

CONVOY 康宏

CONVOY FINANCIAL HOLDINGS LIMITED

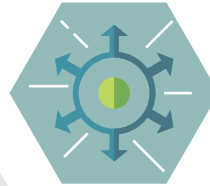
康宏金融控股有限公司

(incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 1019



PROFESSIONAL



EXPANSION



PASSION



INVESTMENT



STRATEGY



RISK MANAGEMENT



STICK TO

PROFESSIONALISM

堅守專業 成就財富

INTERIM REPORT 2015

中期報告

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CHAIRMAN'S STATEMENT

This year's 13 July marked the fifth anniversary of the listing of Convoy Financial Holdings Limited. Over the past five years, major changes have been made to the Group's business scope, brand image, management team as well as shareholding structure for development needs. All these changes reflected our determination to improve with a consistent and constant approach to adhere to our business philosophy of independence, neutrality and openness. The drastic changes in the overall industry ecosystem this year inevitably posed an enormous challenge to the development of enterprises. Still, our management team upheld its commitment and remained calm and confident in leading our staff to overcome the adversity. After all, over the past twenty years, Convoy has gone on a journey full of challenges as well as opportunities.

On behalf of the Board of the Company, I am delighted to announce the unaudited interim results of the Group for the six months ended 30 June 2015 to shareholders. Under the effect of the newly amended guidelines on ILAS, the Group's revenue plunged by approximately 38.7% from approximately HK\$608 million for the corresponding period last year to approximately HK\$373 million for the period. Profit attributable to equity owners of the Company for the period was approximately HK\$43.51 million. Basic earnings per share were HK\$3.84 cents.

SIGNIFICANT DECLINE IN TRADITIONAL IFA BUSINESS DUE TO THE EFFECT OF THE NEW REGULATORY GUIDELINES

Results for the first half of this year were below satisfaction, which was mainly attributable to the substantial decrease in commission income from traditional IFA business. The sales of ILAS used to be one of the Group's main income sources. Due to the gap period when most suppliers were unable to launch new products in the first quarter owing to the new regulatory guidelines, income from this sector substantially decreased with commission income from the sales of ILAS during the period being only approximately HK\$94.87 million, which significantly plunged by approximately 73.8% as compared with last corresponding period and dragged down the overall performance.

Apart from the reduction in sales revenue, implementation of the new guidelines also led to loss of frontline staff, resulted from resignation or switching to life insurance companies of certain financial advisors as they were not able to adapt themselves to the new guidelines. Nevertheless, with our intensive recruitment effort, our frontline team, excluding trainees comprised nearly 1,700 local staff as of 30 June, merely dropped by around 10% as compared with last corresponding period, which was lower than the management's expectation. Recruitment of Mainland sales team members was stepped up as well during the same period, leading to an increase of 17.6% in the total number of sales personnel of the Group in Mainland China and Hong Kong to 3,731 as compared with last corresponding period.



CHAIRMAN'S STATEMENT

SMOOTH DEVELOPMENT OF NEW BUSINESSES TO GENERATE CONSIDERABLE INCOME FOR THE GROUP IN THE LONG RUN

Thanks to the diversification strategies formulated by the Group a few years ago, our new businesses were steadily growing despite the worsening business environment. Among which, performance of our asset management business was particularly outstanding and income from which rose by about three times during the period. In the foreseeable future, the Group will no longer put particular emphasis on the revenue from one single business but will instead foster the development of the income pattern of Assets Under Management (AUM), in hope of generating considerable income for the consultancy team.



CHAIRMAN'S STATEMENT

INVESTMENT

PROFESSIONAL

RISK MANAGEMENT

100%

ADDITION OF NEW SCOPES TO ASSET MANAGEMENT TO INCREASE INCOME

Besides, we have been striving to diversify our asset management business since last year and have launched a number of new investment services and products targeting at mid-to-high-end market. Discretionary Portfolio Management Service ("DPMS"), which serves Investment-linked Assurance Scheme, adopted diversified investment operation model since the second half of last year and gained resounding success, with the overall management assets climbing to HK\$4.17 billion. During the same period, the Company began to reinforce its promotion on the annual package "iCON" on its fund distribution platform with professional investment management services. iCON is promoted with an aim of increasing the diversity of our fund distribution service and enhancing clients' experience on fund investment, and the assets managed under which rose from less than HK\$20 million as at the end of 2014 to HK\$374 million in the mid-2015, representing an increase of over 17 times. Moreover, the Company launched its first fund of fund of its own research and development with a unique concept in the first half of the year, and its fund scale has already exceeded US\$20 million as of June. It is expected to a tap new income source, i.e. the fund performance fee, for the Group in the long run.

