income	<i>11</i>	2,082,700	1,719,189
Financial assets measured at fair value through profit or loss	<i>12</i>	691,947	1,789,930
Finance lease receivables	<i>13</i>	1,517,100	1,736,275
Loans receivables	<i>14</i>	483,593	488,653
		<hr/>	<hr/>
Total non-current assets		<b>6,151,801</b>	<b>7,065,366</b>
<b>CURRENT ASSETS</b>			
Financial assets measured at fair value through other comprehensive income	<i>11</i>	726,316	580,248
Financial assets measured at fair value through profit or loss	<i>12</i>	1,842,429	2,130,402
Finance lease receivables	<i>13</i>	1,580,050	1,083,033
Loans receivables	<i>14</i>	501,007	843,713
Trade and other receivables	<i>15</i>	1,070,662	991,083
Restricted cash		68,249	2,222
Cash and cash equivalents		412,339	681,398
		<hr/>	<hr/>
Total current assets		<b>6,201,052</b>	<b>6,312,099</b>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		191,261	203,008
Lease liabilities		3,924	–
Borrowings		5,520,427	5,393,192
Convertible bonds		318,175	311,037
Tax payables		26,650	46,166
		<hr/>	<hr/>
Total current liabilities		<b>6,060,437</b>	<b>5,953,403</b>

		<b>30 June</b>	31 December
		<b>2019</b>	2018
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NET CURRENT ASSETS</b>		<b><u>140,615</u></b>	<u>358,696</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>6,292,416</u></b>	<u>7,424,062</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		<b>2,461,276</b>	2,381,727
Other payables		<b>44,071</b>	37,499
Lease liabilities		<b>22,577</b>	–
Deferred tax liabilities		<b><u>111,965</u></b>	<u>126,590</u>
Total non-current liabilities		<b><u>2,639,889</u></b>	<u>2,545,816</u>
Net assets		<b><u><u>3,652,527</u></u></b>	<u><u>4,878,246</u></u>
<b>CAPITAL AND RESERVES</b>			
Issued Capital	<i>16</i>	<b>6,113</b>	6,113
Reserves		<b><u>3,554,974</u></b>	<u>4,788,913</u>
Equity attributable to owners of the Company		<b>3,561,087</b>	4,795,026
Non-controlling interests		<b><u>91,440</u></b>	<u>83,220</u>
Total equity		<b><u><u>3,652,527</u></u></b>	<u><u>4,878,246</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2019*

## 1. CORPORATE INFORMATION

China Shandong Hi-Speed Financial Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and the principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Rooms 1405-1410, 14th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, respectively.

During the period ended 31 December 2018, the financial year end date of the Company was changed from 31 March to 31 December because the Company would like to align it with the financial year end date of the operating subsidiaries of the Group, which were incorporated in the People’s Republic of China (the “PRC”) and whose accounts are statutorily required to be prepared with a financial year end date of 31 December so as to facilitate the preparation of the consolidated financial statements of the Group. Accordingly, the current financial period covers a six-month period from 1 January 2019 to 30 June 2019 and the comparative financial period covers a six-month period from 1 April 2018 to 30 September 2018 and are therefore may not be comparable.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

These unaudited condensed consolidated financial statements for the six months ended 30 June 2019 (the “Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Interim Financial Statements are presented in Hong Kong Dollar (“HK\$”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousands (HK\$’000) except when otherwise indicated.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the nine months ended 31 December 2018.

Except as described below, the Group's accounting policies applied in preparing these Interim Financial Statements are consistent with those policies applied in preparing the annual financial statements for the nine months ended 31 December 2018.

**(b) Application of New and Revised HKFRSs**

The Group has adopted the following revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these Interim Financial Statements.

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

The adoption of the revised HKFRSs has had no significant financial effect on these Interim Financial Statements and there have been no significant changes to the accounting policies applied in these Interim Financial Statements, except the following set out below.

***HKFRS 16 Leases***

In the current period, the Group has adopted HKFRS 16 "Leases". HKFRS 16 is effective for the accounting periods beginning on or after 1st January, 2019. The Group has applied HKFRS 16 using the modified retrospective approach without restating comparative information retrospectively. HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees.

Prior to 1 January 2019, lease contracts were classified as operating leases or finance leases. From 1 January 2019 onwards, HKFRS 16 distinguishes lease contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets. For short-term leases and leases of low-value assets, the Group recognises lease expense on a straight-line basis as permitted by HKFRS 16. This expense is presented within operating costs in the consolidated income statement.

Right-of-use assets are initially measured at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Lease liabilities are initially measured at the present value of the remaining lease payments discounted using the incremental borrowing rate of the lessee. Subsequently, lease liabilities are adjusted by interest accretion and lease payments. Lease payments are separated into principal portion and interest portion and presented within financing activities in the consolidated statement of cash flows.

At the date of initial application of HKFRS 16, the reconciliation from the operating lease commitments to the lease liabilities recognised is as follows:

	<i>HK\$'000</i>
Operating lease commitments as at 31 December 2018	9,128
Recognition exemption for – short term leases	<div style="border-top: 1px solid black; display: inline-block; width: 100%;">(9,128)</div>
Lease liabilities as at 1 January 2019	<div style="border-top: 3px double black; display: inline-block; width: 100%;">–</div>

**(c) Judgements and estimates**

In preparing these Interim Financial Statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the nine months ended 31 December 2018.

**3. OPERATING SEGMENT INFORMATION**

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the Group’s chief operating decision maker (“CODM”). For the six months ended 30 June 2019, the Group had four reportable operating segments. Details are as follows:

- (i) the investments in securities segment engages primarily in the purchase and sale of securities and derivatives and the holding of equity and debt investments primarily for interest income, dividend income and capital appreciation and provision of investments related advisory services;
- (ii) the money lending segment engages primarily in money lending operations and advisory services;



- (iii) the financial leasing segment engages primarily in the direct financial leasing, advisory services and asset trading platform; and
- (iv) the financial technology segment engages primarily in online investment and technology-enabled lending services and online new media services.

CODM monitors the results of the Group's operating segments separately as described above, for the purpose of making decisions about resource allocation and assessment of the Group's performance. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that unallocated income, unallocated finance costs, unallocated expenses and share of results of associates are excluded from such measurement.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than unallocated corporate assets such as property, plant and equipment; and
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities, and unallocated corporate liabilities such as other payables and accruals.

	Investments in securities		Money lending		Financial leasing		Financial technology		Unallocated		Condensed consolidated	
	For the six months ended 30 June 2019	For the six months ended 30 September 2018	For the six months ended 30 June 2019	For the six months ended 30 September 2018	For the six months ended 30 June 2019	For the six months ended 30 September 2018	For the six months ended 30 June 2019	For the six months ended 30 September 2018	For the six months ended 30 June 2019	For the six months ended 30 September 2018	For the six months ended 30 June 2019	For the six months ended 30 September 2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:												
Revenue from external customers	55,769	56,611	21,875	67,284	181,733	92,776	70,596	65,229	-	-	329,973	281,900
Segment results	(1,359,836)	(55,710)	11,055	59,442	(139,431)	(356,538)	17,800	(1,668)	-	-	(1,470,412)	(354,474)
Reconciliations:												
Unallocated income											12,831	-
Unallocated finance costs											(98,095)	(101,730)
Unallocated expenses*											(51,123)	(86,096)
Share of results of associates											(946)	(830)
Loss before tax											(1,607,745)	(543,130)
Other segment information:												
Finance costs	(39,361)	(21,284)	(7,186)	(6,068)	-	(13,766)	(97)	-	(98,095)	(101,730)	(144,739)	(142,848)
Amortisation	-	-	-	-	-	-	(2,377)	(2,545)	(134)	-	(2,511)	(2,545)
Depreciation	-	-	-	-	(784)	(798)	(576)	(567)	(1,288)	(1,170)	(2,648)	(2,535)
Fair value loss on financial assets measured at fair value through profit or loss	(1,382,284)	(31,925)	-	-	-	-	-	-	-	-	(1,382,284)	(31,925)
Impairment loss, net of reversal recognised in respect of												
- Goodwill	-	-	-	-	-	(146,586)	-	-	-	-	-	(146,586)
- Finance lease receivables	-	-	-	-	(164,028)	(213,083)	-	-	-	-	(164,028)	(213,083)
- Loans receivables	-	-	18	2,416	35	-	2,993	(5,134)	-	-	3,046	(2,718)
- Trade and other receivables	(5,575)	(62,932)	-	-	(73)	(9,439)	(68)	1	-	-	(5,716)	(72,370)
Capital expenditure**	-	-	-	-	-	100	20,748	286	1,428	920	22,176	1,306

**Note:**

\* Unallocated expenses mainly included employee benefit expenses of approximately HK\$27,587,000 (six months ended 30 September 2018: HK\$38,759,000), minimum lease payment under operating lease of approximately HK\$1,191,000 (six months ended 30 September 2018: HK\$4,558,000), exchange loss of approximately HK\$nil (six months ended 30 September 2018: HK\$9,421,000), legal and professional fee of approximately HK\$4,854,000 (six months ended 30 September 2018: HK\$13,477,000) and depreciation of approximately HK\$1,879,000 (six months ended 30 September 2018: HK\$1,170,000).

