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EXCELLENCE OF CONNECTED SINCERITY
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INTERIM REPORT 2013 中期報告

Convoy Financial Services Holdings Limited 康宏理財控股有限公司
(incorporated in the Cayman Islands with limited liability)（於開曼群島註冊成立的有限公司）
Stock Code 股份代號：1019

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North Pole Marathon

In April 2013, Wong Lee Man, our Chairman, and four of our fellows, namely Andrew Lai, Steve Lo, Kason Fok and Keith Leung, together with Francis Ngai and Janis Chan, being representatives of our mission partner, Green Monday, participated in the North Pole Marathon and travelled to the North Pole in person to understand the problem of melting glaciers, with an aim of arousing Hong Kong people's concern about global warming.

The North Pole Marathon, which has been founded by an Irish, Richard Donovan, in 2002, has a history of 11 years so far and is recognized as one of the world's coldest marathon. Participants have to finish the 42.195km marathon under the extreme cold conditions of approximately –30°C on Barneo, Norway. The marathon this year has attracted 46 athletes from different countries and this was the first time there were representatives from Hong Kong joining the event.

Marathon Des Sables

In April 2013, 10 Convoy members participated in the Marathon Des Sables and raised funds for the "University Student Financial Assistance Program" of U-Hearts, so as to subsidize the Mainland students with poor financial conditions but outstanding academic achievement to pursue education at universities. This was the third consecutive year that Convoy members participated in this event, which is known as the "Highway to Hell".

During the 7 days of challenge, participants are required to finish the whole stage in the desert on foot, carrying with their own backpacks. In addition to the rugged landscape, adverse environment and a daily temperature as high as 50°C, participants have to overcome the highly adverse natural conditions in the desert, such as temperature difference and drought. The most challenging part is that they have to carry a backpack of approximately 30 pounds, in which there are foodstuff, cooking utensils, sleeping bags, clothes and daily necessities, along the way as well. Wong Lee Man, our Chairman, has also finished the event in 2011.

CHAIRMAN'S STATEMENT

Wong Lee Man
Chairman

On 9 April 2013, I dashed on the ice and snow at the North Pole, with a mission of promoting vegetarianism and protecting the environment, and completed the second polar marathon in my life. The crazy dashing on snow, a distance running under –30°C on endless ice and snow, was more thrilling and tougher than my expectation. On the way, I was forced to receive injury treatment in the supporting and medial station due to frostbite. After half an hour of rest, I finally completed the 42.1km polar marathon in 7 hours and 4 minutes under the care of my companions and the event's medical team. The challenge, though only lasted 7 hours, enabled me to develop a deeper understanding of myself through the life experience, relentless power of the nature and insignificance of human beings that I have achieved and learned from, as well as the ups and downs of moods I experienced, in the event.

In the first half of the year, 15 Convoy members, including me, have been to two places with the most extreme weather and conditions — the North Pole and the Sahara Desert and participated in two marathons which have been known as the extremely difficult marathons in the world, respectively, to celebrate the 20th anniversary of our parent company, CFG. Some people may ask: why did you, as a chairman of a listed company, choose to risk your life to visit the polar region and take up the crazy running challenge? Is this for challenging yourself, or promoting the Company? Or, is it really out of our craziness? Although

we perhaps are a group of crazy men in others' eyes, these challenges successfully received a huge response and brought out a meaningful message on environmental protection. This is what we would like to see.

In fact, I believe that the term "crazy man" may not carry a negative connotation. Many innovative ideas in the market are often developed from a crazy thought. Most of such thoughts are labelled as crazy concepts which no one would dare to develop or put into practice. For this reason, only crazy men would insist on breaking the inherent pattern and think out of the box, which eventually enable them to become a pioneer in the market. I am grateful that Convoy has been regarded as a crazy participant in the industry over the past years. We have been developing such crazy ideas, crazy words, or even crazy acts, into momentums, which fuel up the development of this small business. Nowadays, we even jump out of Hong Kong and penetrate into the Asia market. In the first half of the year, we also materialized such momentum into new businesses and achieved encouraging results.

I would like to present the unaudited interim results of the Group for the six months ended 30 June 2013 to the shareholders of the Company on behalf of the Board.

During the period under review, the Group's turnover was approximately HK$468,543,000, representing a significant increase of 49.9% when compared with the same period in 2012. Profit for the period attributable to owners of the Company increased by 137.2% from the same period of last year to approximately HK$43,910,000. Basic earnings per share attributable to owners of the Company amounted to HK10.9 cents. The Board do not recommend the payment of an interim dividend for the six months ended 30 June 2013.

Strived to develop new businesses by the introduction of strategic partners

The Group delivered a satisfying performance for the first half of the year, with a significant increase in profit. The increase was primarily attributable to the smooth commencement of the new businesses and the profit they successfully contributed to the Group. With regard to the traditional sales business, the local sales of ILAS continued to account for a significant proportion. However, we are pleased to have a growing proportion of insurance products and MPF business at the same time, as the Group's diversified marketing strategies have been proven to be highly effective.

On the other hand, the development of Mainland China operations started to be on the right track. Although this is yet to turn the loss in the development stage into profit, the loss was greatly reduced and its proportion in the Group's revenue surged from 0.6% to 8.2%, suggesting a significant improvement made in Mainland China operations. At the beginning of the year, Convoy has obtained the National Insurance Agent License, which strengthened the competitiveness of Convoy in the mainland China market. In the future, the Group will continue to develop the national business platform, and give full play to the synergies of the operations of the mainland China and Hong Kong.

The Group introduced a number of strategic partners this year to strengthen its future development, with an aim of bringing the Group new momentums. The management believed that the joining of new shareholders will help to expand the shareholder base of the Group, which will be beneficial to the Group's future development. Moreover, the transaction reflected that the market is optimistic towards the prospects of the financial management and financial sectors. It also proved that the Group's current and future operating conditions are favourable, and its future development strategies are highly recognized by the investment market.

In addition, the Group and its parent company, CFG, are now under active negotiation for the acquisition of CFG's assets management business, so as to enable our financial consultants to provide our clients with more diversified financial services, further enhancing the Group's competitiveness in the market.

Money lending business developed smoothly and generated revenue as expected

In the first half of 2013, the Group commenced the money lending business and started to provide our clients with more diversified financial services, aiming at creating the maximum profit for our shareholders. We are confident that the launch of this money lending service would help us attract more potential new clients. As an all-rounded financial service platform, we recognized the importance of liquidity to clients when they are making important investment decisions. Therefore, we established the money lending department to provide timely and efficient financial support and improve our clients' flexibility in financial planning.

To cope with the future development of the money lending business, we have also established a strategic partnership with First Credit Finance Group Limited ("First Credit"), an experienced player in the local credit market. Leveraging on Convoy's experienced consultancy force, strong client network and well-established brand equity, coupled with the extensive experience of First Credit in the money lending market, we are confident in creating a huge synergy in the future.

Establishing Corporate Solution Department to strengthen MPF business

Since the government's implementation of MPF Semi-Portability in November 2012, the Group has recorded a significant growth in business revenue generated from it, even though the market has considered that the number of people who chose to shift to another plan is lower than expected. During the year, the Group recorded a turnover of HK$6,932,000, representing a significant increase of 163.7% when compared with the same period of last year. The excellent performance of MPF business was attributable to the early move of the management, which established the MPF Business Department in 2010 to strive to develop such business. Meanwhile, the business has also brought the Group another business opportunity through establishing contacts with different SMEs employers.

With a view to the demand of modern enterprises for various resources, especially for human resources, which are necessary for achieving efficient operation, we have restructured our MPF Business Department into Corporate Solution Department early this year, aiming at providing our corporate clients with professional advice on risk management and material assets protection.

We offer corporate and individual clients the services of occupational retirement schemes and mandatory provident fund schemes. Apart from providing clients with advice on the design of retirement schemes, we also offer group insurance services, and explore comprehensive group life insurance and medical insurance in the market, assisting our corporate clients in retaining outstanding employees.

Satisfying market needs with the addition of popular RMB investment products

The revenue derived from ILAS, which is the major contributor of the Group's revenue, increased by 27.2% as compared to the same period of last year. Although the new regulations on the sales of ILAS have been implemented this year and the market expected that sales of similar products will decline, the Group believed that the market demand for ILAS products still exists. In addition, many industry peers (such as banks) have temporarily withdrawn from the market upon the implementation of the new regulations, which is beneficial to Convoy as we act as an intermediary to sell such products. As a result, the Group remains optimistic towards the market prospects of ILAS products, and the management will adopt a prudent approach by closely monitoring the market development.

Furthermore, we have worked intensively on exploring different types of products this year, in order to diversify our sources of revenue in respect of insurance products. At the beginning of the year, the Group cooperated with BOCG Life for the first time to sell insurance products and was the first IFA firm to be appointed as the authorized distributor of the "Wealth Conquer Universal Life Insurance Plan".

With the increasing appreciation potential of RMB, the demand for RMB insurance products has been increasing. Moreover, with the globalization of the world economy, different countries have developed trade and business relationship with China, which stimulates the RMB demand in the market. In addition, there is a trend for RMB to become an international currency, attracting more investors to consider RMB financial products as an investment tool against inflation. As a result, the above products received encouraging results once they are launched in the market.

The Group will keep abreast of the market trend and will not rule out the possibility of further cooperating with other insurance companies of the same type if there are other suitable insurance or financial management products in the future, to provide clients with appropriate products in a timely manner.

Enhanced brand equity at the 20th anniversary of our parent

In line with the 20th anniversary of CFG, our parent company, we commenced a series of promotional campaigns in the first half of the year. The above mentioned polar marathon received extensive media coverage, achieving a desirable promotional effect. Meanwhile, we capitalized on this invaluable opportunity to launch a series of far-reaching campaigns, including the sponsorship of the television programme "Xtreme Marathon(極地狂奔)", the shooting and production of the brand new series of television and print advertisement, the cooperation with Green Monday to promote the Green Monday Scheme in Hong Kong etc., aiming to further consolidate our market leading position by creating brand equity.

Supporting social enterprises development and stepping up our efforts in environmental protection education

Being aware of the significance of environmental protection to community development, the Group actively fostered environmental protection education throughout the Company. Apart from becoming the mission partner of Green Monday in the beginning of the year and promoting the healthy living campaign of "Meatless Monday", the Group also planned to join the "**I'm FINished with Fins**"(**一翅都唔食**) movement initiated by Shark Savers in September this year and established a set of "finless" code for corporate events. Meanwhile, I will become one of the spokepersons of the campaign to call on Hong Kong people to change their eating habits and commit to stop consuming shark fins publicly. In addition, in collaboration with the "Good Goods" under the umbrella of Hong Kong Council of Social Service, we set up "GOOD POINT" self-serving shopping counters at the Group's offices, selling organic products which are from social enterprises and fair trading and of low carbon, thereby promoting the responsible consumption concept. By cooperating with various environmental protection organizations and social enterprises, the Group wishes to increase the environmental protection awareness and attention of our staff, as well as promoting environmental friendly living and green culture.

Last but not least, on behalf of the Board, I would like to thank all of our business partners, customers, the public shareholders and our consultants for their enduring support to Convoy. Despite the challenges of various changes to the economic and operating environment this year, I strongly believe that our colleagues will react positively and demonstrate high morale and cohesiveness for the purpose of adding value for our shareholders.