ADDITION OF INVESTMENT PRODUCTS TARGETING AT HIGH-END CLIENTS

The Group also developed structured products business in the middle of last year to offer more alternative investment opportunities to clients and has achieved initial success. Several corporate bonds were launched during the period to provide fixed return for clients. In the second half of this year, a series of structured products will be launched, with a view to providing professional investors who have higher risk appetite with investment services and products with high return.

CORPORATE FINANCIAL SERVICES

Convoy Capital Hong Kong Limited ("CCHK"), a company acquired in the prior year, started another brand new business – corporate financial services in 2015. CCHK, with relevant licenses, commenced full operation to provide corporate customers with strategic corporate consultancy and comprehensive financial support services. In addition, we have completed the acquisition of one local securities house and renamed it as Convoy Securities Limited, which is expected to commence operation in the second half of this year.

CHAIRMAN'S STATEMENT

GLOBAL PROPERTY INVESTMENT BUSINESS

Convoy International Property Consulting Company Limited ("CIP") was established last year to source properties with high potential investment value in different regions around the world and to provide one-stop sales and purchases and leasing services, with a view to securing stable rental return for our clients. CIP has launched over 16 overseas property projects covering countries such as Japan, the United Kingdom and New Zealand since this year.

MONEY LENDING BUSINESS DEVELOPED SMOOTHLY AND GENERATED REVENUE AS EXPECTED

The money lending business, which has been commenced for almost two years, continued to maintain steady growth in the first half of the year. Benefitting from the increasing loan portfolio, interest income recorded an increase. This year, CCL has launched mortgage loan and offered first and second mortgage loans, in order to expand its customer base and enlarge its business coverage. Meanwhile, we will strictly comply with the code on money lending business to maintain a sound record of zero bad or doubtful debt as usual.

STRIVED TO DEVELOP NEW BUSINESSES BY THE INTRODUCTION OF STRATEGIC PARTNERS

Furthermore, the introduction of Mr. Ming-Hsing Tsai and the Tsai's family as substantial shareholders of the Group by way of placing of shares is believed to have attracted most attention from the market. Mr. Ming-Hsing Tsai is a veteran banker with nearly 30 years of experience in financial and insurance business in Taiwan. His extensive experience and appropriate qualifications as well as the business network of his enterprise will not only create more opportunities for the Group's asset management and proprietary investment businesses, but also strengthen the Company's capital foundation, enabling the Group to better grasp investment opportunities in the market, in particular, to expand our AUM.

In fact, we have introduced strategic shareholders from time to time in the course of Convoy's development. The introduction of Lippo Group and Town Health International Medical Group in 2003 and 2013, respectively, has provided the Group with different development opportunities. I have been witnessing every phase of Convoy's development journey. The introduction of new shareholders will expand our shareholder base and revitalise the Group on one hand, and pave ways for the Group's diversified development in the future on the other. Our Group has been appealing to investors and has attracted a large amount of capital, which reflected affirmation and recognition of the Group's future development strategies, operating conditions and long-term prospects by the market.

Last but not least, I would like to show my heartfelt gratitude to our dedicated staff who have worked shoulder to shoulder with the Group in times of operating adversities. On behalf of the Board, I would also like to express our thanks to all consultants and many others who worked behind-the-scene for their continued support as well as our shareholders for their trust. I hope our proven track record will provide evidence of our abilities to forge ahead and grow stronger through challenges.