\*\* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

The following is an analysis of the Group's assets and liabilities by reportable operating segments:

	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Segment assets:</b>		
Investment in securities	<b>6,122,116</b>	7,174,463
Money lending	<b>595,197</b>	803,832
Financial leasing	<b>4,994,813</b>	4,427,582
Financial technology	<b>592,995</b>	948,975
	<b>12,305,121</b>	13,354,852
Unallocated assets	<b>47,732</b>	22,613
	<b>12,352,853</b>	13,377,465
<b>Segment liabilities:</b>		
Investment in securities	<b>4,575,958</b>	4,518,191
Money lending	<b>217,257</b>	222,256
Financial leasing	<b>3,407,774</b>	2,901,675
Financial technology	<b>57,516</b>	63,866
	<b>8,258,505</b>	7,705,988
Unallocated liabilities	<b>441,821</b>	793,231
	<b>8,700,326</b>	8,499,219

## Geographical information

The Group's operations are mainly located in Hong Kong and other parts of the PRC. The geographical information about the Group's revenue based on the locations of the customers and non-current assets based on the locations of the assets is set out below:

	Revenue from external customers		Non-current assets <i>(note)</i>	
	For the six months ended 30 June 2019 <i>HK\$'000</i> (Unaudited)	For the six months ended 30 September 2018 <i>HK\$'000</i> (Unaudited)	30 June 2019 <i>HK\$'000</i> (Unaudited)	31 December 2018 <i>HK\$'000</i> (Audited)
Hong Kong	77,644	123,895	6,438	6,842
Others parts of the PRC	<u>252,329</u>	<u>158,005</u>	<u>1,318,985</u>	<u>1,272,774</u>
	<u><b>329,973</b></u>	<u>281,900</u>	<u><b>1,325,423</b></u>	<u>1,279,616</u>

*Note:* Non-current assets exclude interests in associates, financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss, finance lease receivables and loans receivables.

#### 4. REVENUE

Revenue, which is also the Group's turnover, represents consultancy services income; financial leasing income; interest income from money lending operations; handling fee income; distribution, dividend income and interest income from financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income; income from asset management and performance; and online new media services income during the period.

	<b>For the six months ended 30 June 2019 HK\$'000 (Unaudited)</b>	For the six months ended 30 September 2018 HK\$'000 (Unaudited)
An analysis of revenue is as follows:		
Revenue within the scope of HKFRS 15 ( <i>Note (i)</i> )		
Consultancy services income ( <i>Note (ii)</i> )	<b>38,042</b>	34,804
Handling fee income	<b>97,772</b>	52,336
Income from asset management and performance	<b>2,612</b>	–
Online new media services income	<b>18,576</b>	3,677
	<b>157,002</b>	90,817
Revenue outside the scope of HKFRS 15		
Financial leasing income	<b>70,988</b>	68,104
Interest income from money lending operations	<b>45,868</b>	82,568
Dividend income from financial assets measured at fair value through profit or loss	<b>18,210</b>	27,499
Interest income from financial assets measured at fair value through profit or loss	<b>21,062</b>	6,312
Interest income from financial assets measured at fair value through other comprehensive income	<b>16,843</b>	6,600
	<b>172,971</b>	191,083
	<b>329,973</b>	281,900

*Notes:*

- (i) Revenue within the scope of HKFRS 15:

	<b>For the six months ended 30 June 2019 HK\$'000 (Unaudited)</b>	For the six months ended 30 September 2018 HK\$'000 (Unaudited)
Recognised at a point in time	<b>116,276</b>	48,584
Recognised over time	<b>40,726</b>	42,233
	<b><u>157,002</u></b>	<b><u>90,817</u></b>

- (ii) Consultancy services income represents income derived from advisory and consultancy services provided for customers, including but not limited to:

- (a) provision of advisory services on financial leasing and trading platform structure;
- (b) provision of advisory services on transaction arrangement; and
- (c) financial and taxation analysis.

## 5. IMPAIRMENT LOSSES, NET OF REVERSAL

	<b>For the six months ended 30 June 2019 HK\$'000 (Unaudited)</b>	For the six months ended 30 September 2018 HK\$'000 (Unaudited)
Impairment loss (recognised)/reversed on:		
– Finance lease receivables	(164,028)	(213,083)
– Loans receivables	3,046	(2,718)
– Trade and other receivables	(5,716)	(72,370)
	<u>(166,698)</u>	<u>(288,171)</u>

## 6. FINANCE COSTS

	<b>For the six months ended 30 June 2019 HK\$'000 (Unaudited)</b>	For the six months ended 30 September 2018 HK\$'000 (Unaudited)
An analysis of finance costs is as follows:		
Interest on bank borrowings wholly repayable		
within five years	34,152	19,833
Interest on margin and other loans	35,008	34,802
Amortised interest on bonds	158,301	93,763
Amortised interest on convertible bonds	17,345	44,009
	<u>244,806</u>	<u>192,407</u>
<i>Less:</i> Finance costs included in cost of services	(100,067)	(49,559)
	<u>144,739</u>	<u>142,848</u>

## 7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	<b>For the six months ended 30 June 2019 HK\$'000 (Unaudited)</b>	For the six months ended 30 September 2018 HK\$'000 (Unaudited)
Employee benefit expenses:		
Directors' remuneration:		
– Fees	2,036	2,536
– Salaries and allowances	4,623	4,220
– Retirement benefit scheme contributions (defined contribution scheme)*	<u>29</u>	<u>44</u>
Sub-total	<u>6,688</u>	<u>6,800</u>
Other staff's costs:		
– Salaries and allowances	63,213	54,029
– Retirement benefit scheme contributions (defined contribution scheme)*	<u>5,984</u>	<u>3,728</u>
Sub-total	<u>69,197</u>	<u>57,757</u>
Total employee benefit expenses	<u><u>75,885</u></u>	<u><u>64,557</u></u>
Sales proceeds from disposal of securities, bonds and fund	(38,826)	(470,105)
Carrying amount of securities, bonds and fund	<u>35,725</u>	<u>477,640</u>
Realised (gains)/losses of financial assets measured at fair value through profit or loss ( <i>Note 12(vii)(c)</i> )	(3,101)	7,535
Unrealised losses of financial assets measured at fair value through profit or loss ( <i>Note 12(vii)(b)</i> )	<u>1,385,385</u>	<u>24,390</u>
Fair value losses on financial assets measured at fair value through profit or loss, net	<u><u>1,382,284</u></u>	<u><u>31,925</u></u>
Foreign exchange (gain)/loss, net	(20,794)	9,421
Amortisation	2,511	2,545
Depreciation of property, plant and equipment	2,057	2,535
Depreciation of right-of-use assets	<u>591</u>	<u>–</u>

*Note:*

- \* As at 30 June 2019, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (31 December 2018: nil).



## 8. INCOME TAX EXPENSE/(CREDIT)

	<b>For the six months ended 30 June 2019 HK\$'000 (Unaudited)</b>	For the six months ended 30 September 2018 HK\$'000 (Unaudited)
Current tax		
– PRC Enterprise Income Tax	15,667	3,754
Deferred tax credit	<u>(13,770)</u>	<u>(88,259)</u>
Total income tax expense/(credit) recognised in the condensed consolidated income statement	<u><u>1,897</u></u>	<u><u>(84,505)</u></u>

No provision for current Hong Kong Profits Tax had been made for the six months ended 30 June 2019 and 30 September 2018 as the Group did not generate any assessable profits arising in Hong Kong during the period.