Wong Lee Man
Chairman

Hong Kong, 28 August 2013

CORPORATE INFORMATION

Executive directors

Mr. Wong Lee Man *(Chairman)*
Ms. Fong Sut Sam
Mr. Mak Kwong Yiu
Mr. Kwok Shun Tim

Independent non-executive directors

Mrs. Fu Kwong Wing Ting, Francine
Dr. Wu Ka Chee, Davy
Mr. Ma Yiu Ho, Peter

Registered office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Headquarters and principal place of business

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169 Electric Road
Hong Kong

Our Company's website address

www.convoy.com.hk

Members of audit committee

Mr. Ma Yiu Ho, Peter *(Chairman of the audit committee)*
Mrs. Fu Kwong Wing Ting, Francine
Dr. Wu Ka Chee, Davy

Members of remuneration committee

Mrs. Fu Kwong Wing Ting, Francine
(Chairman of the remuneration committee)
Dr. Wu Ka Chee, Davy
Mr. Wong Lee Man

Members of nomination committee

Mrs. Fu Kwong Wing Ting, Francine
(Chairman of the nomination committee)
Dr. Wu Ka Chee, Davy
Mr. Wong Lee Man

Members of corporate governance committee

Dr. Wu Ka Chee, Davy
(Chairman of the corporate governance committee)
Mrs. Fu Kwong Wing Ting, Francine
Ms. Fong Sut Sam
Mr. Wong Lee Man

Company secretary

Mr. Chow Kim Hang

Authorised representatives

Mr. Mak Kwong Yiu
Mr. Chow Kim Hang

Principal share registrar and transfer office

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Principal bankers

Standard Chartered Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

Principal auditors

Ernst & Young
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

Key financial information/financial ratios	For the six months ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited and restated)	% Change Increase/(decrease)
Revenue	**468,543**	312,574	49.9%
Net profit attributable to owners of the Company	**43,910**	18,512	137.2%
Net profit margin attributable to owners of the Company	**9.4%**	5.9%	3.5%

Financial Review

Financial performance

Convoy has achieved outstanding financial performance in the first half of 2013. The profit attributable to owners of the Company was approximately HK$43.9 million for the six months ended 30 June 2013, representing an increase of approximately 137.2% compared with that for the six months ended 30 June 2012. The net profit margin attributable to owners of the Company increased from approximately 5.9% for the six months ended 30 June 2012 to approximately 9.4% for the six months ended 30 June 2013, primarily attributable to: (i) the significant growth in revenue of Hong Kong IFA business of approximately HK$95.9 million as compared with last corresponding period, resulted from our effective business diversification strategies, our successful sales incentive schemes and our dedicated marketing efforts in promoting Convoy's corporate branding in the first half of 2013; and (ii) the profits of HK$17.3 million brought by the money lending business and unrealized gain from the proprietary investment business, both of which are commenced in the first half of 2013.

Our revenue for the six months ended 30 June 2013 was approximately HK$468.5 million, representing an increase of approximately 49.9% compared with that for the six months ended 30 June 2012.

The increase was resulted from the effective and proactive execution of our business diversification and regional expansion strategies that we have put into place since our Listing, which contributed to significant increase in revenue of our core IFA businesses as compared with last corresponding period. Starting from April 2013, Convoy has further expanded its businesses to money lending and proprietary investment businesses, in bid to attain as an all-rounded IFA who can provide different kinds of financial services to our clients and can provide immediate economic benefits to the shareholders. These new businesses, though commenced only in April 2013, brought to Convoy of new revenue of approximately HK$23.3 million in three months' time. An analysis of the Group's revenue is as follows:

Revenue by reportable segments:	30 June 2013 HK$'000	30 June 2012 HK$'000	Increase (decrease) HK$'000	% Change %
IFA business	**445,263**	312,517	132,746	42.5%
Money lending business	**652**	–	652	n/a(Note)
Proprietary investment business	**22,628**	–	22,628	n/a
Total	**468,543**	312,517	156,026	49.9%

Note: For management discussion and analysis purpose, no application of merger accounting (as disclosed in note 3 to the condensed consolidated financial information) will be made for the six months ended 30 June 2012.

Financial Review (continued)

Financial performance (continued)

Total operating expenses for the six months ended 30 June 2013 was HK$415.0 million (30 June 2012: HK$291.4 million). The overall cost-to-revenue ratio improved from 93.2% for the six months ended 30 June 2012 to 88.6% for the six months ended 30 June 2013. An analysis of these expenses is as follows:

	30 June 2013 HK$'000	30 June 2012 HK$'000	Increase (decrease) HK$'000	% Change %
IFA business	**408,657**	286,088	122,569	42.8%
Money lending business	**562**	–	562	n/a(Note)
Proprietary investment business	**2,811**	–	2,811	n/a
Corporate head office	**2,985**	5,284	(2,299)	(43.5)%
Total	**415,015**	291,372	123,643	42.4%

The below section will describe the Group's financial performance in Hong Kong, Mainland China and Macau for the six months ended 30 June 2013 and its prospects.

IFA business

Convoy's Hong Kong operations continued to be the largest contributor of revenue and profits to the Group's IFA business with revenue and profit attributable to owners of the Company of approximately HK$405.5 million (30 June 2012: HK$309.6 million) and HK$47.5 million (30 June 2012: HK$35.5 million, respectively.

Revenue

Revenue from our Hong Kong operations for the six months ended 30 June 2013 was approximately HK$405.5 million, an increase of approximately 31.0% from that for the six months ended 30 June 2012. The proactive execution of our business diversification strategies that we have put into place since Listing, our successful sales incentive schemes and our dedicated marketing efforts in promoting Convoy's branding have contributed to the excellent performance across all business lines, despite the complicated and the uncertain global economic environment.

Revenue mix analysis (HK operations):	**30 June 2013 HK$'000**	30 June 2012 HK$'000	Increase (decrease) HK$'000	% Change %
Investment brokerage commission income	**371,231**	291,957	79,274	27.2%
Insurance brokerage commission income	**27,364**	15,019	12,345	82.2%
Pension scheme brokerage commission income	**6,932**	2,629	4,303	163.7%
Total	**405,527**	309,605	95,922	31.0%

Financial Review (continued)

Revenue (continued)

Revenue derived from ILAS continued to be the major contributor to the Group's total revenue generated from Hong Kong's IFA business. For the six months ended 30 June 2013, the Group recorded an increase of 27.2% in revenue derived from ILAS as compared with the corresponding period last year. Leveraging on our strong team of consultancy force and well-established brand name and operation platform, we are able to achieve growth in ILAS business against challenging and uncertain global economic environment in the first half of 2013. This has also proved the effectiveness of our existing business models.

Pursuant to the Group's long term strategy of diversification of revenue, we have spent great effort to develop non-linked insurance, general insurance and MPF business. These businesses have achieved excellent performance in the period under review.

Compared with the six months ended 30 June 2012, revenue derived from non-linked and general insurance products increased by approximately 82.2%, building on the growth momentum we have achieved in 2012. With our dedicated effort, the proportion of revenue derived from other insurance products increased from 4.9% for the six months ended 30 June 2012 to approximately 6.7% for the six months ended 30 June 2013. This evidenced that our business diversification strategy is succeeding. This can help us to achieve long-term sustainable steady growth. The Group will continue to pursue its strategy to diversify its businesses and client portfolio so as to achieve healthy and stable growth in revenue.

Revenue derived from MPF schemes increased by approximately 163.7% and its proportion of revenue increased from 0.8% for the six months ended 30 June 2012 to approximately 1.7% for the six months ended 30 June 2013. Following the successful launch of the Mandatory Provident Fund's new Employee Choice Arrangement in November 2012, it is expected that new business opportunities in relation to MPF and the relevant financial planning business would continue to grow for years because the market would react to this change gradually and definitely increase the awareness of the importance of financial planning. Thus, the Group would commit on the investment and development in this respect. Though the ECA market is not as active as expected, we believe the markets would take time to attain a critical mass for explosion growth and such trend would continue with increasing pace.

Operating expenses

Total operating expenses recorded by our Hong Kong operations was approximately HK$348.3 million for the six months ended 30 June 2013, representing an increase of approximately 29.9% from that for the six months ended 30 June 2012.

Operating expenses (HK operations)	30 June 2013 HK$'000	30 June 2013 Margin (%)	30 June 2012 HK$'000	30 June 2012 Margin (%)
Commission expenses	256,211	63.2%	182,559	59.0%
Staff costs	24,781	6.1%	25,447	8.2%
Rental and related expenses	24,169	6.0%	25,032	8.1%
Depreciation	5,480	1.4%	6,304	2.0%
Commission clawback	6,084	1.5%	5,735	1.9%
Marketing expenses	14,913	3.7%	5,979	1.9%
Other expenses	16,628	4.1%	17,054	5.5%
Total	348,266	85.9%	268,110	86.6%

Commission expenses were approximately HK$256.2 million for the six months ended 30 June 2013, representing an increase of approximately 40.3% from that for the six months ended 30 June 2012, outpacing the increase in our revenue for the same period. The increase was primarily attributable to the implementation of a new incentive scheme to consultants of the Group, which contributed to the increase in commission expenses of approximately HK$14.4 million. Such scheme aims to strengthen our consultant hierarchy to attain further growth in future. The impact has been completely reflected in 2013 financials.

Financial Review (continued)

Operating expenses (continued)

Staff costs were approximately HK$24.8 million (30 June 2012: HK$25.4 million) for the six months ended 30 June 2013. The slightly decrease in staff cost was resulted from the success in restructuring the remuneration package to consultants which induced the reduction in the number of salary-based trainees.

Marketing expenses were approximately HK$14.9 million, increased by approximately 149.4% outpaced the growth of revenue mainly due to increased input to explore more business promotion campaigns in bid to procure our growth in business in the first half of 2013. More branding and promotional activities and sales incentive schemes were conducted in the first half of 2013. It is planned to do more in the first half of 2013 to gain momentum as soon as possible and to celebrate the 20th anniversary of Convoy. In the second half of 2013, there will be less marketing activities and the whole year margin will be lower.

In the past few years, the market rental rate has been continuously surged which has put a great pressure on our operation cost. In bid to control rental cost which is one of our major operating costs to a reasonable level, we have adopted various space planning strategies to enhance the usage efficiency and lower the unit cost of space. During the six months ended 30 June 2013, total rental and related expenses were HK$24.2 million, dropped by approximately 3.4% as compared with last corresponding period. We believe these strategies can help us have healthier cost structure for our on-going development in future.

Other expenses were approximately HK$16.6 million for the six months ended 30 June 2013, representing a decrease of approximately 2.5% compared with that for the six months ended 30 June 2012. The decrease was resulted from our stringent and effective cost control strategies that we have put into place.

The Group has entered into IFA industry in Mainland China since January 2011. With our dedicated effort in executing our regional expansion strategy, our strategic setup for China business development have been almost completed in 2012 and we have successfully achieved our presence and commence our operation in Beijing, Guangdong, Jiangxi and Sichuan and it is expected that the consolidation and profit-realisation period would be made in 2013 and 2014, respectively.

During the six months ended 30 June 2013, total revenue generated from Mainland China operation was approximately HK$38.3 million (30 June 2012: HK$1.7 million). The significant growth in revenue was mainly brought by 江西康宏泛誠保險代理有限公司 ("康宏江西") and 康宏碧升保險代理有限公司 ("康宏碧升"), which was acquired by the Group in August 2012 and November 2012, respectively.

Revenue by Mainland China geographical region:	30 June 2013 HK$'000	30 June 2013 %	30 June 2012 HK$'000	30 June 2012 %
Beijing	15,906	41.5%	1,081	62.1%
Guangdong province	6,907	18.0%	91	5.2%
Jiangxi province	6,489	17.0%	–	0.0%
Sichuan province	8,990	23.5%	568	32.7%
Total	38,292	100.0%	1,740	100.0%

Revenue mix analysis (Mainland China operations):	30 June 2013 HK$'000	30 June 2012 HK$'000	Increase (decrease) HK$'000	% Change %
Investment brokerage commission income	5,430	91	5,339	5,867.0%
Insurance brokerage commission income	24,906	568	24,338	4,284.9%
Advisory income	7,956	1,081	6,875	636.0%
Total	38,292	1,740	36,552	2,100.7%

Financial Review (continued)

Operating expenses (continued)

Total operating expenses recorded by Mainland China operations for the six months ended 30 June 2013 was approximately HK$58.9 million (30 June 2012: HK$16.8 million). The significant increase in operating expenses was mainly attributable to the business growth and the integration and consolidation of the operating expenses of 康宏江西 and 康宏碧升 for the six months ended 30 June 2013, which was acquired by the Group in August 2012 and November 2012, respectively. Cost-to-revenue ratio has been significantly improved from 967.4% for the six months ended 30 June 2012 to 153.8% for the six months ended 30 June 2013, mainly attributable to our dedicated efforts in driving sales and our effective and stringent cost control strategies that we have put in place.