Wong Lee Man
Chairman

Hong Kong, 28 August 2015

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Lee Man *(Chairman)*
Ms. Fong Sut Sam
Mr. Mak Kwong Yiu
Mr. Tan Ye Kai, Byron

Independent Non-executive Directors

Mr. Ma Yiu Ho, Peter
Mr. Lam Chi Keung
Mr. Chan Ngai Sang, Kenny

AUDIT COMMITTEE

Mr. Ma Yiu Ho, Peter *(Chairman)*
Mr. Lam Chi Keung
Mr. Chan Ngai Sang, Kenny

REMUNERATION COMMITTEE

Mr. Chan Ngai Sang, Kenny *(Chairman)*
Mr. Wong Lee Man
Mr. Lam Chi Keung

NOMINATION COMMITTEE

Mr. Wong Lee Man *(Chairman)*
Mr. Lam Chi Keung
Mr. Chan Ngai Sang, Kenny

CORPORATE GOVERNANCE COMMITTEE

Mr. Tan Ye Kai, Byron *(Chairman)*
Ms. Fong Sut Sam
Mr. Wong Lee Man

COMPANY SECRETARY

Mr. Chow Kim Hang

AUTHORISED REPRESENTATIVES

Mr. Mak Kwong Yiu
Mr. Chow Kim Hang

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5th, 7th, 39th, and 40th Floors, @CONVOY
169 Electric Road
Hong Kong

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
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

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

OUR COMPANY'S WEBSITE

www.convoy.com.hk

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		
	2015 HK\$'000	2014 HK\$'000	Change %
Revenue	372,556	608,064	(38.7)%
Net profit attributable to owners of the Company	43,506	130,522	(66.7)%
Net profit margin attributable to owners of the Company	11.7%	21.5%	(9.8)%

FINANCIAL REVIEW

Group financial performance

Profit attributable to owners of the Company was HK\$43.5 million for the period ended 30 June 2015, representing a decrease of approximately 66.7% compared with that for the period ended 30 June 2014. Net profit margin attributable to owners of the Company decreased from approximately 21.5% for the period ended 30 June 2014 to approximately 11.7% for the period ended 30 June 2015.

Group revenue

Group revenue for the period ended 30 June 2015 was approximately HK\$372.6 million, representing a decrease of approximately 38.7% compared with that for the period ended 30 June 2014.

Revenue from IFA business decreased by approximately HK\$196.0 million due to the regulatory changes in ILAS market. Meanwhile, the stock market in Hong Kong became volatile since June 2015 and revenue from proprietary investment business significantly dropped by approximately HK\$109.5 million. Nonetheless, with the effective and proactive execution of our business diversification strategies, we recorded an increase in revenue from the money lending business and asset management business of approximately HK\$27.4 million and approximately HK\$10.3 million respectively. The corporate finance business further opened up a new income stream for our Group and revenue derived from this business amounted to approximately HK\$32.2 million for the period. An analysis of the Group's revenue is as follows:

Revenue by reportable segments:	For the six months ended 30 June		Increase/ (decrease) HK\$'000	Change %
	2015 HK\$'000	2014 HK\$'000		
IFA business	276,751	472,708	(195,957)	(41.5)%
Money lending business	32,527	5,131	27,396	533.9%
Proprietary investment business	17,221	126,764	(109,543)	(86.4)%
Asset management business	13,809	3,461	10,348	299.0%
Corporate finance business	32,248	-	32,248	n/a
Total	372,556	608,064	(235,508)	(38.7)%

MANAGEMENT DISCUSSION AND ANALYSIS

Group operating expenses

Total operating expenses, excluding share of profit of an associate, decreased by approximately 22.4% from approximately HK\$472.3 million for the period ended 30 June 2014 to approximately HK\$366.4 million for the period ended 30 June 2015. The overall cost-to-revenue ratio increased from 77.7% for the period ended 30 June 2014 to 98.3% for the period ended 30 June 2015, which was due to the net effect of the decrease in commission expenses from IFA business being in line with its decrease in revenue; effective interest on unlisted bonds issued by the Company since the second half of 2014; reversal of prior year provision made for the incentive related bonus of proprietary investment business; and the full year effect of total operating expenses incurred by the asset management business and corporate finance business being acquired last year. An analysis of these expenses is as follows:

Operating expenses by reportable segments:	For the six months ended 30 June		Increase/ (decrease) HK\$'000	Change %
	2015 HK\$'000	2014 HK\$'000		
IFA business	325,534	427,621	(102,087)	(23.9)%
Money lending business	21,370	3,944	17,426	441.8%
Proprietary investment business	(15,291)	35,952	(51,243)	(142.5)%
Asset management business	9,635	2,393	7,242	302.6%
Corporate finance business	21,672	-	21,672	n/a
Corporate head office	3,488	2,432	1,056	43.4%
Total	366,408	472,342	(105,934)	(22.4)%

Segmental financial performance

The following section illustrates the Group's segmental financial performance for the period ended 30 June 2015 as well as the future prospects for each business segment.

IFA business

Hong Kong

2015 is a challenging year to our IFA business in Hong Kong and revenue decreased by approximately 49.2% from

approximately HK\$405.9 million for the period ended 30 June 2014 to approximately HK\$206.1 million for the period ended 30 June 2015. A loss from Hong Kong operations of approximately HK\$36.1 million was recorded for the period ended 30 June 2015 as compared with a profit of approximately HK\$52.9 million recorded for the period ended 30 June 2014.

Revenue mix analysis (HK operations):	For the six months ended 30 June		Increase/ (decrease) HK\$'000	Change %
	2015 HK\$'000	2014 HK\$'000		
Investment brokerage commission income	63,219	344,363	(281,144)	(81.6)%
Insurance brokerage commission income	137,508	56,381	81,127	143.9%
Pension scheme brokerage commission income	5,416	5,114	302	5.9%
Total	206,143	405,858	(199,715)	(49.2)%

MANAGEMENT DISCUSSION AND ANALYSIS

With the Guidance Note published by the Office of the Commissioner of Insurance in July 2014, ILAS market, a major product type of IFA in Hong Kong, has gone through a big change of commission payment mode, costing and commission disclosure which had an adverse impact on our revenue from ILAS during the period. Investment brokerage commission income significantly dropped by approximately 81.6% from approximately HK\$344.4 million for the period ended 30 June 2014 to approximately HK\$63.2 million for the period ended 30 June 2015.

Leveraging on our strong and professional consultancy team, non-linked and general insurance brokerage commission income surged by approximately 143.9% for the period ended 30 June 2015. The proportion of revenue derived from non-linked and general insurance products significantly increased from approximately 13.9% for the period ended 30 June 2014

to approximately 66.7% for the period ended 30 June 2015, reflecting our successful sales incentive schemes and marketing campaigns to existing customers as well as the Group's ability to grasp cross-selling opportunities and expand the market shares.

MPF revenue also recorded a stable growth of approximately 5.9% while its proportion of revenue slightly increased from approximately 1.3% for the period ended 30 June 2014 to approximately 2.6% for the period ended 30 June 2015. Although the ECA was not as active as expected since its launch in November 2012, the MPFA continues to promote such arrangement and plan for the implementation of "MPF full portability". The Group believes that the market would gradually adapt to the ECA and raise concerns on financial plannings. Going forward, MPF and related financial planning businesses will remain as one of our key businesses.

Operating expenses (HK operations):	For the six months ended 30 June			
	2015		2014	
	HK\$'000	Margin (%)	HK\$'000	Margin (%)
Commission expenses	125,439	60.9%	250,697	61.8%
Staff costs	42,517	20.6%	32,888	8.1%
Rental and related expenses	21,570	10.5%	23,042	5.7%
Depreciation	10,744	5.2%	6,511	1.6%
Commission clawback	1,024	0.5%	5,983	1.5%
Marketing expenses	14,661	7.1%	11,236	2.8%
Other expenses	26,304	12.7%	22,558	5.5%
Total	242,259	117.5%	352,915	87.0%

Total operating expenses recorded by our Hong Kong IFA business decreased by approximately 31.4% from HK\$352.9 million for the period ended 30 June 2014 to HK\$242.3 million for the period ended 30 June 2015 and the overall cost-to-revenue ratio increased from 87.0% for the period ended 30 June 2014 to 117.5% for the period ended 30 June 2015.