PRC Enterprise Income Tax was calculated at 25% of the estimated assessable profit for the six months ended 30 June 2019 and 30 September 2018.

## 9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	<b>For the six months ended 30 June 2019 HK\$'000 (Unaudited)</b>	For the six months ended 30 September 2018 HK\$'000 (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u><u>(1,617,719)</u></u>	<u><u>(455,161)</u></u>
<i>Number of share ('000)</i>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u><u>24,452,450</u></u>	<u><u>21,528,611</u></u>
Basic and diluted loss per share ( <i>in HK cents</i> )	<u><u>(6.62)</u></u>	<u><u>(2.11)</u></u>

Diluted loss per share did not assume the conversion of convertible bonds and exercise of share options since their assumed conversion and exercise had an anti-dilutive effect on loss per share for the six months ended 30 June 2019 and six months ended 30 September 2018.

## 10. DIVIDEND

The Board of the Company does not recommend the payment of any interim dividend in respect of the current period (six months ended 30 September 2018: Nil).

## 11. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>30 June 2019 HK\$'000 (Unaudited)</b>	31 December 2018 HK\$'000 (Audited)
<b>Non-current asset</b>		
Unlisted equity investment		
– In elsewhere ( <i>Note (i), (ii) and (iii)</i> )	<b><u>2,082,700</u></b>	<b><u>1,719,189</u></b>
<b>Current assets</b>		
Notes		
– In elsewhere ( <i>Note (ii) and (iii)</i> )	<b>542,272</b>	543,649
Bonds		
– In the PRC ( <i>Note (ii) and (iii)</i> )	<b><u>184,044</u></b>	<u>36,599</u>
	<b><u>726,316</u></b>	<b><u>580,248</u></b>

### Notes:

- (i) During the year ended 31 March 2018, the Group acquired 40% equity interest in Shandong Hi-Speed (BVI) International Holdings Limited (“Shandong (BVI)”) by way of issuance of 5,000,000,000 consideration shares of the Company with the fair value at initial recognition determined to be approximately HK\$1,530,000,000 plus respective transaction cost of approximately HK\$5,576,000. The directors of the Company consider that the Group has no significant influence over Shandong (BVI) which was classified as financial assets measured at fair value through other comprehensive income.

The fair value of Shandong (BVI) as at 30 June 2019 was approximately HK\$2,082,700,000 (31 December 2018: HK\$1,719,189,000), which is determined with reference to the valuation report issued by a firm of independent valuers using discounted cash flow method. The fair value gain of approximately HK\$363,511,000 (six months ended 30 September 2018: HK\$234,251,000) on the investment in Shandong (BVI) was recognised in other comprehensive income for the six months ended 30 June 2019. This is classified as Level 3 fair value measurement under HKFRS 13.

(ii) **Details of financial assets measured at fair value through other comprehensive income**

Nature of investments	Number of		Percentage		Fair value		Percentage to	
	shares/units held		of shareholding				the Group's net assets	
	as at	as at	as at	as at	as at	as at	as at	as at
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
2019	2018	2019	2018	2019	2018	2019	2018	
		%	%	HK\$'000	HK\$'000	%	%	
<b>Non-current asset</b>								
Unlisted equity								
investment in elsewhere								
Shandong (BVI)	<u>20,000</u>	<u>20,000</u>	<u>40</u>	<u>40</u>	<u>2,082,700</u>	<u>1,719,189</u>	<u>57.02</u>	<u>35.24</u>
<b>Current assets</b>								
Notes in elsewhere	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>542,272</u>	<u>543,649</u>	<u>14.85</u>	<u>11.14</u>
Bonds in the PRC	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>184,044</u>	<u>36,599</u>	<u>5.04</u>	<u>0.75</u>
					<u>726,316</u>	<u>580,248</u>		

(iii) **Net unrealised gains from financial assets measured at fair value through other comprehensive income**

	<b>For the six months ended 30 June 2019 HK\$'000 (Unaudited)</b>	For the six months ended 30 September 2018 HK\$'000 (Unaudited)
Unrealised gains of financial asset outside Hong Kong (included PRC) for the period, net	<u>363,511</u>	<u>234,251</u>
Unrealised gains of financial assets measured at fair value through other comprehensive income for the period, net	<u>363,511</u>	<u>234,251</u>

## 12. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 <i>HK\$'000</i> (Unaudited)	31 December 2018 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>		
Listed equity investment		
– In Hong Kong ( <i>Notes (i) and (vii)</i> )	<u>369,801</u>	<u>1,440,764</u>
Unlisted equity investments		
– In the PRC ( <i>Notes (ii), (iii) and (vii)</i> )	513	511
– In elsewhere ( <i>Notes (iv) and (vii)</i> )	<u>281,220</u>	<u>308,365</u>
	<u>281,733</u>	<u>308,876</u>
Other investment		
– In the PRC ( <i>Note (vii)</i> )	<u>34,213</u>	<u>34,090</u>
Club membership debenture		
– In Hong Kong ( <i>Notes (v) and (vii)</i> )	<u>6,200</u>	<u>6,200</u>
Total	<u><b>691,947</b></u>	<u><b>1,789,930</b></u>
<b>Current assets</b>		
Held-for-trading listed equity investments		
– In Hong Kong ( <i>Notes (i) and (vii)</i> )	<u>314,697</u>	<u>639,819</u>
Guaranteed structure note		
– In elsewhere ( <i>Note (vii)</i> )	<u>76,972</u>	<u>77,167</u>
Held-for-trading investment funds		
– In Hong Kong ( <i>Note (vii)</i> )	542,861	540,419
– In elsewhere ( <i>Notes (vi) and (vii)</i> )	639,365	600,557
– In the PRC ( <i>Note (vii)</i> )	<u>27,298</u>	<u>36,456</u>
	<u>1,209,524</u>	<u>1,177,432</u>
Held-for-trading bond		
– In Hong Kong ( <i>Note (vii)</i> )	<u>241,236</u>	<u>235,984</u>
Total	<u><b>1,842,429</b></u>	<u><b>2,130,402</b></u>

*Notes:*

- (i) As at 30 June 2019 and 31 December 2018, the listed equity investments were held for trading and were classified as financial assets measured at fair value through profit or loss. The fair values of the listed equity investments were determined by quoted prices in active markets.
- (ii) As at 30 June 2019, the Group holds 29,951,000 (31 December 2018: 29,951,000) shares of China Yunnan Highway Construction Group Co., Ltd. (“Yunnan Highway”), representing 8.32% (31 December 2018: 8.32%) of its issued share capital. Shares of Yunnan Highway was listed in the National Equities Exchange and Quotations (the “NEEQ”) in the PRC during the year ended 31 March 2018 and subsequently delisted in April 2018. The fair value as at 30 June 2019 and 31 December 2018 were zero because the directors of the Company considered that Yunnan Highway was loss-making and management of the Company has no sufficient reliable information to assess the fair value after the delisting of the investee in April 2018. This was classified as Level 3 fair value measurement under HKFRS 13.
- (iii) The Group, through the acquisition of China Innovative Finance Zhonghong, acquired an unlisted equity investment in a private entity engaged in software development and electronic hardware trading with the initial carrying amount approximately Renminbi (“RMB”) 684,000 (equivalent to approximately HK\$794,000).

The unlisted equity investment was fully impaired in previous years in profit or loss as the directors of the Company considered that as the private entity was loss-making and the recoverable amount of the unlisted equity investment was less than its carrying amount.

- (iv) The balance represented an unlisted equity investment in a private entity principally engaged in integrated financial services, securities brokerage services, money lending, securities and other direct investments. The fair values as at 30 June 2019 and 31 December 2018 were determined with reference to the valuation report issued by a firm of independent qualified professional valuer using the market approach. This is classified as Level 3 fair value measurement under HKFRS 13.
- (v) Club membership debenture is stated at fair value at the end of the reporting period with reference to open market price. This is classified as Level 2 fair value measurement under HKFRS 13.