Operating expenses (Mainland China operations)	**30 June 2013 HK$'000**	**30 June 2013 Margin (%)**	30 June 2012 HK$'000	30 June 2012 Margin (%)
Commission expenses	**27,317**	**71.3%**	1,482	85.2%
Staff costs	**16,329**	**42.6%**	7,461	428.8%
Rental and related expenses	**8,500**	**22.2%**	3,556	204.4%
Depreciation	**1,779**	**4.6%**	1,188	68.3%
Marketing expenses	**317**	**0.8%**	130	7.5%
Other expenses	**4,652**	**12.1%**	3,015	173.3%
Total	**58,894**	**153.8%**	16,832	967.4%

Staff costs were approximately HK$16.3 million for the six months ended 30 June 2013, representing an increase of approximately 118.9% from that for the six months ended 30 June 2012. This was mainly attributable to the significant increase in the number of staff from approximately 58 supporting staff as at 30 June 2012 to approximately 177 supporting staff as at 30 June 2013, to support our Mainland China development due to the completion of our strategic setup and acquisitions for Mainland China operations.

Rental expense was approximately HK$8.5 million for the six months ended 30 June 2013, representing an increase of approximately 139.0% from that for the six months ended 30 June 2012. This was mainly resulted from the addition of office premise in Beijing, Jiangxi, Shenzhen and Sichuan.

During the six months ended 30 June 2013, our Macau operations have generated revenue of approximately HK$1.4 million (30 June 2012: HK$1.2 million). Total operating expenses recorded by our Macau operations were HK$1.5 million, representing an increase of approximately 30.7% from that for the six months ended 30 June 2012. This was mainly resulted from business growth and increase in marketing expenses as compared with last corresponding period.

Money lending business

Starting from April 2013 onwards, the Group has entered into money lending business through the acquisition of the entire issued share capital in Convoy Collateral Limited, a licensed money lender in Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong). The new money lending business will enable Convoy to further diversify its business and bring into additional income stream with an aim of attaining an all-rounded IFA who can complete the financial services to clients by providing liquidity. The new business will also further enhance Convoy's competitiveness as an all-rounded IFA.

During the six months ended 30 June 2013, Convoy achieved encouraging results in money lending segment with interest income earned from money lending to individual and corporate borrowers of approximately HK$652,000. Net profit margin of money lending business was approximately 13.7% for the six months ended 30 June 2013. Profit margin would be expected to improve upon economy of scale achieved.

Financial Review (continued)

Proprietary investment business

Starting from April 2013, Convoy has further expanded its business scope to proprietary investment business, which would provide immediate economic benefits to the shareholders, strengthen the Group's capability in investment decision process which would eventually assist the Group in asset management business which helps the clients makes better investment return.

During the six months ended 30 June 2013, the Group has recorded fair value gain on equity investments of approximately HK$22.6 million. The fair value gain was mainly resulted from the investment in shares of First Credit Finance Group Limited (formerly known as "First Credit Holdings Limited") (Stock code: 8215) ("First Credit"). The investment enables Convoy to enhance its investment portfolio in the Hong Kong financial sector and to set ground for future business cooperation between First Credit and Convoy if opportunity arises which will be beneficial to the business strategy and development of Convoy. Net profit margin of proprietary investment business was approximately 76.1% for the six months ended 30 June 2013.

Prospects

Our Group will continue to pursue our vision of establishing the largest and an all-rounded IFA in Asia in bid to capture the tremendous business opportunities for wealth management and financial planning services in Asia. There has been a very strong wealth creation momentum in Asia for years. Asia would be the leader in wealth creation in the globe for the coming decade.

Hong Kong operations

The Group expects to maintain its leading position in the IFA industry in Hong Kong and continue to pursue its organic growth by expansion of consultancy force, enhancement of productivity and service quality and broadening product range. In the first half of 2013, we have devoted unevenly large resources in conducting different promotional and brand building activities and sales incentive scheme and they have been proven to be effective in enhancing the productivity of our consultancy force and boosting sales to another growth momentum for the six months ended 30 June 2013. In the second half of 2013, we believe that the growth momentum will continue, building on our outstanding financial performance that we have achieved in the first half 2013. We will continue to explore any suitable sales incentive means and marketing activities to lead Convoy to achieve another growth momentum.

As disclosed in the section headed "Prospects" of annual report 2012, to further strengthen Convoy's IFA leading position, the Group has planned to expand its scope of business in financial services in bid to attain as an all-rounded IFA who can provide different kind of financial services to the clients from Hong Kong as well as China. In the mean time, the Group believes money lending and proprietary investment business would provide immediate economic benefits to the shareholders and be two core elements for an all-rounded IFA. Money lending can complete the services to clients by providing liquidity. Proprietary investment can strengthen the Group's capability and system in investment decision process which would eventually assist the clients in making better investment return.

In the first half of 2013, we have successfully expanded our business scope to money lending and proprietary investment through acquisition of Convoy Collateral Limited, a licensed money lender in Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong), in March 2013. The initial investments in money lending and proprietary investment business was almost completed and we have achieved encouraging financial performance in money lending and proprietary investment sectors which brought to Convoy of new revenue and net profits of approximately HK$23.3 million and HK$17.3 million in the first half of 2013. In the second half of 2013, we will continue to devote huge resources of approximately HK$78.0 million, through the completion of placing on 12 August 2013, to further expand our money lending and proprietary investment businesses.

We believe that there is a huge room for money lending business to grow due to the increasing demand for money lending in Hong Kong, either from corporate borrowers for business expansion or individual borrowers for financing property mortgage. In the second half of 2013, we will continue to focus on corporate and personal loan for customers with good credibility and second mortgage instalment loan will be another main focus in view of the increasing demand for property financing in Hong Kong. Though the market competition is keen, we believe that our well-established brand name and all-rounded IFA services can help differentiate us from other competitors and uplift our competitiveness in the market. We believe that this new business can also help to create cross-selling synergies and broaden our client base in IFA business. We will adopt strict credit approval policy on money lending application and closely monitor our loan balances to minimize credit risks so as to generate a healthy and stable income stream.

Financial Review (continued)

Prospects (continued)

Hong Kong operations (continued)

For proprietary investment business, we will continue to look for any new investment opportunities that not only can provide healthy and stable investment return to Convoy, but also can bring into different synergies which are beneficial to the business strategy and development of Convoy. We will adopt strict investment policy to safeguard our financial resources and closely monitor our investment portfolio so as to generate the highest investment return. The advantage of high profit margin that we can achieve through money lending and proprietary investment businesses can help enlarge the Group's profitability and create more value to our shareholders.

In addition to the new money lending and proprietary investment businesses, Convoy has taken another proactive approach in achieving an all-rounded IFA through entering into a memorandum of understanding ("CAM Memorandum") in relation to the possible sale and purchase of the entire issued share capital of Convoy Asset Management Limited ("CAM"), a company incorporated in Hong Kong with limited liability and a memorandum of understanding ("Kerberos Memorandum") in relation to the possible sale and purchase of the entire issued share capital of Kerberos (Nominee) Limited ("Kerberos"), a company incorporated in Hong Kong with limited liability. CAM is principally engaged in the provision of investment advisory, funds dealing and asset management services and Kerberos is principally engaged in the provision of nominee services. It is expected that the proposed acquisitions, if materialised, will enable the Group to expand its scope of business to the asset management business which is essential for building an all – rounded financial services platform.

Though the market sentiments improved a bit in the first half 2013 and Convoy can continue to sustain growth in ILAS business as compared with last corresponding period, the cyclical nature of ILAS business and its stringent regulatory environment drive us to further diversify our business proactively to non-linked insurance and general insurance business which would be more counter-cyclical than ILAS and therefore can ensure stable growth under various economic conditions. We will continue to offer non-linked insurance incentives and launch cross-selling projects to boost up sales. With our dedicated efforts and the increasing customers' awareness on life protection and retirement saving needs, we expect that the growth momentum in non-linked insurance and general insurance business will continue in the second half of 2013.

Apart from business diversification, we hope to continue to seize more business opportunities from our Mainland China customers as there was an increasing demand for wealth management and financial planning services. We expect that the increasing trend will continue as our China business growth and brand development in China.

ECA has been launched for nearly 8 months since November 2012 to 30 June 2013. Though the market response is slow, the awareness of MPF participants would rocket once critical mass achieve for plan switching. This market is invaluable as very sticky business for IFA and market size will be double immediate upon the further free switch in 3 years. We are determined to develop this business to get more quality client base. We will continue to motivate our consultants to approach employer for MPF business as we believe that employer segment is still the major MPF market for both of the revenue and prospects for ECA. In May 2013, we have renamed our MPF Business Development Department to Corporate Solution Department, with an aim of providing one stop solution to corporate clients for both MPF business and group insurance business.

With our proactive execution of business diversification strategies with an aim of becoming an all-rounded IFA, we expect that our businesses would grow stronger with higher stability in the future.

Mainland China operations

The Group has entered into IFA industry in Mainland China since January 2011. With our dedicated effort in executing our regional expansion strategy, our strategic setup for China business development have been almost completed in 2012 and we have successfully achieved our presence and commence our operation in Guangdong, Beijing, Jiangxi and Sichuan and it is expected that the consolidation and profit-realisation period would be made in 2013 and 2014.

During the first half of 2013, with the integration of 康宏江西 and 康宏碧升, we have achieved significant growth in revenue as compared with last corresponding period and the overall cost-to-revenue ratio has been improved significantly through our dedicated effort in driving sales and implementing stringent cost control strategies. The proportion of the Group's revenue derived from Mainland China operations increased from approximately 0.6% for the six months ended 30 June 2012 to approximately 8.2% for the six months ended 30 June 2013. This has proved that CONVOY brand is gradually being recognized by more and more China residents and this would eventually create more and more synergy values for Mainland China as well as Hong Kong business. The Group would continue to invest in strengthening various nationwide operation platforms, enhancing the brand awareness and nurturing management and sales talent for the interests of long-term development. We would integrate the platform in Hong Kong with Mainland China in bid to establish one of the strongest regional platform to serve the customers in the midst of continuous growing overseas investment needs. Such integration would differentiate us from other major competitors which are principally domestic background without much overseas experience and uplift our competitiveness in the market to a great extent.

In May 2013, we have renamed our Regional Office in Shenzhen to Share Service Centre in order to provide extraordinary back end support to the Group. We hope that this Share Service Centre would help improving our overall operational efficiency, creating synergy and therefore lowering our operational costs in the long run.

Financial Review (continued)

Prospects (continued)

Mainland China operations (continued)

The Group believes there is a huge room to grow in Mainland China and we have equipped good conditions to capture such growth potential with our successful experience and good branding in Hong Kong and meaningful presence in Mainland China. Addition of such distribution network to the Group would create a huge synergy and increase the value of the Group to a great extent.

Macau operations

In the first half of 2013, the Group has achieved stable growth in revenue as compared with last corresponding period. We believe that the operations will continue to expand at moderate pace to gradually capture the benefits from the economic growth in Macau and the continuous increase in the number of travellers. In addition, this operation would have an important role to serve customers of the Group who frequently travel between Mainland China, Hong Kong and Macau which would indirectly support our business growth in Hong Kong and Mainland China.