Commission expenses dropped by approximately 50.0% from HK\$250.7 million for the period ended 30 June 2014 to HK\$125.4 million for the period ended 30 June 2015, which was in line with the decrease in corresponding revenue.

Staff costs increased by approximately 29.3% from approximately HK\$32.9 million for the period ended 30 June 2014 to approximately HK\$42.5 million for the period ended 30 June 2015. This was attributable to the Group's strategies of devoting more resources to attract, recruit and retain talent in bid to strengthen our operational platform. We believe that the staff costs were increased at a reasonable pace and were within our cost control.

Rental and related expenses decreased by approximately 6.4% from approximately HK\$23.0 million for the period ended 30 June 2014 to approximately HK\$21.6 million for the period ended 30 June 2015, due to our various space planning strategies to enhance the usage efficiency and lower the unit cost of space.

MANAGEMENT DISCUSSION AND ANALYSIS

Marketing expenses increased by approximately 30.5% from approximately HK\$11.2 million for the period ended 30 June 2014 to approximately HK\$14.7 million for the period ended 30 June 2015, which was due to the Group's strategies of reallocating more resources on branding and promotional campaigns.

Other expenses increased by approximately 16.6% from approximately HK\$22.6 million for the period ended 30 June 2014

to approximately HK\$26.3 million for the period ended 30 June 2015. We believe that the other expenses were increased at a reasonable pace and within our cost control.

Mainland China

The Group entered Mainland China in January 2011 and has successfully commenced operations in Beijing, Guangdong, Jiangxi and Sichuan.

Revenue by Mainland China geographical region:	For the six months ended 30 June			
	2015		2014	
	HK\$'000	%	HK\$'000	%
Beijing	19,290	36.0%	23,700	37.8%
Guangdong province	14,583	27.2%	20,808	33.2%
Jiangxi province	4,572	8.5%	5,185	8.3%
Sichuan province	15,093	28.3%	12,947	20.7%
Total	53,538	100.0%	62,640	100.0%

Revenue mix analysis (Mainland China operations):	For the six months ended 30 June			Increase/ (decrease) HK\$'000	Change %
	2015	2014			
	HK\$'000	HK\$'000			
Investment brokerage commission income	14,583	14,356	227	1.6%	
Insurance brokerage commission income	38,762	39,094	(332)	(0.8)%	
Advisory income	193	9,190	(8,997)	(97.9)%	
Total	53,538	62,640	(9,102)	(14.5)%	

During the period, the unfavorable factors including slower economic growth, continuing market reforms and rapid regulatory changes affected the financial performance of our business in Mainland China a bit. Total revenue decreased by approximately 14.5% from approximately HK\$62.6 million for the period ended 30 June 2014 to approximately HK\$53.5 million

for the period ended 30 June 2015. Nevertheless, with the Group's persistent efforts in operations and sales and product diversifications, we recorded a stable revenue from investment brokerage and insurance brokerage of approximately HK\$14.6 million (2014: approximately HK\$14.4 million) and approximately HK\$38.8 million (2014: approximately HK\$39.1 million) respectively for the period ended 30 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating expenses (Mainland China operations):	For the six months ended 30 June			
	2015		2014	
	HK\$'000	Margin (%)	HK\$'000	Margin (%)
Commission expenses	33,716	63.0%	37,852	60.4%
Staff costs	14,873	27.8%	12,933	20.7%
Rental and related expenses	9,072	16.9%	7,198	11.5%
Depreciation	2,487	4.6%	1,754	2.8%
Marketing expenses	1,554	2.9%	559	0.9%
Finance costs	117	0.2%	-	n/a
Other expenses	9,219	17.3%	10,790	17.2%
Total	71,038	132.7%	71,086	113.5%

Total operating expenses remained constant at approximately HK\$71.0 million for the period ended 30 June 2015 (2014: approximately HK\$71.1 million), primarily attributable to the net effect of decrease in commission expenses of approximately HK\$4.1 million and the increase in staff cost, rental and related expenses and marketing expenses of approximately HK\$4.8 million totally. The increase in these operating expenses was mainly due to the implementation of continuing expansion strategies in Mainland China and certain costs were incurred for the initial setup of our nationwide network and platform for long term development. Thus, the overall cost-to-revenue ratio also increased by approximately 19.2% from approximately 113.5% for the period ended 30 June 2014 to approximately 132.7% for the period ended 30 June 2015.