- (vi) As at 31 December 2018, the Group invested in Altair Asia Investment Limited (“Altair Asia”) with carrying amount of HK\$20,000,000. The Group has a guaranteed return of 15% internal rate of return per annum on its investment in Altair Asia. Pursuant to the terms of the subscriptions of Altair Asia, the Group has issued a written notice to Altair Asia on 4 January 2018 requesting the redemption of the entire participating shares of cost of investment in value of HK\$200,000,000 and subsequently on 23 January 2018 agreed to waive its rights to request for early redemption part of the participating shares of HK\$140,000,000 on the ground of certain cumulative conditions being met within the prescribed time. Since the conditions of waiver were not fully satisfied and Altair Asia failed to redeem all the participating shares pursuant to the subscription terms, the Company commenced legal proceedings against Altair Asia and its guarantors for the recovery of the investment.

The claim is under legal proceedings as at 30 June 2019 and up to the date of approval of the condensed financial statements of the Group for the six months ended 30 June 2019.

Based on the legal opinion from an independent lawyer thereon, the directors of the Company considered that there is strong legal argument to win the case. The Group has engaged an independent professional valuer to assist the Group to assess the fair value of the investment in Altair Asia. Based on the valuation performed, the directors of the Company considered that the fair value of the investment in Altair Asia as at 30 June 2019 would be approximately HK\$20,000,000 (31 December 2018: HK\$20,000,000).

This was classified as Level 3 fair value measurement under HKFRS 13.

## (vii) (a) Details of financial assets measured at fair value through profit or loss

Nature of investments	Number of shares/units held		Percentage of shareholding		Fair value		Percentage to the Group's net assets	
	as at	as at	as at	as at	as at	as at	as at	as at
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2019	2018	2019	2018	2019	2018	2019	2018
				HK\$'000	HK\$'000	%	%	
<b>Non-current asset</b>								
Listed equity investment in Hong Kong Jiayuan International Group Limited (stock code: 2768)	<u>107,500,227</u>	<u>99,500,227</u>	<u>4.20</u>	<u>3.96</u>	<u>369,801</u>	<u>1,440,764</u>	<u>10.12</u>	<u>29.53</u>
Unlisted equity investment in the PRC								
Yunnan Highway	<u>29,951,000</u>	<u>29,951,000</u>	<u>8.32</u>	<u>8.32</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
北京樓宇通信信息科技有限公司	<u>900,000</u>	<u>900,000</u>	<u>9.00</u>	<u>9.00</u>	<u>513</u>	<u>511</u>	<u>0.01</u>	<u>0.01</u>
Unlisted equity investment in elsewhere								
Satinu Resources Group Limited	<u>48,000,000</u>	<u>48,000,000</u>	<u>4.63</u>	<u>4.63</u>	<u>281,220</u>	<u>308,365</u>	<u>7.70</u>	<u>6.32</u>
Other investment in the PRC								
尊瑩1號	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>34,213</u>	<u>34,090</u>	<u>0.94</u>	<u>0.7</u>
Club membership								
debenture in Hong Kong	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>6,200</u>	<u>6,200</u>	<u>0.17</u>	<u>0.13</u>
Total					<u><u>691,947</u></u>	<u><u>1,789,930</u></u>		

Nature of investments	Number of shares/units held		Percentage of shareholding		Fair value		Percentage to the Group's net assets		
	as at	as at	as at	as at	as at	as at	as at	as at	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	
				%	%	HK\$'000	HK\$'000	%	%
<b>Current assets</b>									
Held-for-trading listed equity investments in Hong Kong									
China Smarter Energy Group Holding Limited (stock code: 1004)	666,372,364	677,736,000	7.11	7.23	223,235	542,189	6.11	11.11	
Code Agriculture (Holdings) Limited (stock code: 8153)	60,000,000	60,000,000	1.65	2.24	1,260	4,440	0.03	0.09	
Far East Holdings International Limited (stock code: 36)	11,814,000	11,814,000	1.08	1.08	4,312	4,608	0.12	0.09	
Hao Tian Development Group Limited (stock code: 474)	385,000,000	385,000,000	7.29	7.86	85,855	88,550	2.35	1.82	
Huatai Securities Company Limited (stock code: 6886)	2,600	2,600	0.00	0.00	35	32	0.00	0.00	
					<b>314,697</b>	639,819			
Guaranteed structure note issued by Haitong International Products & Solutions Limited	N/A	N/A	N/A	N/A	76,972	77,167	2.11	1.58	
Held-for-trading investment fund in Hong Kong issued by Sinolink Securities (HK) Co. Ltd	N/A	N/A	N/A	N/A	542,861	540,419	14.86	11.08	
Held-for-trading investment funds in elsewhere									
Altair Asia	5,292,982	5,292,982	N/A	N/A	20,000	20,000	0.55	0.41	
China Times Investments Limited	668,210	668,210	N/A	N/A	483,743	434,375	13.24	8.90	
Haitong International Investment Fund	200,000	200,000	N/A	N/A	135,622	146,182	3.71	3.00	
					<b>639,365</b>	600,557			
Held-for-trading investment funds in the PRC	N/A	N/A	N/A	N/A	27,298	36,456	0.75	0.75	
Held-for-trading investment bond in Hong Kong									
Jiarui Investment (Hong Kong) Company Limited	N/A	N/A	N/A	N/A	241,236	235,984	6.60	4.84	
					<b>1,842,429</b>	2,130,402			



(vii) (b) Net unrealised losses from financial assets measured at fair value through profit or loss

	<b>For the six months ended 30 June 2019 HK\$'000 (Unaudited)</b>	For the six months ended 30 September 2018 HK\$'000 (Unaudited)
Unrealised (losses)/gains of financial assets in Hong Kong for the period, net	<b>(1,398,700)</b>	139,892
Unrealised gains/(losses) of financial assets outside Hong Kong (included PRC) for the period, net	<u><b>13,315</b></u>	<u>(164,282)</u>
Unrealised losses of financial assets measured at fair value through profit or loss for the period, net ( <i>Note (7)</i> )	<u><b>(1,385,385)</b></u>	<u>(24,390)</u>

(vii) (c) Realised gains/(losses) from financial assets measured at fair value through profit or loss

	<b>For the six months ended 30 June 2019 HK\$'000 (Unaudited)</b>	For the six months ended 30 September 2018 HK\$'000 (Unaudited)
Realised gains/(losses) of financial assets in Hong Kong for the period	<b>909</b>	(7,535)
Realised gains of financial assets in the PRC for the period	<u><b>2,192</b></u>	<u>–</u>
Realised gains/(losses) of financial assets measured at fair value through profit or loss for the period ( <i>Note 7</i> )	<u><b>3,101</b></u>	<u>(7,535)</u>

### 13. FINANCE LEASE RECEIVABLES

	<b>30 June 2019</b>	31 December 2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Present value of minimum lease payments receivables	<b>3,097,150</b>	2,819,308
<i>Less:</i> Current portion included under current assets	<u><b>(1,580,050)</b></u>	<u>(1,083,033)</u>
Amounts due after one year included under non-current assets	<u><b>1,517,100</b></u>	<u>1,736,275</u>

As at 30 June 2019 and 31 December 2018, one of the financial lease receivables was pledged to secure the bank borrowing obtained by the Group.

Reconciliation between the minimum lease payments receivables and the present value of minimum lease payments receivables under such leases is set out below:

	<b>30 June 2019</b>	31 December 2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Minimum lease payments receivables	<b>3,421,450</b>	3,126,515
<i>Less:</i> Unearned finance income related to minimum lease payments receivables	<u><b>(324,300)</b></u>	<u>(307,207)</u>
Present value of minimum lease payments receivables	<u><b>3,097,150</b></u>	<u>2,819,308</u>

The table below analyses the Group's minimum lease payments receivables under finance leases by relevant maturity groupings:

	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Within one year	<b>1,772,047</b>	1,242,401
In the second year	<b>866,180</b>	906,598
In the third to fifth years	<b>783,223</b>	977,516
	<b><u>3,421,450</u></b>	<u>3,126,515</u>

The table below analyses the Group's present value of minimum lease payments receivables under finance leases by relevant maturity groupings:

	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Within one year	<b>1,580,050</b>	1,083,033
In the second year	<b>776,336</b>	818,444
In the third to fifth years	<b>740,764</b>	917,831
	<b><u>3,097,150</u></b>	<u>2,819,308</u>

The Group's finance lease receivables are denominated in RMB.