Liquidity and Financial Resources

The Group mainly relies upon the shareholders' fund and cash generated from its business operations to finance its operations and expansion. The net proceeds of approximately HK$103.0 million raised from the Listing in 2010 has enlarged the capital base of the Group and strengthened the Group's financial position thereby facilitating the expansion of the Group's onward development in the IFA business.

As at 30 June 2013, the Group had cash and cash equivalents of approximately HK$184.2 million (31 December 2012: HK$159.6 million) and had not incurred any borrowings. The Group's total current assets increased from approximately HK$257.8 million as at 31 December 2012 to approximately HK$349.8 million as at 30 June 2013, while total current liabilities increased from approximately HK$218.3 million as at 31 December 2012 to approximately HK$229.5 million as at 30 June 2013. As a result, the current ratio was increased from approximately 1.2 as at 31 December 2012 to approximately 1.5 as at 30 June 2013.

As at 30 June 2013, the Group had cash and cash equivalents of approximately HK$184.2 million and had no external borrowings. The Group has sufficient working capital to meet the funding requirements for business development opportunities in the near future. The Group's liquidity, on a long term basis, will be funded by operating cash inflow. Should there be any substantial business expansion in the future, equity and debt financing would be considered for the best interests of the shareholders whichever is appropriate. The Group will continue to seek for development opportunities with a view to balance the risks and opportunities in maximising shareholders' value.

On 25 February 2013 (after trading hours), the Company entered into a warrant placing agreement in connection with the warrant placing, pursuant to which the placing agents agreed to place, on a best effort basis, up to 80,000,000 warrants conferring rights to subscribe for 80,000,000 warrant shares at the exercise price of HK$1.41 per warrant to not less than six warrant placees who, and their respective ultimate beneficial owners are independent third parties. The warrants are to be placed at a warrant placing price of HK$0.01 each. As at 30 June 2013, the net proceeds of approximately HK$0.6 million was raised by the warrant placing and the same amount was utilised by the Group as general working capital of the Group. Assuming full exercise of the subscription rights attaching to the warrants, it is expected that a further amount of approximately HK$112.8 million will be raised. The net proceeds of approximately HK$112.7 million will be used for general working capital of the Group. Further details of the placing are contained in the Company's announcement dated 25 February 2013.

After trading hours on 26 March 2013, the Company entered into the subscription agreement (the "Subscription Agreement") with Town Health International Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 3886) (the "Subscriber") pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the 19,000,000 subscription shares at the subscription price of HK$2.30 per subscription share. The aggregate subscription price will be payable by the Subscriber in cash upon completion which, subject to the satisfaction of the conditions precedent as set out in the paragraph headed "Conditions Precedent" in the Company's announcement dated 26 March 2013, will take place on the fifth business day after the satisfaction of all the conditions precedent as set out in the Subscription Agreement (or such other date as may be agreed by the Company and the Subscriber in writing). Further details are contained in the Company's announcement dated 26 March 2013. The allotment and issuance of 19,000,000 subscription shares was completed on 23 May 2013, raising net proceeds of approximately HK$43.7 million to the Group.

On 24 July 2013 (after trading hours), the Company has entered into a conditional placing agreement with the placing agent on 24 July 2013 (after trading hours), under which the placing agent will use its best efforts to place up to 44,000,000 placing shares to not fewer than six placees who are independent third parties. The placing shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the then Shareholders passed at the annual general meeting of the Company held on 10 June 2013.

Liquidity and Financial Resources
(continued)

The gross proceeds from the placing (assuming 44,000,000 placing shares have been placed) is estimated to be HK$81.4 million. Net proceeds from the placing (assuming 44,000,000 placing shares have been placed), after deducting related placing commission and other related expenses in connection with the placing, is estimated to be approximately HK$78 million. The Company intends to apply net proceeds towards the money lending business and the proprietary investment business of the Group. The placing was completed on 12 August 2013, raising net proceeds of HK$78.0 million to the Group.

Human Resources and Remuneration Policies

As at 30 June 2013, the Group employed 344 (30 June 2012: 210) supporting staff and 10 (30 June 2012: 72) salary-based trainees, of whom 175 (30 June 2012: 219) were employed in our Hong Kong business, 177 (30 June 2012: 58) by our businesses in Mainland China and 2 (2012: 5) by our business in Macau. The total remuneration of the employees (including the Directors' remuneration) was approximately HK$44.4 million for the six months ended 30 June 2013 (2012: approximately HK$34.4 million).

The Group offered competitive market remuneration packages for employees and granted bonuses with reference to employees' performance during the reporting periods according to the general rules of the Group's remuneration policy.

The emoluments of the Directors are in accordance with the remuneration policy of our Group that it is our Group's remuneration objective to, in consultation with the remuneration committee of our Company, remunerate Directors fairly but not excessively for their efforts, time and contributions made to the Group and the remuneration of Directors would be determined with reference to various factors such as duties and level of responsibilities of each Director, the available information in respect of companies of comparable business or scale, the performance of each Director and the Group's performance for the financial year concerned and the prevailing market conditions.

In addition, the Company's share award scheme (the "Scheme"), was adopted pursuant to a resolution passed on 25 January 2011 for the primary purpose of recognising the contributions by certain selected participants and giving incentives thereto in order to retain them for the continual operation and development of the Group and attracting suitable personnel for further development of the Group. A trustee, as an independent third party, was appointed by the Company for the administration of the Scheme. The trustee shall purchase the Company's shares from the market out of cash contributed by the Company and shall hold in trust for the relevant selected participants with the provisions of the Scheme.

Risk Management

The Group adopts very stringent risk management policies and monitoring systems to mitigate the risks associated with interest rate, credit, liquidity, foreign currency and equity price in all its major operations.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing financial assets. Cash at banks earns interest at floating rates based on daily bank deposit rates.

The Group reviews interest rate risk regularly and monitors closely the fluctuation of interest rates and will make proper adjustments if necessary.

Credit risk

The Group conducts business only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Even though there is no significant credit risk exposure, the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Group has also adopted stringent credit policies on money lending business. The credit policies specify the credit approval, review and monitoring processes. A credit committee was set up and authorised by the Board to have full authority to handle all credit matters.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains its level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Foreign currency risk

The Group mainly operates in Hong Kong and Mainland China with most of the Group's monetary assets, liabilities and transactions principally denominated in Hong Kong dollars and Renminbi, respectively. Majority of the commission revenue and expenditure incurred by the operating units of the Group were denominated in the units' functional currency and as a result, the Group does not anticipate significant transactional currency exposure. The Group has not used any derivative to hedge its exposure to foreign currency risk.

Equity price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments operating in financial sector quoted in the Stock Exchange. The Group has a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Material Acquisition and Disposal of Subsidiaries

There was no material acquisition and disposal of subsidiaries for the six months ended 30 June 2013.

Significant Investment Held

As at 30 June 2013, the fair value of the Group's listed investments classified as equity investments at fair value through profit or loss amounted to approximately HK$56,455,000 (31 December 2012: HK$2,099,000). The increase was mainly due to the set up of proprietary investment operation in April 2013 with the subscription of 200,000,000 shares of First Credit Finance Group Limited (formerly known as "First Credit Holdings Limited") (Stock code: 8215) during the six months ended 30 June 2013. The fair value of equity investments in First Credit Finance Group Limited was HK$37.2 million as at 30 June 2013, with fair value gain on equity investments at fair value through profit or loss of approximately HK$19.2 million for the six months ended 30 June 2013.

The Group did not have any significant investment held as at 30 June 2012.

Future Plans Relating to Material Investment or Capital Asset

On 19 July 2013 (after trading hours), CFG (as vendor) and Favour Sino Holdings Limited ("Favour Sino"), a wholly owned subsidiary of the Group (as purchaser) entered into the CAM Memorandum in relation to the possible sale and purchase of the entire issued share capital of CAM. On 19 July 2013 (after trading hours), Convoy Inc. (as vendor) and Favour Sino (as purchaser) entered into the Kerberos Memorandum in relation to the possible sale and purchase of the entire issued share capital of Kerberos. It is expected that the consideration for each of the proposed acquisitions will be satisfied by the allotment and issue of new Shares of the Company. Further details are contained in the Company's announcement dated 19 July 2013.

Except for the above, the Group has not executed any agreement in respect of material investment or capital asset as at the end of the reporting period.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2013.

Capital Expenditures

The Group's capital expenditures primarily consisted of expenditures on leasehold improvements, acquisition of computer equipment and systems, office equipment and motor vehicle. For the six months ended 30 June 2013 and 2012, the Group incurred capital expenditures in the amounts of approximately HK$16.1 million and HK$3.1 million, respectively.

Other than the above, the Group also paid deposits for acquisition of computer equipment and systems amounted to approximately HK$2.3 million for the six months ended 30 June 2013, mainly related to the development of on-line application system and paid deposits for purchases of a property in Hong Kong amounted to approximately HK$8.7 million for the six months ended 30 June 2013.

Commitments

The Group's contractual commitments are primarily related to the operating lease commitments of its office premises, staff quarters and certain of its office equipment under operating lease arrangements and capital commitments related to acquisition of items of computer equipment and systems and leasehold improvements and other commitments related to the acquisition of a subsidiary and an available-for-sale investment.

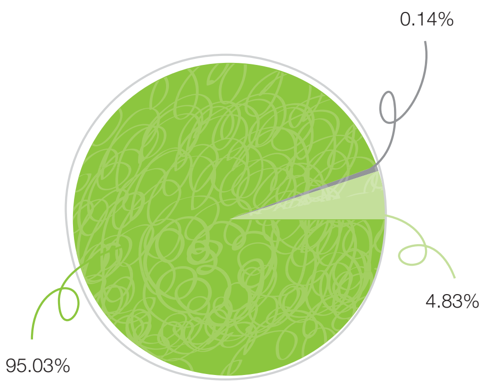
The Group's operating lease commitments amounted to HK$132.8 million and HK$141.6 million in the aggregate as at 30 June 2013 and 31 December 2012, respectively.

The Group's capital commitments related to acquisitions of items of computer equipment and systems and leasehold improvements and acquisition of a property amounted to HK$69.6 million as at 30 June 2013 (31 December 2012: HK$92.8 million).

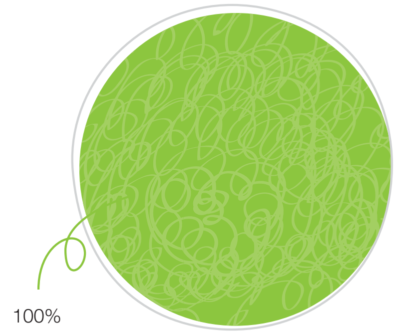
The Group's other commitments related to an available-for-sale investment amounted to approximately HK$7.5 million (31 December 2012: HK$7.5 million).