Macau

Due to the business growth as a result of scaled-up operations and increased brand recognition in Macau, our Macau operations recorded an increase in revenue by approximately 305.5% from approximately HK\$4.2 million for the period ended 30 June 2014 to approximately HK\$17.1 million for the period ended 30 June 2015. Operating profit also increased from approximately HK\$0.6 million for the period ended 30 June 2014 to approximately HK\$4.8 million for the period ended 30 June 2015.

Money lending business

With the increasingly mature business model and well-established brand name, the money lending business made a significant and healthy growth in loan portfolio, revenue and profit for the period even under the keen market competition in Hong Kong.

Interest income from money lending business increased by approximately 533.9% from approximately HK\$5.1 million for the period ended 30 June 2014 to approximately HK\$32.5 million for the period ended 30 June 2015. Operating profit margin improved by approximately 11.2% from approximately 23.1% for the period ended 30 June 2014 to approximately 34.3% for the period ended 30 June 2015. We expect to further improve this margin along with our outstanding loan book of HK\$686.6 million and average interest rate of approximately 11.6% per annum to achieve economies of scale. Moreover, we recorded nil doubtful debt on all loans granted from 2013 to now, which reflected our stringent and effective credit policies.

Proprietary investment business

The stock market in Hong Kong and Mainland China turned volatile since June 2015. Nonetheless, by relying on our strong and experienced investment team and diversified investment strategies, the Group effectively mitigated the equity, debt and fund price risks and generated income under such an unstable market condition.

A revenue, including unrealised fair value gains on financial investments at fair value through profit or loss, net, realised losses on disposals of financial investments at fair value through profit or loss, net, dividend income and interest income from debt investments, of HK\$17.2 million and a net profit of HK\$32.8 million after reversal of prior year provision made for the incentive related bonus was recorded respectively for the period ended 30 June 2015. The Group's investments classified as financial investments at fair value through profit or loss amounted to HK\$559.3 million as at 30 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Asset management business

Upon the establishment of strategic investment team and the acquisition of CAM, the Group ventured into the asset management business and reinforced its promotion of investment portfolio management service "iCON" on its fund distribution platform last year. During the period, we enhanced the business scale by developing and managing several new investment funds for professional investors and high net-worth individual clients.

Revenue derived from the asset management service increased by approximately 299.0% from approximately HK\$3.5 million for the period ended 30 June 2014 to approximately HK\$13.8 million for the period ended 30 June 2015 while the operating profits increased by approximately 290.8% from approximately HK\$1.1 million for the period ended 30 June 2014 to approximately HK\$4.2 million for the period ended 30 June 2015. We believe that CAM will continue to create substantial value for our shareholders by means of generating stable and recurring income for the Group.

Corporate finance business

Following the completed acquisition of CAM as above-mentioned and CCHK, the Group commenced its corporate finance business in late 2014 to provide various services including bond placing, initial public offering ("IPO") sponsorship and other corporate finance related advisory services to our clients. Accordingly, this operating segment was newly presented during the period.

For the period ended 30 June 2015, the Group recorded a total of corporate finance service income of approximately HK\$32.2 million and achieved operating results of approximately HK\$10.6 million.

Financial position

Total consolidated assets of the Group increased by approximately 22.8% from approximately HK\$1,877.3 million as at 31 December 2014 to approximately HK\$2,305.6 million as at 30 June 2015. This was mainly driven by the successful placing of bonds and issue of new Shares by the Company during the period ended 30 June 2015. Total consolidated current assets of the Group increased by approximately 1.9% from approximately HK\$1,592.1 million as at 31 December 2014 to approximately HK\$1,622.5 million as at 30 June 2015.