Movement of allowance for impairment losses:

	<b>12m ECL</b> <i>HK\$'000</i>	<b>Lifetime ECL not credit- impaired</b> <i>HK\$'000</i>	<b>Lifetime ECL credit- impaired</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2018 (Audited)	10,637	2,705	–	13,342
Movement during the period	(1,299)	214,705	–	213,406
Exchange realignment	(561)	238	–	(323)
	<u>8,777</u>	<u>217,648</u>	<u>–</u>	<u>226,425</u>
At 30 September 2018 (Unaudited)				
At 31 December 2018 and 1 January 2019 (Audited)	<b>7,007</b>	<b>78,182</b>	<b>64,648</b>	<b>149,837</b>
Movement during the period	<b>2,230</b>	<b>23,383</b>	<b>138,415</b>	<b>164,028</b>
Exchange realignment	<b>2</b>	<b>40</b>	<b>(1,204)</b>	<b>(1,162)</b>
	<u><b>9,239</b></u>	<u><b>101,605</b></u>	<u><b>201,859</b></u>	<u><b>312,703</b></u>
At 30 June 2019 (Unaudited)				

During the six months ended 30 June 2019 and 31 December 2018, all the lessees of the Group are located in the PRC. If any of them experiences financial difficulties, the recovery of the Group's finance lease receivables through regular lease payments might be adversely affected and the Group may have to resort to recovery through repossession of the leased assets.

As at 30 June 2019, the Group's finance lease receivables were secured by collaterals, being plant and machinery, and deposits of approximately HK\$27,921,000 (31 December 2018: HK\$50,485,000). Estimates of fair value of collateral are made during the credit approval process. These estimates of valuations are made at the inception of finance lease, and generally not updated except when the receivable is individually impaired. When a finance lease receivable is identified as impaired, the corresponding fair value of collateral of that receivable is updated by reference to market value such as recent transaction price of the assets.

The Group is not permitted to sell, or repledge the collaterals of the finance lease receivables without consent from the lessees in the absence of default by the lessees. No assets have been repledged to secure borrowings of the Group as at 30 June 2019 and 31 December 2018.

To manage this risk, the Group assesses the business performance of the lessees on a regular basis. In view of the fact that the lessees are operating smoothly and the sound collection history of the receivable due from them, management believes that the credit risk inherent in the Group's outstanding finance lease receivable balances from lessees is low.

## 14. LOANS RECEIVABLES

	<b>30 June 2019</b>	31 December 2018
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Loans receivables	<b>1,037,579</b>	1,388,356
<i>Less: allowance for impairment loss</i>	<u><b>(52,979)</b></u>	<u>(55,990)</u>
	<b>984,600</b>	1,332,366
<i>Less: amount classified as current assets</i>	<u><b>(501,007)</b></u>	<u>(843,713)</u>
Non-current portion	<u><b>483,593</b></u>	<u>488,653</u>

Loans receivables represent receivables arising from the money lending business of the Group, and bear interest at rates ranging from 4% to 20% per annum (31 December 2018: from 4% to 20% per annum). The grants of these loans were approved and monitored by the Group's management.

	<b>30 June 2019</b>	31 December 2018
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Type of borrowers that loans receivables are arising from:		
Individual customers	<b>210,343</b>	223,630
Corporate customers	<u><b>827,236</b></u>	<u>1,164,726</u>
	<b>1,037,579</b>	1,388,356
<i>Less: allowance for impairment loss</i>		
Individual customers	<b>(3,123)</b>	(3,060)
Corporate customers	<u><b>(49,856)</b></u>	<u>(52,930)</u>
	<u><b>(52,979)</b></u>	<u>(55,990)</u>
	<u><b>984,600</b></u>	<u>1,332,366</u>

An aging analysis of loans receivables (net of impairment), determined based on the time to maturity of the loans receivables, as at the end of the reporting period is as follows:

	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Within 90 days	<b>188,806</b>	248,861
91 days to 180 days	<b>226,590</b>	228,867
181 days to 1 year	<b>85,611</b>	365,985
1 year to 2 years	<b>483,593</b>	488,653
	<b><u>984,600</u></b>	<u>1,332,366</u>

As at 30 June 2019, included in the Group's loans receivables balances are debtors with an aggregate carrying amount of approximately HK\$179,789,000 (31 December 2018: HK\$179,820,000) which were past due as at the end of the reporting period. In the event that an installment repayment of a loans receivable is past due, the entire outstanding balances of the loans receivables are deemed as past due.

An aging analysis of the loans receivables which had been past due based on the number of past due days is as follows:

	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
More than 90 days	<b><u>179,789</u></b>	<u>179,820</u>

Included in the carrying amount of loans receivables as at 30 June 2019 is accumulated impairment losses of approximately HK\$52,979,000 (31 December 2018: HK\$55,990,000).

Movement of allowance for impairment losses:

	<b>12m ECL</b> <i>HK\$'000</i>	<b>Lifetime ECL not credit- impaired</b> <i>HK\$'000</i>	<b>Lifetime ECL credit- impaired</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2018 (Audited)	7,220	2,016	45,000	54,236
Movement during the period	3,040	(322)	–	2,718
Exchange realignment	(265)	–	–	(265)
	<u>9,995</u>	<u>1,694</u>	<u>45,000</u>	<u>56,689</u>
At 30 September 2018 (Unaudited)	<u>9,995</u>	<u>1,694</u>	<u>45,000</u>	<u>56,689</u>
At 31 December 2018 and 1 January 2019 (Audited)	<b>8,470</b>	<b>2,016</b>	<b>45,504</b>	<b>55,990</b>
Movement during the period	<b>(3,113)</b>	<b>31</b>	<b>36</b>	<b>(3,046)</b>
Exchange realignment	<b>35</b>	–	–	<b>35</b>
	<u>5,392</u>	<u>2,047</u>	<u>45,540</u>	<u>52,979</u>
At 30 June 2019 (Unaudited)	<u>5,392</u>	<u>2,047</u>	<u>45,540</u>	<u>52,979</u>

## 15. TRADE AND OTHER RECEIVABLES

	<b>30 June 2019</b> <i>HK\$'000</i> (Unaudited)	31 December 2018 <i>HK\$'000</i> (Audited)
Trade receivables ( <i>Note (i)</i> )	27,071	38,028
Prepayments	30,018	11,391
Deposits ( <i>Note (ii)</i> )	54,284	54,421
Interest receivables	118,719	68,624
Other receivables ( <i>Note (iii)</i> )	840,570	818,619
	<u>1,070,662</u>	<u>991,083</u>

Movement of allowance for impairment losses on trade receivables:

	<b>12m ECL</b> <i>HK\$'000</i>	<b>Lifetime ECL not credit- impaired</b> <i>HK\$'000</i>	<b>Lifetime ECL credit- impaired</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2018 (Audited)	267	–	–	267
Movement during the period	8	–	–	8
Exchange realignment	(1)	–	–	(1)
	<u>274</u>	<u>–</u>	<u>–</u>	<u>274</u>
At 30 September 2018 (Unaudited)	<u>274</u>	<u>–</u>	<u>–</u>	<u>274</u>
At 31 December 2018 and 1 January 2019 (Audited)	<b>592</b>	–	–	<b>592</b>
Movement during the period	<b>(348)</b>	–	–	<b>(348)</b>
Exchange realignment	<b>2</b>	–	–	<b>2</b>
	<u>246</u>	<u>–</u>	<u>–</u>	<u>246</u>
At 30 June 2019 (Unaudited)	<u>246</u>	<u>–</u>	<u>–</u>	<u>246</u>

Movement of allowance for impairment losses on deposits, interest receivables and other receivables:

	<b>12m ECL</b> <i>HK\$'000</i>	<b>Lifetime ECL not credit- impaired</b> <i>HK\$'000</i>	<b>Lifetime ECL credit- impaired</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2018 (Audited)	8,216	1,279	2,991	12,486
Movement during the period	72,362	–	–	72,362
Exchange realignment	(12,412)	(77)	(263)	(12,752)
	<u>68,166</u>	<u>1,202</u>	<u>2,728</u>	<u>72,096</u>
At 30 September 2018 (Unaudited)	<u>68,166</u>	<u>1,202</u>	<u>2,728</u>	<u>72,096</u>
At 31 December 2018 and 1 January 2019 (Audited)	<b>5,201</b>	<b>68,493</b>	<b>2,720</b>	<b>76,414</b>
Movement during the period	<b>(1,089)</b>	<b>5,314</b>	<b>1,839</b>	<b>6,064</b>
Exchange realignment	<b>10</b>	<b>2</b>	–	<b>12</b>
	<u>4,122</u>	<u>73,809</u>	<u>4,559</u>	<u>82,490</u>
At 30 June 2019 (Unaudited)	<u>4,122</u>	<u>73,809</u>	<u>4,559</u>	<u>82,490</u>