Operation Review

Revenue Mix Analysis:



30 June 2013

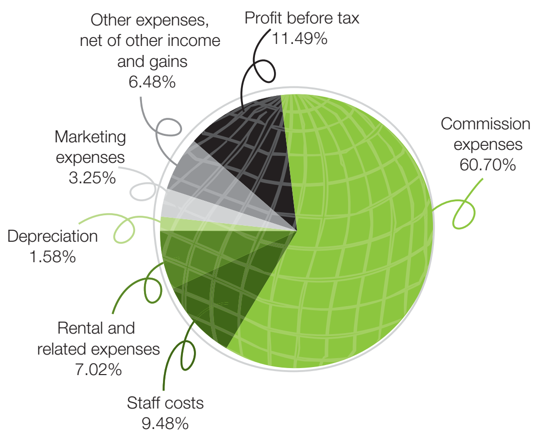


30 June 2012

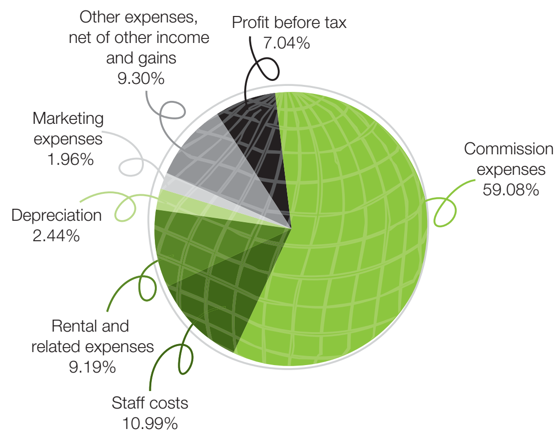
- IFA business
- Money lending business
- Proprietary investment business

- IFA business

Cost-to-revenue Ratio Analysis:

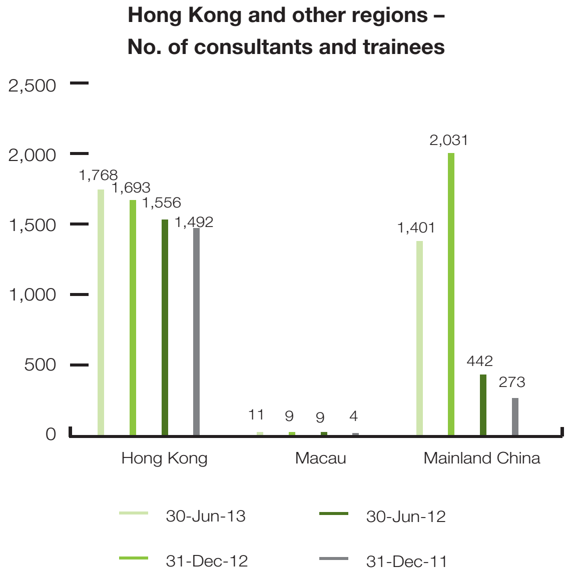


30 June 2013

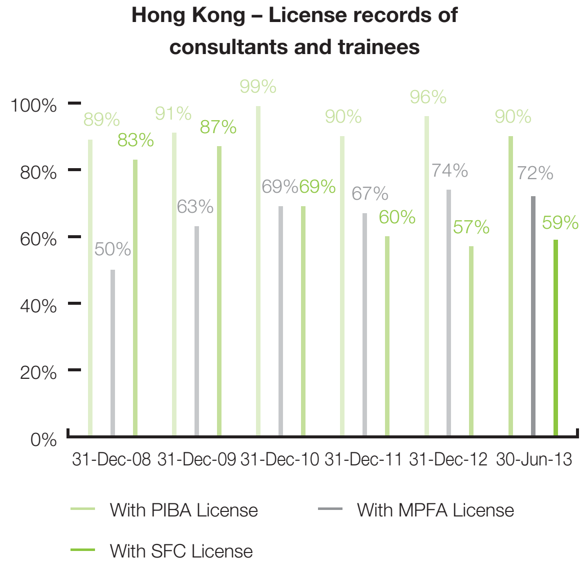


30 June 2012

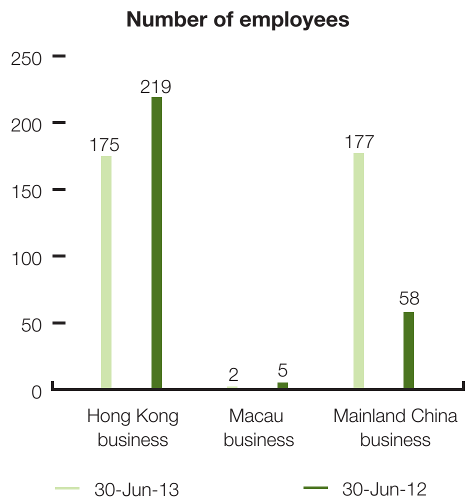
Hong Kong and other regions – No. of consultants and trainees:



Licensing profile of consultants and trainees:



Number of employees:



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

The board of directors (the "Board") of Convoy Financial Services Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") is pleased to present the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2013, together with the comparative amounts for the corresponding period of last year as follows. These interim results have been reviewed by the audit committee of the Company.

	Notes	For the six months ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited and restated) (Note 3(a))
REVENUE	5	**468,543**	312,574
Other income and gain, net	5	**286**	926
Commission expenses		**(284,403)**	(184,657)
Staff costs		**(44,422)**	(34,356)
Depreciation		**(7,409)**	(7,626)
Commission clawback	17	**(6,084)**	(5,735)
Other expenses		**(72,697)**	(59,106)
PROFIT BEFORE TAX	6	**53,814**	22,020
Income tax expense	7	**(12,502)**	(7,263)
PROFIT FOR THE PERIOD		**41,312**	14,757
OTHER COMPREHENSIVE LOSS			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(15)**	(34)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**41,297**	14,723
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		**43,910**	18,512
Non-controlling interests		**(2,598)**	(3,755)
		41,312	14,757
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Owners of the Company		**43,940**	18,517
Non-controlling interests		**(2,643)**	(3,794)
		41,297	14,723
		(unaudited)	(unaudited and restated)
Earnings per share attributable to owners of the Company	9		
Basic		**HK10.9 cents**	HK4.6 cents
Diluted		**HK9.6 cents**	HK4.6 cents

Details of the dividend payable for the period are disclosed in note 8 to the condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2013

	Notes	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (restated) (Note 3(b))	1 January 2012 HK$'000 (unaudited and restated)
NON-CURRENT ASSETS				
Property, plant and equipment	10	44,552	35,876	26,655
Prepayments, deposits and other receivables		50,088	46,712	40,579
Goodwill	15(b)	39,840	39,840	5,381
Intangible assets	16	1,797	2,069	–
Loans receivable	11	3,034	3,031	3,522
Available-for-sale investment		4,976	4,976	–
Restricted cash		1,550	1,550	–
Deferred tax assets		10,594	10,450	3,779
Total non-current assets		156,431	144,504	79,916
CURRENT ASSETS				
Accounts receivable	12	61,977	54,110	53,349
Loans receivable	11	25,456	904	904
Prepayments, deposits and other receivables		20,597	37,344	15,174
Equity investments at fair value through profit or loss	14	56,455	2,099	183
Due from a fellow subsidiary		643	643	643
Tax recoverable		–	2,570	–
Restricted cash		453	510	394
Cash and cash equivalents		184,213	159,584	220,478
Total current assets		349,794	257,764	291,125
CURRENT LIABILITIES				
Accounts payable	13	162,045	130,421	98,429
Other payables and accruals		49,123	72,286	33,714
Due to the immediate holding company		915	8,791	9,780
Tax payable		10,005	28	217
Commission clawback	17	7,449	6,739	6,588
Total current liabilities		229,537	218,265	148,728
NET CURRENT ASSETS		120,257	39,499	142,397
Net assets		276,688	184,003	222,313
EQUITY				
Equity attributable to owners of the Company				
Issued capital		41,900	40,000	40,000
Reserves		233,632	136,046	182,567
		275,532	176,046	222,567
Non-controlling interests		1,156	7,957	(254)
Total equity		276,688	184,003	222,313

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company												
	Issued capital HK$'000	Share premium account HK$'000	Capital reserve HK$'000 (i)	Merger reserve HK$'000 (ii)	Shares held for share award scheme HK$'000 (iii)	Warrant reserve HK$'000 (iv)	Exchange fluctuation reserve HK$'000	Reserve funds HK$'000 (v)	Other reserves HK$'000 (vi)	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2012													
As previously reported	40,000	133,396	(64,379)	(1,056)	–	965	(33)	46	580	119,791	229,310	(254)	229,056
Adjustments (Note vii)	–	–	–	100	–	–	–	–	–	(6,843)	(6,743)	–	(6,743)
As restated	40,000	133,396	(64,379)	(956)	–	965	(33)	46	580	112,948	222,567	(254)	222,313
Profit/(loss) for the period (restated)	–	–	–	–	–	–	–	–	–	18,512	18,512	(3,755)	14,757
Other comprehensive income/(loss) for the period													
Exchange differences on translation of foreign operations	–	–	–	–	–	–	5	–	–	–	5	(39)	(34)
Total comprehensive income/(loss) for the period	–	–	–	–	–	–	5	–	–	18,512	18,517	(3,794)	14,723
2011 final dividend	–	–	–	–	–	–	–	–	–	(28,000)	(28,000)	–	(28,000)
Expiry of warrants	–	–	–	–	–	(965)	–	–	–	965	–	–	–
Shares purchased for share award scheme	–	–	–	–	(3,250)	–	–	–	–	–	(3,250)	–	(3,250)
Transfer to reserve funds	–	–	–	–	–	–	–	28	–	(28)	–	–	–
At 30 June 2012 (unaudited and restated)	40,000	133,396	(64,379)	(956)	(3,250)	–	(28)	74	580	104,397	209,834	(4,048)	205,786
At 1 January 2013													
As previously reported	40,000	133,396	(64,379)	(1,056)	(3,250)	–	(28)	141	(4,068)	82,290	183,046	6,069	189,115
Adjustments (Note 3)	–	–	–	100	–	–	–	–	–	(7,100)	(7,000)	1,888	(5,112)
As restated	40,000	133,396	(64,379)	(956)	(3,250)	–	(28)	141	(4,068)	75,190	176,046	7,957	184,003
Profit/(loss) for the period	–	–	–	–	–	–	–	–	–	43,910	43,910	(2,598)	41,312
Other comprehensive income/(loss) for the period													
Exchange differences on translation of foreign operations	–	–	–	–	–	–	30	–	–	–	30	(45)	(15)
Total comprehensive income/(loss) for the period	–	–	–	–	–	–	30	–	–	43,910	43,940	(2,643)	41,297
Net proceeds from issue of warrants	–	–	–	–	–	776	–	–	–	–	776	–	776
Issue of new shares (Note viii)	1,900	41,800	–	–	–	–	–	–	–	–	43,700	–	43,700
Waiver of an amount due to the immediate holding company	–	–	–	–	–	–	–	–	7,876	–	7,876	–	7,876
Deemed disposal of interests in a subsidiary	–	–	–	–	–	–	–	–	4,158	–	4,158	(4,158)	–
Acquisition of a subsidiary under common control	–	–	–	(964)	–	–	–	–	–	–	(964)	–	(964)
At 30 June 2013 (unaudited)	41,900	175,196	(64,379)	(1,920)	(3,250)	776	2	141	7,966	119,100	275,532	1,156	276,688

Notes:

(i) The Group's capital reserve represents (i) the issued paid-up capital of a subsidiary of the Company; and (ii) the excess of the nominal value of the shares of a subsidiary acquired pursuant to the Reorganisation, over the investment cost of the Company's shares issued in exchange therefor.

(ii) Merger reserve relates to business combination under common control and represents the difference in the fair value of the consideration paid to CFG and the share capital of the Prosper Ocean Investments Limited and its subsidiary acquired in 2011 and Convoy Collateral Limited acquired during the six months ended 30 June 2013.

(iii) Details of shares held for share award scheme are disclosed in note 19 to the condensed consolidated financial information.

(iv) Details of warrant reserve are disclosed in note 18 to the condensed consolidated financial information.

(v) In accordance with the relevant laws and regulations of the PRC, the subsidiaries established in the PRC are required to transfer part of their net profit after tax to the reserve funds, which are restricted as to use.

(vi) Other reserves represents (i) the gain on deemed disposal of interests in subsidiaries amounting to approximately HK$65,000 in 2011; (ii) the net loss on deemed acquisition of additional interests in subsidiaries amounting to HK$4,648,000 in 2012; (iii) waiver of amounts due to CFG amounting to approximately HK$515,000 in 2011 and HK$7,876,000 in 2013, respectively; and (iv) the gain on deemed disposal of interests in a subsidiary amounting to HK$4,158,000 in 2013.