Prospects

In order to pursue our vision of becoming one of the leading financial groups across Asia, we have formulated three short term missions, (i) to establish a comprehensive financial services platform in Asia, particularly in Hong Kong and Mainland China; (ii) to materialise the synergies among the different business lines and locations; and (iii) to improve the capital structure of our Group. For the first mission, we shall allocate more resources to strengthen the financial services in our new business lines, including but not limited to corporate finance, margin and IPO financing services, overseas property investment consultancy services and investment banking. For the second mission, more cross-selling programs would be organised among different business lines and regions, such as loans to clients, cross-border branding promotion and talent development programs. For the third mission, the Company would increase its leverage by issuing unlisted bonds to secure stable and reasonable cost funding to finance its long term capital-intensive business development, e.g. money lending, securities broking, and margin and IPO financing, etc. We believe the above would help build a solid foundation for our Group's long term development.

IFA business

Hong Kong

The regulatory changes in ILAS market had a significantly adverse impact on our investment brokerage commission income for the period. Nonetheless, we have proactively set up diversification plans years ago by ways of strengthening consultancy force, enlarging the product range and adding strategic business partners so as to drive the growth of our non-linked insurance, general insurance and MPF business. With the Group's persistent efforts on implementing these strategies, we have confidence to maintain our leading position in the IFA industry in Hong Kong.

Mainland China

To seize business opportunities on the increasing demand for wealth management and financial planning services from Mainland China, the Group has devoted huge capital and resources in Mainland China business in the past few years to build up and broaden our client base. Meanwhile, the recent unfavorable factors including slower economic growth, continuing market reforms and rapid regulatory changes in the financial sector has affected our business performance. By adjusting our business strategies from time to time and strengthening our cost management strategies, we would target to achieve profitability for the Mainland China business in the long run.

MANAGEMENT DISCUSSION AND ANALYSIS

Macau

Our Macau operations achieved strong growth in revenue and operating profit for the period, reflecting the increasing demand for wealth management services as well as the increasing brand recognition in Macau. We will continue to scale up our operations in Macau to support business growth and to enhance regional connectivity to tap new business opportunities.

Money lending business

The Group will continue to strengthen the brand recognition and expand its loan portfolio to develop its all-rounded financial services platform which manages wealth and provides liquidity for customers. We will further drive this business by achieving healthy loan growth in corporate and individual segment, while at the same time maintaining strong credit quality and credit risk management. We shall continue this strategy to accumulate a stable income stream.

Proprietary investment business

Apart from investing in a diversified portfolio of listed and unlisted equities, we also allocate a portion of capital to fixed income products to achieve stable income and invest a suitable amount of seed capital to some high potential fund products to help them grow. Our investment team will continue to implement strict risk control to minimise the impact of market volatility and mitigate the Group's equity, debt and investment fund price risk, so as to maximise the Group's return on equity.

Asset management business

CAM had approximately US\$538 million asset under management ("AUM") as at 30 June 2015 which would contribute a recurring income to the Group. We intend to grow AUM continuously to accumulate a stable income stream. Riding on the successful experience of discretionary portfolio management services provided to ILAS customers, we will increase effort to develop discretionary mandate through nominee platform.

Following the development of our strategic investment team and the acquisition of CAM, we have kicked off developing several investment funds for professional investors. We will continue to develop and manage investment portfolio for high net-worth individuals and dedicated mandates in order to capture another source of income.

We will continue to introduce competitive fund products for exclusive sales and reinforce our promotion in portfolio management business "iCON" on our fund distribution platform in the coming year. The new funds are expected to be a new driving force for the Group's income growth in coming year and to enhance asset management scale.

Corporate finance business

Following the completed acquisition of CAM as above-mentioned and CCHK, the Group commenced its corporate finance business in late 2014 to provide various services including bond placing, IPO sponsorship and other corporate finance related advisory services to our clients. We believe the corporate finance business should further open up a new income stream for our Group and help establish an all-rounded financial services platform for our customers.