Notes:

- (i) At the end of the reporting period, the aging analysis of trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

	<b>30 June 2019 HK\$'000 (Unaudited)</b>	30 September 2018 HK\$'000 (Unaudited)
Within 90 days	<b>19,329</b>	30,188
91 days to 180 days	<b>1,399</b>	1,559
181 days to 1 year	<b>6,064</b>	637
Over 1 year	<b>279</b>	5,644
	<b>27,071</b>	38,028

- (ii) The amount mainly represents:

- (a) guarantee deposits of approximately HK\$40,614,000 (31 December 2018: HK\$29,461,000) paid to various entities in accordance with the cooperation agreements entered into between Shangao Puhui (Shenzhen) Information Services Co., Ltd.\* (山高普惠(深圳)信息服務有限公司) (formerly known as Shenzhen Huixin Credit Management Co., Ltd.) (“Shangao Puhui”), an indirect non-wholly-owned subsidiary of Kun Peng International Limited, and these entities, for the purpose of Shangao Puhui providing financial guarantee to borrowers that obtained financing from lenders via these entities through Shangao Puhui’s money lending referral service business. In the opinion of the directors of the Company, to the best knowledge, belief, information of and after making all reasonable enquiries, these entities are independent third parties of the Group. Shangao Puhui is exposed to the guaranteed loan principal of the borrowers and the respective interests. The Group has assessed the credit worthiness and past payment history of the borrowers, pledge of collaterals and the Group has provided sufficient guarantee deposits in accordance with the cooperation agreements. In the opinion of the directors of the Company, 12 month ECL in respect of these deposits paid of approximately HK\$366,000 (31 December 2018: HK\$265,000) have been provided as at 30 June 2019; and
- (b) rental and utility deposits of approximately HK\$5,082,000 (31 December 2018: HK\$5,931,000).

(iii) As at 30 June 2019, other receivables mainly represent:

- (a) an amount due from China Hover Dragon Group Limited (“China Hover Dragon”) of approximately RMB123,121,000 (equivalent to approximately HK\$140,413,000) (31 December 2018: RMB123,121,000 (equivalent to approximately HK\$139,907,000)) which had been past due from 30 August 2017.

The amount is secured by the shares issued by the Company upon acquisition of Hong Kong Leasing. Pursuant to the Hong Kong Leasing Sale and Purchase Agreement, 737,774,989 shares issued by the Company (the “Bad Debt Repurchase Shares”) could be repurchased by the Company from the shareholders of China Hover Dragon at nil consideration.

The Bad Debt Repurchase Shares have an aggregate fair value of approximately HK\$239,777,000 as at 30 June 2019 (31 December 2018: HK\$232,399,000). The directors of the Company considered that the fair value of the Bad Debt Repurchase Shares is higher than the carrying amount of the amount due from China Hover Dragon as at 30 June 2019 and 31 December 2018, therefore, the amount is fully recoverable and no impairment loss has been provided as at 30 June 2019 and 31 December 2018.

The repurchase of the Bad Debt Repurchase Shares is under legal proceedings as at 30 June 2019 and the date of approval of the condensed financial statements of the Group for the six months ended 30 June 2019. However, the directors of the Company considered that the Bad Debt Repurchase Shares could be repurchased by the Company at nil consideration. Details of the legal proceeding are disclosed in note 43(a) in the Group’s annual financial statements for the nine months ended 31 December 2018.

The amount due from China Hover Dragon is non-interest bearing;

- (b) proceeds with an aggregate amount of approximately HK\$590,400,000 (31 December 2018: HK\$590,400,000) arising from the disposals of certain investments at fair value through profit or loss during the year ended 31 March 2018. These receivables were matured in August 2018. The Group has entered into supplemental agreements with the buyers to extend the maturity date to August 2019. The remaining consideration is interest bearing at 9% per annum and secured by share charges over the entire issued share capital of entities owned the disposed investments.

The directors of the Company considered that the credit risk of the above receivables has slightly increased. The Group has engaged an independent professional valuer to assist the Group to assess fair value of the collateral. Based on the valuation performed, the directors of the Company considered that lifetime ECL in respect of these vendors of approximately HK\$5,314,000 (six months ended 30 September 2018: HK\$65,534,000) have been provided during the six months ended 30 June 2019. The accumulated lifetime ECL in respect of these vendors amounted to approximately HK\$70,848,000 as at 30 June 2019 (31 December 2018: HK\$65,534,000); and

- (c) receivables for factoring commercial bills from customers of approximately HK\$96,902,000 (31 December 2018: HK\$32,918,000). The receivables are interest bearing at ranging from 6.525% to 11% per annum (31 December 2018: 11% per annum) and repayable within one year. 12 month ECL in respect of these receivables of approximately HK\$872,000 (31 December 2018: HK\$304,000) have been provided as at 30 June 2019.

## 16. ISSUED CAPITAL

### Authorised and issued capital

	<b>30 June 2019 HK\$'000 (Unaudited)</b>	31 December 2018 HK\$'000 (Audited)
Authorised capital:		
2,000,000,000,000 (31 December 2018: 2,000,000,000,000)		
ordinary shares of HK\$0.00025 (31 December 2018: HK\$0.00025) each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid		
24,452,450,002 (31 December 2018: 24,452,450,002)		
ordinary shares of HK\$0.00025 (31 December 2018: HK\$0.00025) each	<u><u>6,113</u></u>	<u><u>6,113</u></u>

A summary of the movements in the Company's issued ordinary share capital and share premium account is as follows:

		Number of shares in issue/ (repurchase)	Issued/ (repurchase) capital	Share premium account	Total
	<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2018 (Audited)		24,551,714,002	6,138	4,801,197	4,807,335
Shares repurchased and cancelled	<i>(i)</i>	<u>(99,264,000)</u>	<u>(25)</u>	<u>(17,099)</u>	<u>(17,124)</u>
<b>At 31 December 2018 (Audited) and 30 June 2019 (Unaudited)</b>		<b><u>24,452,450,002</u></b>	<b><u>6,113</u></b>	<b><u>4,784,098</u></b>	<b><u>4,790,211</u></b>

*Note:*

- (i) During the nine months ended 31 December 2018, the Company repurchased 99,264,000 shares at prices ranging from HK\$0.148 to HK\$0.21 per share at a total consideration of approximately HK\$17,124,000 (before brokerage and expenses in amount of HK\$25,000). The 99,264,000 repurchased ordinary shares were cancelled during the nine months ended 31 December 2018. The premium of approximately HK\$17,099,000 paid on the repurchase of such shares was debited to share premium account.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS AND BUSINESS REVIEW

The Board announces that for the six months ended 30 June 2019, the Group recorded an unaudited net loss of approximately HK\$1,609,642,000 (for the six months ended 30 September 2018: net loss of approximately HK\$458,625,000). The net loss was mainly attributable to a significant increase in the fair value losses on financial assets measured at fair value through profit or loss due to fluctuations in the stock market.

As at 30 June 2019, the Group recorded total assets of approximately HK\$12,352,853,000 (31 December 2018: approximately HK\$13,377,465,000), total liabilities of approximately HK\$8,700,326,000 (31 December 2018: approximately HK\$8,499,219,000), and therefore net assets of approximately HK\$3,652,527,000 (31 December 2018: approximately HK\$4,878,246,000).