(vii) The prior period adjustments represent the effect of the application of merger accounting of the acquisition of Convoy Collateral Limited on the condensed consolidated statement of financial position as at 1 January 2012.

(viii) On 23 May 2013, the Company has completed the allotment and issuance of 19,000,000 subscription shares, raising net proceeds of approximately HK$43.7 million to the Group. Further details are contained in the Company's announcement dated 26 March 2013.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited and restated)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(3,712)**	(8,989)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(16,135)**	(4,850)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**44,476**	(3,250)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**24,629**	(17,089)
Cash and cash equivalents at beginning of period	**159,584**	220,478
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**184,213**	203,389

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2013

1.1 Corporate Information

Convoy Financial Services Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 12 March 2010. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the period, the Group was principally engaged in the independent financial advisory ("IFA") business, money lending business and proprietary investment business.

The money lending business and proprietary investment business are new business segments of the Group through an acquisition of a subsidiary during the current period.

This condensed consolidated financial information has not been audited.

1.2 Basis of Preparation

The condensed consolidated financial information has been prepared in accordance with the applicable provisions of the Rules Governing the Listing of Securities on the Stock Exchange and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial information has been prepared on the historical cost basis except for equity investments, which are measured at fair value. It is presented in Hong Kong dollars, which is also the functional currency of the Company.

The condensed consolidated financial information does 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 year ended 31 December 2012 included in the annual report.

2. Significant Accounting Policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which are effective for the first time for the annual periods beginning on or after 1 January 2013:

HKFRS 1 Amendments	Amendments to HKFRS 1 *First Time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

2. Significant Accounting Policies (continued)

The application of the above new and revised HKFRSs in the current period has had no material impact on the Group's results of operation and financial positions and on the amounts reported in the condensed consolidated financial information except as below:

(a) Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (i) items that will not be reclassified subsequently to profit or loss; and (ii) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments have been applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(b) HKFRS 13 *Fair Value Measurement*

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

3. Restatement of Prior Periods

Merger accounting

The Group accounts for all its business combinations involving entities under common control under the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("AG 5") issued by the HKICPA. For the six months ended 30 June 2013, the Group acquired Convoy Collateral Limited from CFG and accordingly, the Group applied the principle of merger accounting in accordance with the requirements set out in AG 5 to the acquisitions. Convoy Collateral Limited was incorporated on 2 June 2003, is a licensed money lender in Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong).

The condensed consolidated statement of financial positions of the Group as at 31 December 2012 and 1 January 2012 have been restated to include the assets and liabilities of Convoy Collateral Limited as if it was within the Group on the respective dates. The condensed consolidated statement of comprehensive income for the six months ended 30 June 2012 has been restated to include the results of Convoy Collateral Limited as if the acquisition of Convoy Collateral Limited by the Group had occurred from the date when Convoy Collateral Limited first came under control of CFG.

Restatements of provisional amounts in relation to business combination

Provisional amounts relating to the Group's acquisitions of 江西康宏泛誠保險代理有限公司 ("康宏江西") (previously known as "江西泛誠保險代理有限公司") and 康宏碧升保險代理有限公司("康宏碧升") (previously known as "北京碧升保險代理有限公司") (collectively, the "Acquired Businesses") in 2012 have been finalised. As a result, the Group has recognised intangible assets of HK$2,173,000 in aggregate. Goodwill has been restated to HK$39,840,000 and deferred tax assets of HK$7,305,000 in respect of tax losses of 康宏江西 and 康宏碧升 were recognised.

3. Restatement of Prior Periods (continued)

The effects of the application of merger accounting and restatements of provisional amounts in relation to business combination on the unaudited condensed consolidated statement of comprehensive income for the six months ended 30 June 2012 and the unaudited condensed consolidated statement of financial position as at 31 December 2012 were summarised below:

(a) Condensed consolidated statement of comprehensive income for the six months ended 30 June 2012

	HK$'000 (as previously stated)	Adjustments on application of merger accounting HK$'000 (note i)	HK$'000 (unaudited and restated)
REVENUE	312,517	57	312,574
Other income and gain, net	926	–	926
Commission expenses	(184,657)	–	(184,657)
Staff costs	(34,356)	–	(34,356)
Depreciation	(7,525)	(101)	(7,626)
Commission clawback	(5,735)	–	(5,735)
Other expenses	(59,099)	(7)	(59,106)
PROFIT BEFORE TAX	22,071	(51)	22,020
Income tax expense	(7,263)	–	(7,263)
PROFIT FOR THE PERIOD	14,808	(51)	14,757
OTHER COMPREHENSIVE LOSS			
Exchange differences arising on translation of foreign operation	(34)	–	(34)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	14,774	(51)	14,723

	(as previously stated)		(unaudited and restated)
Earnings per share attributable to owners of the Company			
Basic and diluted	HK4.6 cents		HK4.6 cents

3. Restatement of Prior Periods (continued)

(b) Condensed consolidated statement of financial position as at 31 December 2012

	HK$'000 (as previously stated and audited)	**Adjustments on application of merger accounting** HK$'000 (note ii)	**Adjustments on restatements of provisional amounts in relation to business combination** HK$'000 (note iii)	HK$'000 (restated)
NON-CURRENT ASSETS				
Property, plant and equipment	35,511	365	–	35,876
Prepayments, deposits and other receivables	46,712	–	–	46,712
Goodwill (note 15)	47,430	–	(7,590)	39,840
Intangible assets	–	–	2,069	2,069
Loans receivable	–	3,031	–	3,031
Available-for-sale investment	4,976	–	–	4,976
Restricted cash	1,550	–	–	1,550
Deferred tax assets	3,145	–	7,305	10,450
Total non-current assets	139,324	3,396	1,784	144,504
CURRENT ASSETS				
Accounts receivable	54,110	–	–	54,110
Loans receivable	–	904	–	904
Prepayments, deposits and other receivables	36,986	358	–	37,344
Equity investments at fair value through profit or loss	2,099	–	–	2,099
Due from a fellow subsidiary	643	–	–	643
Tax recoverable	2,570	–	–	2,570
Restricted cash	510	–	–	510
Cash and cash equivalents	159,043	541	–	159,584
Total current assets	255,961	1,803	–	257,764

3. Restatement of Prior Periods (continued)

(b) Condensed consolidated statement of financial position as at 31 December 2012 (continued)

	HK$'000 (as previously stated and audited)	Adjustments on application of merger accounting HK$'000 (note ii)	Adjustments on restatements of provisional amounts in relation to business combination HK$'000 (note iii)	HK$'000 (restated)
CURRENT LIABILITIES				
Accounts payable	130,421	–	–	130,421
Other payables and accruals	68,982	3,304	–	72,286
Due to the immediate holding company	–	8,791	–	8,791
Tax payable	28	–	–	28
Commission clawback	6,739	–	–	6,739
Total current liabilities	206,170	12,095	–	218,265
NET CURRENT ASSETS	49,791	(10,292)	–	39,499
Net assets	189,115	(6,896)	1,784	184,003
EQUITY				
Equity attributable to owners of the Company				
Issued capital	40,000	–	–	40,000
Reserves	143,046	(6,896)	(104)	136,046
	183,046	(6,896)	(104)	176,046
Non-controlling interests	6,069	–	1,888	7,957
Total equity	189,115	(6,896)	1,784	184,003

Notes:

(i) The adjustments are to include the results of Convoy Collateral Limited for the six months ended 30 June 2012.

(ii) The adjustments are to include the assets and liabilities of Convoy Collateral Limited as at 31 December 2012.

(iii) The adjustments are to restate the provisional amounts in relation to business combination in the prior year for which (i) intangible assets of HK$2,069,000, net of amortisation of HK$104,000, were recognised; (ii) goodwill previously recognised was restated to HK$39,840,000; (iii) deferred tax assets of HK$7,305,000 in respect of tax losses of 康宏江西 and 康宏碧升 were recognised; and (iv) non-controlling interests at acquisition date were remeasured.

4. Segment Information

For management purposes, the Group is organised into business units based on their services and has reportable operating segments as follows:

(a) the IFA segment engages in insurance brokerage business and the provision of IFA services. Revenue represents the aggregate of investment brokerage commission income, insurance brokerage commission income, pension scheme brokerage commission income and advisory income;

(b) the money lending segment engages in the provision of loan financing in Hong Kong; and

(c) the proprietary investment segment engages in investment in listed and unlisted investments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that other income (excluding interest income from provision of loan finance), as well as head office and corporate expenses are excluded from such measurement.

Revenue and results

For the six months ended 30 June 2013 and 2012

	IFA segment		Money lending segment		Proprietary investment segment		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
							(unaudited)	(unaudited and restated)
Revenue								
Segment revenue	445,263	312,517	652	57	22,628	–	468,543	312,574
Results								
Segment results	36,607	26,429	89	(51)	19,817	–	56,513	26,378
Unallocated income							286	926
Unallocated corporate expenses							(2,985)	(5,284)
Profit before tax							53,814	22,020
Income tax expense							(12,502)	(7,263)
Profit for the period							41,312	14,757

4. Segment Information (continued)

Segment assets and liabilities

As at 30 June 2013 and 31 December 2012

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (restated)
Segment assets		
IFA segment	221,497	225,729
Money lending segment	28,490	3,935
Proprietary investment segment	61,431	–
Total segment assets	311,418	229,664
Unallocated assets	194,807	172,604
Total assets	506,225	402,268
Segment liabilities		
IFA segment	215,842	213,970
Money lending segment	3,223	3,304
Proprietary investment segment	137	–
Total segment liabilities	219,202	217,274
Unallocated liabilities	10,335	991
Total liabilities	229,537	218,265

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

(1) all assets are allocated to operating segments other than tax recoverable, cash and cash equivalents and deferred tax assets as at 30 June 2013 and 31 December 2012; and

(2) all liabilities are allocated to operating segments other than tax payable and other head office and corporate liabilities as these liabilities are managed on a group basis.

4. Segment Information (continued)

Other segment information

For the six months ended 30 June 2013 and 2012

	IFA segment		Money lending segment		Proprietary investment segment		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
							(unaudited)	(unaudited and restated)
Capital expenditure (other than goodwill)*	16,041	3,117	30	–	–	–	16,071	3,117
Depreciation of property, plant and equipment								
– operating segment	7,302	7,525	3	101	–	–	7,305	7,626
– unallocated							104	–
							7,409	7,626
Amortisation of intangible assets	272	–	–	–	–	–	272	–

* Capital expenditure represented additions to property, plant and equipment.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited and restated)
Hong Kong	406,179	309,662
Mainland China	38,292	1,740
Macau	1,444	1,172
	445,915	312,574

The revenue information above is based on the location of the operations. The Group's fair value gains on equity investments at fair value through profit or loss, net are excluded from total revenue for the purpose of identifying revenue from external customers.

4. Segment Information (continued)

Geographical information (continued)

(b) Non-current assets

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (restated)
Hong Kong	61,352	44,265
Mainland China	71,597	72,218
Macau	117	157
	133,066	116,640

The non-current asset information above is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about product issuers

Revenue from major product issuers, each of them contributing to 10% or more of the Group's revenue, is set out below:

	For the six months ended 30 June	
	2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Product issuer A	234,857	192,047
Product issuer C	N/A*	40,775

* The revenue from Product issuer C for the six months ended 30 June 2013 was less than 10% of the Group's revenue. The Group's interest income from loan financing and fair value gains on equity investments at fair value through profit or loss are excluded from total revenue for the purpose of identifying major product issuer of the Group who contributed to 10% or more of the Group's revenue.