The Company is an investment holding company with its subsidiaries mainly engaging in the following operating segments during the six months ended 30 June 2019:

#### a) **Financial leasing**

During the six months ended 30 June 2019, the financial leasing segment recorded a loss of approximately HK\$139,431,000 (for the six months ended 30 September 2018: a loss of approximately HK\$356,538,000). The significant decrease in the loss compared with the six months ended 30 September 2018 was mainly attributable to business expansion of the segment, which led to a significant increase in business revenue and a significant decrease in impairment losses on finance lease receivables compared to the six months ended 30 September 2018. As the PRC government has advanced the development of inclusive finance and considers that financial leasing can help micro-, small and medium-sized enterprises obtain medium- and long-term funding and revitalise their fixed assets, it is expected that financial leasing industry will have huge development potential in satisfying the financing demand of enterprises (especially those micro-, small and medium-sized enterprises). In addition, the transformation and improvement of China's economic structure is expected to propel the continuous increase in demand for financial leasing services and thus create immense market opportunities for the Group's business development.

**b) Investment in securities**

During the six months ended 30 June 2019, due to fluctuations in the stock market, the Group's securities portfolio recorded an unrealised fair value losses on financial assets measured at fair value through profit or loss of approximately HK\$1,385,385,000 (for the six months ended 30 September 2018: loss of approximately HK\$24,390,000) and a realised gain on financial assets measured at fair value through profit or loss of approximately HK\$3,101,000 (for the six months ended 30 September 2018: loss of approximately HK\$7,535,000). The unrealised fair value change was a non-cash item which had no impact on cash flows of the Group.

**c) Money lending**

During the six months ended 30 June 2019, the revenue from the money lending segment was approximately HK\$21,875,000 (for the six months ended 30 September 2018: approximately HK\$67,284,000). The decrease in revenue as compared with the six months ended 30 September 2018 was due to the decrease in loan receivables amounting to HK\$984,600,000 (31 December 2018: approximately HK\$1,332,366,000) since some of the borrowers fully settled the loans and the Company adopted more prudential operation management methods. The Group will continue to adopt a prudent compliance management approach to maintain a steady growth in business scale and profitability.

C.I.F. Financial Limited, a wholly-owned subsidiary of the Company, holds a money lender licence.

**d) Financial technology**

During the six months ended 30 June 2019, the financial technology segment recorded a profit of approximately HK\$17,800,000 (for the six months ended 30 September 2018: loss of approximately HK\$1,668,000), which was mainly attributable to the expansion of business and a further increase in the revenue from business operations. In the future, the financial technology segment will continue to create synergy with the other businesses of the Group and facilitate the Group's development.

During the six months ended 30 June 2019, the Group also carried out the businesses of operating an asset trading platform, securities brokerage and commercial factoring.

## ***Asset Trading Platform***

The Group is engaged in the trading business of financial leasing, leasing assets as well as other leasing properties, and provision of spot trading platform and marketing and consulting services related to the above businesses.

Shenzhen Asia-Pacific Leasing Assets Exchange Center Co., Ltd.\* (深圳亞太租賃資產交易中心有限公司), a wholly-owned subsidiary of the Company based in Qianhai, Shenzhen, would continue to benefit from the policy advantages of the Guangdong-Hong Kong-Macao Greater Bay Area and the Guangdong Free Trade Area, Qianhai-Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, etc. The Company intends to develop it into a leading domestic and international asset trading platform and integrated services provider.

## **FUTURE PROSPECTS**

According to the “Report on the Implementation of China’s Monetary Policy for the Second-Quarter of 2019” recently issued by the People’s Bank of China, recent data indicates that the momentum of global economic growth is relatively slowing down. There are uncertainties in the global economy in the short term and increase the risk of a downturn in global economic growth. In the medium-to-long term, it is anticipated that global growth will lack a strong thrust. The inherent structural problems will persist, and thus the medium-to-low growth may last for a long time. Amid the sophisticated international environment, China’s economy continued to run within a reasonable range, carrying on its generally stable and progressive development momentum. As external uncertainties increase and the global economy and international trade slows down, it is expected that the PRC government will continue to adopt comprehensive and moderate fiscal and monetary policies, as well as further its reforms and opening-up and optimise its business environment to mitigate the downward pressure on the economy. Meanwhile, as MSCI (明晟公司) has been increasing the weight of China A Shares in the MSCI Indexes, it is expected that foreign funds will continue to flow into the PRC market in the future. Benefiting from the implementation of the above series of policies, China’s overall economy is expected to remain stable and healthy down the track.

Furthermore, the PRC government has made strenuous efforts to promote the “Belt and Road Initiative” during the past 6 years, which aims at helping China to become an important platform for improving global governance and promoting mutual development. The State Council of the PRC also issued the “Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area” in February this year, proposing the idea of fully leveraging on the respective strengths of Guangdong, Hong Kong and Macao and furthering cooperation among the mainland, Hong Kong and Macao. Over the recent years, as the Guangdong-Hong Kong-Macao Greater Bay Area entered into a formal development stage, both the central government and the respective governments of Guangdong, Hong Kong and Macao have promoted the construction of the Greater Bay Area to a strategic development level and have landed successively a range of relevant policies, opening new paths for the development of the Greater Bay Area. In addition, the implementation of the “Belt and Road Initiative” will also create a large number of overseas infrastructure construction and business development opportunities, resulting in substantial equipment and fund demand and creating a range of investment and development opportunities for the Group.

The Group has accumulated years of experience in the Hong Kong capital market. In the coming year, it will continue to leverage on the unique strengths of Hong Kong as the international financial centre, to enhance its communication and cooperation with the countries along the route of the “Belt and Road Initiative” and the Guangdong-Hong Kong-Macao Greater Bay Area in the financial sectors, and actively explore and seek for high-quality investment opportunities. Meanwhile, the Group’s strategic positioning will be to keep promoting its on-going operation strategy of driving non-capital business by capital business, deepening the business model of “investment + investment bank”, and focusing on the opportunities brought by the “Belt and Road Initiative”.

Recently, the Group successfully issued bonds amounting to US\$1.5 billion in the global market. This bond issuance recorded one of the lowest interest rate, among those issued by peers with a similar structure in the Shandong province in recent years, and recorded an over-subscription of over 9 times, representing the total subscription volume of over US\$10 billion. This tranche of bonds was subscribed by over 400 institutional investors, including international sovereign funds, large international insurance institutions, reputable funds and large domestic central enterprises. This bond issuance further enhanced the Group’s influence and reputation in the international capital market, promoted the Group’s financial strengths and laid a solid stable foundation for future business development.

Relying on the background of its controlling shareholder, Shandong Hi-Speed Group Co., Ltd. (“Shandong Hi-Speed Group”), the Group will continue to uphold its established strategy in respect of the “Belt and Road Initiative” and insist on its core value of “Prudence, Compliance, Stability and Development” to drive the Group to become a fast-growing first-class investment and financing platform in the Greater China region, making the Group a model enterprise for promoting mixed-ownership reform within Shandong Hi-Speed Group.

The Group will also look for potential acquisition targets that will create synergy with the Group and enhance its profitability. As at the date of this announcement, the Group does not have any specific acquisition targets.

## **EVENTS AFTER THE END OF THE REPORTING PERIOD**

On 25 July 2019, the Group entered into a subscription agreement for the issuance of US\$500,000,000 3.95% guaranteed bonds due 2022 and US\$900,000,000 4.30% guaranteed perpetual securities. The Group intends to use the proceeds of the bonds issue and securities issue for refinancing and general corporate purposes.

Further details about the abovementioned matters are set out in the announcement of the Company dated 26 July 2019.



## **FUNDRAISING ACTIVITIES**

On 15 January 2019, the Group issued US\$550,000,000 5.95% guaranteed bonds due 2020. On 19 February 2019, the Group further issued US\$50,000,000 5.95% guaranteed bonds due 2020. The issuances of the bonds are a significant step of the Company in gaining recognition in the international financial market and would provide the Company with an additional source of funding for its business development.

Further details about the abovementioned matters are set out in the announcement of the Company dated 9 January 2019, and the formal notices dated 15 January 2019 and 19 February 2019, respectively.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 June 2019, the Group's total assets and borrowings were HK\$12,352,853,000 and HK\$8,299,878,000, respectively. The borrowings of the Group consisted of bank borrowings, bonds and other borrowings which were approximately HK\$1,277,799,000, HK\$4,832,223,000 and HK\$1,871,681,000, respectively. As at 30 June 2019, the Group had an outstanding convertible bond of approximately HK\$318,175,000 with a fixed interest rate of 6% per annum, a public bond in an amount of HK\$4,812,046,000 with a fixed interest rate of 5.95% per annum and two unsecured bonds for a term of seven years of approximately HK\$20,177,000 with a fixed interest rate of 5% per annum. Although the convertible bond, the public bond and other borrowings were denominated in US dollars, the exchange rate was relatively stable and the unsecured bonds were denominated in Hong Kong dollars, thus the Company was not subject to the risks in relation to exchange rate fluctuations. The gearing ratio (total borrowings divided by total assets) as at 30 June 2019 was approximately 67.19% (31 December 2018: approximately 60.44%).

## **CURRENCY RISK MANAGEMENT**

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollars and US dollars. The Group is mainly exposed to foreign exchange risk with respect to Renminbi which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group and consider adopting appropriate hedging measures in the future when necessary. In addition, the Group also pays close attention to the impact of the U.S. interest rate fluctuations on the U.S. dollar-denominated assets, and will adopt appropriate response measures.

During the six months ended 30 June 2019, the Group has not used any financial instruments for hedging purposes, nor any currency borrowings or other hedging instruments to hedge foreign currency net investments.

## **PLEDGE OF ASSETS**

As at 30 June 2019, the Group did not have any finance lease receivables pledged for securing bank borrowings by the Group.

## **CONTINGENT LIABILITIES AND CAPITAL COMMITMENT**

There was no material change in the Group's contingent liabilities and capital commitment as compared to the latest published annual report.

## **SIGNIFICANT INVESTMENTS**

Save as disclosed in notes 11 and 12 to the condensed consolidated financial statements, the Group did not have any other significant investments as at 30 June 2019.

As at 30 June 2019 and the date of this announcement, save as disclosed in the section "Future Prospects" on pages 39 to 40 of this announcement, the Group did not have any plans for significant investment or acquisition of capital assets in future.

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

For the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

The Group did not have any material acquisitions or disposals of subsidiaries for the six months ended 30 June 2019.

## **EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME**

As at 30 June 2019, the Group had a workforce, including the Directors of the Group and the Directors of the Company's subsidiaries, of 602 employees, of which 542 were based in the PRC. Staff costs incurred and charged to profit or loss for the six months ended 30 June 2019, including Directors' remuneration, were approximately HK\$75,885,000 (for the six months ended 30 September 2018: approximately HK\$64,557,000). The increase in staff costs was in line with the business expansion and revenue growth of the Group.

The Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The Group's remuneration policy aims to retain and motivate staff. Performance of staff is appraised annually to provide a basis for the review of the remuneration package. The Group participates in a Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all its employees in Hong Kong.

The employees of the Group's PRC subsidiaries are members of a state-managed retirement benefit plan operated by the government of the PRC. The PRC subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The Group has adopted a series of human resource management initiatives, including providing training programmes and development opportunities for its staff. The Group has established individual training and development record for each of our employees to improve their professional service standards and to keep them updated with the latest knowledge developments and help them develop sufficient professional capability to provide better services for investors and other stakeholders. The Group has also been implementing the "Internal Sharing Plan" in the Group, encouraging our staff to share their expertise and experience with others. In addition, the Group encouraged all employees to participate in financial knowledge training courses organised by various commercial institutions to enrich and improve their understanding of finance. The Group also provided other benefits to the staff in accordance with the prevailing market practice.

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

The Group is committed to supporting environmental sustainability. The Group implements environmental policies and measures in our daily business operations to mitigate the Group's impact on the environment.

The Group pays a high level of attention to indicators of energy usage and emission. Although the Group is not involved in any manufacturing activities, it adheres to low-carbon travel without hindering the efficient operations of the Group. Employees shall strictly comply with the specifications of travel allowance claim under the daily expense standards. Based on the principles of efficiency and conservation, the Group encourages employees to choose low-carbon and efficient means of transportation, such as MTR and other public transport. The Group also encourages employees to travel together and take the same flight to allow pick-up in one go and conserve energy.

The Group adheres to the policies of efficient use of energy, water and other resources as the Group endorses conservation of energy and resources in daily operations. The Group posts notes at lighting switches and other conspicuous areas as one of the measures for energy conservation. The Group advocates the Energy Saving Charter on Indoor Temperature and maintain an average indoor temperature of our office between 24°C to 26°C during summer time to save energy; use LED lights included in the Voluntary Energy Efficiency Labelling Scheme of the Electrical and Mechanical Services Department of Hong Kong; select energy-efficient appliances (e.g. refrigerators, air-conditioners); request employees to switch off the lights before leaving offices; encourage reuse of stationery, such as old envelopes and folders; promote double-sided printing and reuse of paper for facsimile.

## **COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS**

During the six months ended 30 June 2019, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws or regulations by the Group that has a material adverse impact on the business and operations of the Group.

## **RELATIONSHIPS WITH STAKEHOLDERS**

The Group believes that the people-oriented talent management model is crucial to the long-term development of the Group. The Group focuses on team building and talent introduction, and has always adhered to the principles of openness, equality, competition and selection of hiring excellent talents. The Group's employee management focuses on recruiting and developing talents. Staff performance is measured on a regular and structured basis to provide employees with appropriate feedback and to ensure their alignment with the Group's corporate strategy. The Group also understands that maintaining a good long-term relationship with business partners is one of its primary objectives. Accordingly, the management has used its best endeavours to maintain good communications, promptly exchange ideas and share business updates with them when appropriate. During the six months ended 30 June 2019, there was no material and significant dispute between the Group and its business partners.

## **CORPORATE GOVERNANCE**

Throughout the six months ended 30 June 2019, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviations:

Under Code Provision A.1.3, notice of at least 14 days should be given of a regular Board meeting to give all Directors an opportunity to attend. During the six months ended 30 June 2019, certain regular Board meetings were convened with less than 14 days' notice to facilitate the Directors' timely reaction and expeditious decision making process in respect of internal affairs of the Group. All Board meetings, nevertheless, were duly convened and held in the way prescribed by the bye-laws of the Company. The Board will use reasonable endeavour to meet the requirement of Code Provision A.1.3 in future.

The independent non-executive Directors were not appointed for a specific term and thus the Company has deviated from Code Provision A.4.1. However, as specified by the Company's bye-laws, not less than one-third of the Directors of the Company (both executive and non-executive Directors) are subject to retirement by rotation at the Company's annual general meeting. Code Provision A.4.2 requires every Director should be subject to retirement by rotation at least once every three years. Therefore, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those provided in the Code.

Code Provision C.1.2 which requires the management to provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties. During the six months ended 30 June 2019, the management did not provide regular updates to all members of the Board as required by Code Provision C.1.2, as all the executive Directors were involved in the daily operation of the Group and were fully aware of the performance, position and prospects of the Company, and the management has provided to all Directors (including non-executive Directors and independent non-executive Directors) half-yearly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail prior to the regular Board meetings. In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient background or explanatory information for matters brought before the Board. Therefore, the Company considers that all members of the Board have been given a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.

## **AUDIT COMMITTEE**

The audit committee of the Board was established in accordance with the requirements of the Code for the purposes of, among others, reviewing and providing supervision over the Group's financial reporting processes and internal controls. The audit committee comprises four independent non-executive Directors. The Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2019 have been reviewed by the audit committee of the Board.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code for securities transactions by directors of the Company. Following the specific enquiry by the Company, the Directors have confirmed that they have complied with the required standard under the Model Code for the six months ended 30 June 2019.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This announcement is published on the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.csfg.com.hk](http://www.csfg.com.hk)). The interim report for the six months ended 30 June 2019 will be published on the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.csfg.com.hk](http://www.csfg.com.hk)) and also be dispatched to the shareholders of the Company in due course.

By Order of the Board

**China Shandong Hi-Speed Financial Group Limited**

**Wang Xiaodong**

*Chairman*

Hong Kong, 28 August 2019

*As at the date of this announcement, the Company has five executive directors, namely Mr. Wang Xiaodong, Mr. Liu Han, Mr. Liu Zhijie, Mr. Liu Yao and Ms. Liao Jianrong; three non-executive directors, namely Dr. Lam Lee G., Mr. Qiu Jianyang and Mr. Lo Man Tuen; and four independent non-executive directors, namely Mr. To Shing Chuen, Mr. Cheung Wing Ping, Mr. Guan Huanfei and Mr. Tan Yuexin.*

\* *For identification purposes only*