5. Revenue, Other Income and Gain, Net

Revenue, which is also the Group's turnover, represents the aggregate of investment brokerage commission income, insurance brokerage commission income, pension scheme brokerage commission income, advisory income, interest income from loan financing and fair value gains on equity investments at fair value through profit or loss, net during the six months ended 30 June 2013 and 2012.

An analysis of the Group's revenue, other income and gain, net is as follows:

	For the six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited and restated)
Revenue		
Investment brokerage commission income	**378,105**	293,220
Insurance brokerage commission income	**52,271**	15,587
Pension scheme brokerage commission income	**6,932**	2,629
Advisory income	**7,955**	1,081
Interest income from loan financing	**652**	57
Fair value gains on equity investments at fair value through profit or loss, net	**22,628**	–
	468,543	312,574
Other income and gain, net		
Interest income	**174**	609
Gain on disposal of items of property, plant and equipment	**–**	261
Fair value loss on an equity investment at fair value through profit or loss	**–**	(8)
Others	**112**	64
	286	926

6. Profit Before Tax

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

	For the six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Employee benefit expenses (including Directors' remuneration):		
Salaries, allowances, bonuses and benefits in kind	**40,130**	32,614
Pension scheme contributions	**4,292**	1,742
	44,422	34,356
Minimum lease payments under operating leases:		
Land and buildings	**28,812**	23,827
Equipment	**–**	47
	28,812	23,874
Amortisation of intangible assets	**272**	–
Impairment of other receivables, net	**694**	1,562
Write-off of other receivables	**351**	–
Foreign exchange differences, net	**266**	485

7. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

	For the six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Group:		
Current – Hong Kong	**12,576**	8,030
Current – Mainland China	**70**	158
Deferred	**(144)**	(925)
Total tax charge for the period	**12,502**	7,263

8. Dividends

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2013 (2012: HK3.0 cents per share).

9. Earnings Per Share Attributable to Owners of the Company

The calculation of basic earnings per share amounts is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 404,093,923 (2012: 400,000,000) in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to owners of the Company. 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 calculations of the basic and diluted earnings per share amounts are based on:

	For the six months ended	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited and restated)
Earnings		
Profit for the period attributable to owners of the Company used in the basic and diluted earnings per share calculation	**43,910**	18,512

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**404,093,923**	400,000,000
Effect of dilution – weighted average number of ordinary shares –Warrants	**55,690,608**	–
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**459,784,531**	400,000,000

10. Movements in Property, Plant and Equipment

During the six months ended 30 June 2013, the Group acquired items of property, plant and equipment of approximately HK$16,071,000 (2012: HK$3,117,000) as a result of leasehold improvement of office premises and in order to upgrade its operating capacities.

During the six months ended 30 June 2012, the Group disposed of items of property, plant and equipment with a carrying amount of HK$49,000, at a consideration of HK$310,000, resulting in a gain on disposal of HK$261,000. There was no disposal of items of property, plant and equipment during the six months ended 30 June 2013.

11. Loans Receivable

The Group's loans receivable arose from money lending business during the period.

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (restated)
Loans receivable	**29,146**	4,591
Less: Impairment	**(656)**	(656)
	28,490	3,935
Loans receivable analysed into:		
Non-current assets	**3,034**	3,031
Current assets	**25,456**	904
	28,490	3,935

Loans receivable represent receivables arising from money lending business of the Group. The grants of these loans were approved and monitored by the Group's management.

As at 30 June 2013, certain loans receivable with an aggregate carrying amount of HK$13,098,000 (31 December 2012: HK$2,818,000) were secured by the pledge of collateral.

Loans receivable as at the end of the reporting period are neither past due nor impaired and relate to a number of diversified borrowers for whom there was no recent history of default.

12. Accounts Receivable

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Accounts receivable	**61,977**	54,110

Accounts receivable represented brokerage commission receivables which are generally settled within 45 days upon the execution of the insurance policies and/or receipt of statements from product issuers.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

Accounts receivable as at the end of the reporting period, based on the date of recognition of revenue and net of provisions, are aged within one month and neither past due nor impaired.

The Group's accounts receivables relate to a number of reputable product issuers for whom there has been no recent history of default.

13. Accounts Payable

Accounts payable represented commission payables for the provision of IFA services which are generally settled within 30 days to 120 days upon receipt of payments from product issuers by the Group.

An aged analysis of accounts payable at the end of reporting period is as follows:

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Within 1 month	**77,048**	49,148
1 to 2 months	**39,833**	34,618
2 to 3 months	**19,111**	16,980
Over 3 months	**26,053**	29,675
	162,045	130,421

Accounts payable are non-interest-bearing. Included in the accounts payable as at 30 June 2013 were commission payables to the spouse, a brother and a cousin of a director of the Group's operating subsidiary who are consultants of the Group, totalling HK$671,000 (31 December 2012: HK$1,152,000), which are payable on similar terms to other consultants of the Group.

14. Equity Investments at Fair Value Through Profit or Loss

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Listed equity investments, at fair value:		
Hong Kong	**56,455**	2,099

The above equity investments at 30 June 2013 and 31 December 2012 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets as at fair value through profit or loss.

15. Business Combination and Goodwill

(a) Business Combination

In alignment with the Group's regional expansion strategy and to expand the Group's market share in the independent financial advisory business in Mainland China, the Group has completed the acquisitions of 100% interest in 康宏江西 and 76% interest in 康宏碧升 during the year ended 31 December 2012. The Group has elected to measure the non-controlling interest in 康宏碧升 at the non-controlling interests' proportionate share of 康宏碧升's identifiable net liabilities.

Following the finalisation of the provisional fair values relating to intangible assets and deferred tax assets in respect of the Group's acquisitions of 康宏江西 and 康宏碧升, the fair value of identifiable net assets acquired increased by HK$9,478,000 and goodwill decreased by HK$7,590,000.

The identifiable assets and liabilities of 康宏江西 and 康宏碧升 as at the respective dates of acquisition immediately before the acquisitions were restated as follows:

	Note	Carrying value HK$'000	Fair value HK$'000 (restated)
Property, plant and equipment		2,985	2,985
Intangible assets	16	–	2,173
Deferred tax assets		–	7,305
Accounts receivable		1,178	1,178
Prepayments, deposits and other receivables		5,849	5,849
Cash and bank balances		56,375	56,375
Restricted cash		310	310
Account payables		(1,105)	(1,105)
Other payables and accruals		(24,250)	(24,250)
Total identifiable net assets		41,342	50,820
Non-controlling interests		(11,088)	(12,976)
Goodwill on acquisition		42,049	34,459
Total consideration		72,303	72,303
Satisfied by			
Cash			49,600
Loans advanced to the Acquired Businesses			22,703
Total consideration			72,303

(b) Goodwill

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (restated)
At beginning of the reporting period	39,840	5,381
Acquisition of subsidiaries (note 15(a))	–	34,459
At end of the reporting period	39,840	39,840

16. Intangible Assets

	Note	HK$'000
30 June 2013		
Cost at 1 January 2013, net of accumulated amortisation		**2,069**
Amortisation provided during the period		**(272)**
At 30 June 2013		**1,797**
At 30 June 2013:		
Cost		**2,173**
Accumulated amortisation		**(376)**
Net carrying amount		**1,797**
31 December 2012		
Cost at acquisitions of Acquired Businesses	15(a)	2,173
Amortisation provided during the period		(104)
At 31 December 2012		2,069
At 31 December 2012:		
Cost		2,173
Accumulated amortisation		(104)
Net carrying amount		2,069

The intangible assets represent customers' contracts which were acquired through the acquisitions of Acquired Businesses as disclosed in note 15. The intangible assets have definite useful lives and are amortised on straight-line basis over 4 years.

17. Commission Clawback

The Group is entitled to receive investment brokerage commission income from various product issuers for business referral and introduction. The commission is calculated based on pre-determined percentages of the regular contributions by the Group's customers to these product issuers. Pursuant to the terms of the agreements entered into between the Group and these product issuers, the commission paid by the product issuers to the Group is subject to a commission clawback by the product issuers on a pro-rata basis over an indemnified period. The indemnified period is generally from 6 months to 24 months. In the event that a customer terminates the regular contribution within the indemnified period, the product issuers will clawback the relevant commission. The amount of the commission clawback represents expected cash outflows which are estimated with reference to the sales volume, past experience of the levels of clawback, and the directors' best estimates of the expenditure required to settle the obligations. The estimation basis is reviewed on an ongoing basis and revised by the directors where appropriate.

During the period, the Group's estimated commission clawback charged to the statement of comprehensive income amounted to HK$6,084,000 (2012: HK$5,735,000).

18. Warrants

On 25 February 2013 (after trading hours), the Company entered into a warrant placing agreement in connection with the warrant placing, pursuant to which the placing agents conditionally agreed to place, on a best effort basis, up to 80,000,000 warrants conferring rights to subscribe for 80,000,000 warrant shares at the exercise price of HK$1.41 per warrant to not less than six warrant placees who, and their respective ultimate beneficial owners are independent third parties. The warrants are to be placed at a warrant placing price of HK$0.01 each. Further details of the placing are contained in the Company's announcement dated 25 February 2013.

Accordingly, the proceeds from warrant placing of HK$776,000, net of warrant placing expenses of HK$24,000, were recorded as a component of shareholders' equity in warrant reserve. During the period under review, no warrants were exercised.

19. Shares Held for Share Award Scheme

On 25 January 2011, the Company adopted a share award scheme (the "Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected participants, including employees, consultants and business associates of the Group (the "Selected Participants") in accordance with the provisions of the Award Scheme and an irrevocable trust (the "Trust") was also established by the Company for the purpose of the Award Scheme. The Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date. Further details of the Award Scheme are also set out in an announcement of the Company dated 25 January 2011.

The aggregate number of Awarded Shares currently permitted to be awarded under the Award Scheme throughout the duration of the Award Scheme is limited to 10% of the issued share capital of the Company as at 25 January 2011, i.e., 40,000,000 shares.

Pursuant to the rules governing the operation of the Award Scheme (the "Scheme Rules"), the Board shall select the Selected Participants and determine the number of Awarded Shares to be awarded. The Board shall cause to pay the trustee of the Trust (the "Trustee") the purchase price and the related expenses from the Company's resources for the shares of the Company to be purchased by the Trustee. The Trustee is an independent third party appointed by the Board for the administration of the Award Scheme. The Trustee shall purchase from the market such number of shares of the Company awarded as specified by the Board and shall hold such shares until they are vested in accordance with the Scheme Rules.

When a Selected Participant has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the Trustee shall transfer the relevant vested Awarded Shares to that employee at no cost.

The Trustee shall not exercise the voting rights in respect of any shares of the Company held under the Trust, including, inter alia, the Awarded Shares and further shares of the Company acquired out of the income derived therefrom.

19. Shares Held for Share Award Scheme (continued)

During the year ended 31 December 2012, the Group has paid HK$3,250,000 to the Trustee to acquire the Awarded Shares and was recorded in shares held under the share award scheme account of the Company as a separate equity component of the Company.

No Awarded Shares were outstanding as at 30 June 2013.

20. Acquisition of a Subsidiary

On 5 March 2013, the Group entered into the instrument of transfer with CFG, whereby the Group agreed to purchase and CFG agreed to sell the entire interests in Convoy Collateral Limited at a consideration of approximately HK$964,000, equivalent to the unaudited net asset value of Convoy Collateral Limited as at 31 January 2013. The transaction has been completed on 5 March 2013. Details of the business combination are disclosed in Note 3 to the condensed consolidated financial information.

21. Operating Lease Commitments

The Group leases its office properties, staff quarters and certain equipment under operating lease arrangements. Leases for properties, staff quarters and equipment are negotiated for terms ranging from one to six years.

At 30 June 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Within one year	**48,168**	52,890
In the second to fifth years, inclusive	**78,733**	88,700
Over five years	**5,877**	–
	132,778	141,590

22. Commitments

In addition to the operating lease commitments detailed in note 21 above, the Group had the following commitments at the end of the reporting period.

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Capital commitment:		
Contracted, but not provided for:		
Property, plant and equipment	**69,558**	92,843
Others:		
Contracted, but not provided for:		
Acquisition of a subsidiary	**–**	10,712
Acquisition of an available-for-sale investment	**7,469**	7,469

23. Related Party Transactions

(a) During the period, the Group entered into the following material transactions with related parties:

	Notes	For the six months ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Commission expenses to:			
Spouse of a director of the Group's operating subsidiary	(i)	541	655
Cousin of a director of the Group's operating subsidiary	(i)	1,291	2,479
Brother of a director of the Group's operating subsidiary	(i)	621	291
Commission and brokerage fee from securities dealings paid to a fellow subsidiary	(ii)	285	–
Warrant placing commission fee to a fellow subsidiary	(iii)	24	–

Notes:

(i) The commission expenses were paid to the related parties who are the Group's consultants and were determined based on the volume of brokerage transactions executed by them for the accounts of the Group. The commissions offered are substantially in line with those offered to other consultants of the Group.

(ii) The commission and brokerage fees were paid to Convoy Investment Services Limited ("CIS"), a fellow subsidiary for securities brokerage services rendered. The terms and conditions associated with the dealing of securities were made according to the terms and conditions offered to external customers of the fellow subsidiary.

(iii) The warrant placing commission fee was paid to CIS, based on the warrant placing agreement signed on 25 February 2013 as disclosed in note 18 to the condensed consolidated financial information. The terms and conditions associated with warrant placing commission was made according to the terms and conditions offered to external customers of the fellow subsidiary.

(b) Compensation of key management personnel of the Group

The remuneration of key management personnel, who are the directors of the Group during the period, was as follows:

	For the six months ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Salaries, allowances, bonuses and benefits in kind	3,490	3,014
Pension scheme contributions	237	223
	3,727	3,237

24. Fair Value and Fair Value Hierarchy

At the end of the reporting period, the carrying amounts of the Group's financial assets and financial liabilities approximate to their fair values.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of accounts receivable, loans receivable, financial assets included in prepayments, deposits and other receivables, balances with the immediate holding company and a fellow subsidiary, restricted cash, cash and cash equivalents, accounts payable, financial liabilities included in other payables and accruals and commission clawback approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current financial assets included in prepayments, deposits and other receivables and non-current portion of loans receivable have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

The fair values of the listed equity investments are based on quoted market prices.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Asset measured at fair value:

	Level 1	
	30 June 2013 HK$'000	31 December 2012 HK$'000
Equity investments at fair value through profit or loss	**56,455**	2,099

During the six months ended 30 June 2013 and 2012, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The Group did not have any financial liabilities measured at fair value as at the end of each reporting period.

25. Financial Risk Management Objectives and Policies

Risk Management

The Group adopts very stringent risk management policies and monitoring systems to mitigate the risks associated with interest rate, credit, liquidity, foreign currency and equity price in all its major operations.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing financial assets. Cash at banks earns interest at floating rates based on daily bank deposit rates.

The Group reviews interest rate risk regularly and monitors closely the fluctuation of interest rates and will make proper adjustments if necessary.

Credit risk

The Group conducts business only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Even though there is no significant credit risk exposure, the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Group has also adopted stringent credit policies on money lending business. The credit policies specify the credit approval, review and monitoring processes. A credit committee was set up and authorised by the Board to have full authority to handle all credit matters.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains its level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Foreign currency risk

The Group mainly operates in Hong Kong and Mainland China with most of the Group's monetary assets, liabilities and transactions principally denominated in Hong Kong dollars and Renminbi, respectively. Majority of the commission revenue and expenditure incurred by the operating units of the Group were denominated in the units' functional currency and as a result, the Group does not anticipate significant transactional currency exposure. The Group has not used any derivative to hedge its exposure to foreign currency risk.

Equity price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments operating in financial sector quoted in the Stock Exchange. The Group has a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

26. Events After the Reporting Period

(i) On 19 July 2013 (after trading hours), CFG (as vendor) and Favour Sino, the wholly owned subsidiary of the Company (as purchaser) entered into the CAM Memorandum in relation to the possible sale and purchase of the entire issued share capital of CAM; and on 19 July 2013 (after trading hours), Convoy Inc. (as vendor) and Favour Sino (as purchaser) entered into the Kerberos Memorandum in relation to the possible sale and purchase of the entire issued share capital of Kerberos. It is expected that the consideration for each of the proposed acquisitions will be satisfied by the allotment and issue of new Shares of the Company. Further details are contained in the Company's announcement dated 19 July 2013.

(ii) On 24 July 2013 (after trading hours), the Company entered into a conditional placing agreement with the placing agent under which the placing agent will use its best efforts to place up to 44,000,000 placing shares to not fewer than six placees who are independent third parties. The placing shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the then shareholders passed at the annual general meeting of the Company held on 10 June 2013.

The gross proceeds from the placing (assuming 44,000,000 placing shares have been placed) is estimated to be HK$81.4 million. Net proceeds from the placing (assuming 44,000,000 placing shares have been placed), after deducting related placing commission and other related expenses in connection with the placing, is estimated to be approximately HK$78 million. The Company intends to apply net proceeds towards the money lending business and the proprietary investment business of the Group. The placing was completed on 12 August 2013.

(iii) On 13 August 2013, a loan agreement was entered into between Convoy Collateral Limited, a wholly owned subsidiary of the Company, a borrower and a guarantor, pursuant to which Convoy Collateral Limited agreed to grant the loan in the principal amount of HK$33,000,000 to the borrower for a term of five months. The loan bears interest at a rate of 12% per annum.

Interests and/or Short Positions of the Directors and Chief Executives in the Share Capital of the Company and its Associated Corporations

As at 30 June 2013, the Directors, chief executives and their associates had the following interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules:

(i) Directors' interests in the shares of associated corporations

Name of associated corporation	Name of Director	Capacity	Long/short position	No. of shares in Convoy Inc. held	Approximate percentage of the issued share capital in Convoy Inc.
Convoy Inc.	Mr. Wong Lee Man	Beneficial owner	Long position	15,031	21.02%
	Ms. Fong Sut Sam	Beneficial owner	Long position	14,989	20.97%
	Mr. Mak Kwong Yiu	Beneficial owner	Long position	4,122	5.76%

Other than as disclosed above, none of the Company's Directors, chief executive nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of the SFO as at 30 June 2013.

Interests and/or Short Positions of Substantial Shareholders in the Share Capital of the Company

Save as disclosed in the section headed "Interests and/or Short Positions of the Directors and Chief Executives in the Share Capital of the Company and its Associated Corporations", as at 30 June 2013, the following corporations had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity	Long/short position	Number of Shares held	Approximate percentage of the issued share capital
Convoy Inc. (Note 1)	Interests of a controlled corporation	Long position	300,000,000	71.6%
Perfect Team Group Limited ("Perfect Team") (Note 1)	Interests of a controlled corporation	Long position	300,000,000	71.6%
Convoy Financial Group Limited ("CFG")	Beneficial owner	Long position	300,000,000	71.6%

Note:

1. The 300,000,000 Shares are held by CFG which is owned as to approximately 43.79% by Convoy Inc. and 56.21% by Perfect Team. As a result of such relationship as described in this paragraph, Convoy Inc. and Perfect Team are deemed to be interested in 300,000,000 Shares held by CFG. CFG is beneficially interested in 300,000,000 Shares.

Interests and/or Short Positions of Substantial Shareholders in the Share Capital of the Company (continued)

Save as disclosed above, and as at 30 June 2013, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the share capital of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Events after the Interim Period

Details of material events after the interim periods are disclosed in note 26 to the condensed consolidated financial information.

Share Option Scheme

The share option scheme (the "Share Option Scheme") of the Company was conditionally approved by written resolutions of the sole shareholder of the Company dated 23 June 2010 and shall be valid and effective for a period of 10 years to 22 June 2020.

During the six months ended 30 June 2013, no share options were granted, exercised or cancelled by the Company under the Share Option Scheme.

Share Award Scheme

The Company's share award scheme (the "Award Scheme") was adopted pursuant to a resolution passed on 25 January 2011 for the primary purpose of recognising the contributions by certain selected participants and giving incentives thereto in order to retain them for the continual operation and development of the Group and attracting suitable personnel for further development of the Group. Details of the Award Scheme are disclosed in note 19 to the condensed consolidated financial information.

Corporate Governance Practices

The Directors of the Company recognise the importance of good corporate governance in the management of the Group. During the six months ended 30 June 2013, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions by the Directors adopted by the Company throughout the six months ended 30 June 2013.

Change of Information of Directors

Change of information of Directors is set out below:

1. Mr. Kwok Shun Tim has ceased to be the deputy chief supervisor of Hong Kong Road Safety Patrol and a school manager of C.C.C. Kwei Wah Shan College.

2. Mrs. Fu Kwong Wing Ting, Francine has resigned as a board member of Maryknoll Convent School Foundation Council.

3. Mr. Ma Yiu Ho, Peter has resigned as the company secretary of Chyau Fwu Properties Limited.

Audit Committee

The Company established an audit committee on 23 June 2010 with written terms of reference in compliance with the Listing Rules. The audit committee of the Company which comprises of three independent non-executive Directors of the Company, namely Mr. Ma Yiu Ho, Peter (the chairman of the audit committee), Mrs. Fu Kwong Wing Ting, Francine and Dr. Wu Ka Chee, Davy have reviewed with the management of the Company the financial statements of the Group for the six months ended 30 June 2013 and discussed with the management of the Company, the auditing, internal control and financial reporting matters including the review of the interim report of the Group for the six months ended 30 June 2013.

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: HK3.0 cents).

By Order of the Board
Convoy Financial Services Holdings Limited
Wong Lee Man
Chairman

Hong Kong, 28 August 2013

DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions have the following meanings:

"Board" or "Board of Directors"	means the board of Directors of the Company as at the date of this interim report
"CFG"	means Convoy Financial Group Limited, a company incorporated in the British Virgin Islands with limited liability
"Company" or "our Company"	means Convoy Financial Services Holdings Limited, a company incorporated in the Cayman Islands on 12 March 2010 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1019)
"Director(s)"	means the director(s) of our Company
"ECA"	means the Employee Choice Arrangement of MPF
"Group", "we", "us" or "Convoy"	means the Company and its subsidiaries
"HK$" or "HK dollars"	means Hong Kong dollars, the lawful currency of Hong Kong
"HK cents"	means Hong Kong cents, the lawful currency of Hong Kong
"Hong Kong"	means Hong Kong Special Administrative Region of PRC
"IFA"	means independent financial advisory
"ILAS"	means the acronym for Investment-linked Assurance Scheme, an insurance policy of the "linked long term" class as defined in First Schedule, Part 2 of the ICO
"Insurance Companies Ordinance" or "ICO"	means the Insurance Companies Ordinance (Chapter 41 of the Laws of Hong Kong) as amended and supplemented from time to time
"Listing"	means the listing of our Shares on the Main Board
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Macau"	means Macau Special Administrative Region of PRC
"Main Board"	means the main board of the Stock Exchange
"MPF"	means Mandatory Provident Fund
"Reorganisation"	means the reorganisation of group of companies now comprising our Group in preparing for the Listing completed on 21 June 2010, details of which are set forth under the paragraph headed "History and development" in the section headed "Corporate history, development and Reorganisation" and under the paragraph headed "Corporate Reorganisation" in Appendix V to the prospectus issued by the Company dated 29 June 2010
"Share(s)"	means ordinary share(s) with a nominal value of HK$0.10 each in the share capital of our Company
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"%"	means per cent.

CONVOY 康宏

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