Overseas property investment consulting business

In view of increasing number of investors investing in overseas property, particularly increasing number of Chinese residents who immigrated overseas or study abroad, demand for overseas property is increasing. Last year, we have partnered with various property agents and developers to provide investment options in different locations around the world to Hong Kong and Mainland China customers. During the period, we continued to devote resources to explore the business opportunities in this sector and we believe this new business will provide a new income stream and benefit to the Group.

Further, the Group ventured into the securities broking, margin and IPO financing services upon the completion of acquisition of Cheer Pearl Investment Limited (currently known as Convoy Securities Limited with effect from 10 August 2015), a company incorporated in Hong Kong with limited liability on 15 September 1992 and licensed by the SFC to carry on Type 1 (dealing in securities) regulated activities under the SFO, in July 2015.

Looking ahead, the Group will further expand its customer network and consolidate its resources into optimising the entire business platform through cooperation with strategic partners, to provide more comprehensive investment tools to our personal and corporate clients and create a bright future for development.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly relies upon the shareholders' fund, placing of bonds and cash generated from its business operations to finance its operations and expansion. As at 30 June 2015, the Group had cash and cash equivalents of approximately HK\$385.9 million (31 December 2014: HK\$366.8 million) and bond payables of approximately HK\$552.8 million (31 December 2014: HK\$260.8 million). The gross gearing ratio, calculated on the basis of the Group's interest-bearing bond payables divided by equity attributable to owners of the Company was 41.6% (31 December 2014: 30.9%). As at 30 June 2015, the net current assets of the Group amounted to approximately HK\$1,151.1 million (31 December 2014: HK\$820.4 million) and the current ratio (current assets/current liabilities) was approximately 3.4 (31 December 2014: 2.1).

As disclosed in the announcement of the Company dated 8 May 2014, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to use its best efforts to place up to 39,800,000 new Shares at the placing price of HK\$1.15 per Share to not less than six placees who and their respective ultimate beneficial owners are Independent Third Parties. The closing price per Share as quoted on the Stock Exchange on the date of the said placing agreement was HK\$1.33 per Share. Details of the said placing of new Shares were disclosed in the announcements of the Company dated 8 May 2014 and 27 May 2014 respectively and the annual report of the Company for its financial year ended 31 December 2014.

As disclosed in the announcement of the Company dated 16 September 2014, the Company conducted a placing of Straight Bonds B in an aggregate amount of up to HK\$300 million. The net proceeds have been utilised (i) as to approximately HK\$244 million for the Group's money lending business; and (ii) as to approximately HK\$31 million for acquisition of property as disclosed in the announcement of the Company dated 7 January 2015.

As disclosed in the announcement of the Company dated 30 September 2014, the Company conducted a placing of 95,820,000 placing shares of HK\$0.1 each to not less than six independent placees at a placing price of HK\$1.0 per share, which represented (a) a discount of approximately 9.09% to the closing

price of HK\$1.10 per Share on 30 September 2014, i.e. the date of the placing agreement; and (b) a discount of approximately 14.38% to the average closing price per Share of HK\$1.168 for five consecutive trading days immediately preceding the date of the placing agreement, raising net proceeds of approximately HK\$92.2 million to the Group. As at the date of this report, the net proceeds of approximately HK\$82.2 million have been utilised in the following ways: (i) as to approximately HK\$18.4 million for brand building and marketing campaign; (ii) as to approximately HK\$13.0 million for enhancement of the online operating platform; (iii) as to approximately HK\$27.7 million for the development of the corporate finance business; and (iv) as to approximately HK\$23.1 million for the general working capital of the Group. The net proceeds of approximately HK\$10.0 million have not been utilised and the intended use would be: (i) as to approximately HK\$4.6 million for brand building and marketing campaign; and (ii) as to approximately HK\$5.4 million for enhancement of the online operating platform.

Pursuant to a placing agreement dated 14 November 2014, the Company conducted a placing of Straight Bonds C in an aggregate amount of up to HK\$16 million. The net proceeds of approximately HK\$16 million have been utilised for the Group's money lending business.

Pursuant to a placing agreement dated 14 January 2015, the Company conducted a placing of Straight Bonds D in an aggregate amount of up to HK\$5 million. The net proceeds of approximately HK\$5 million have been utilised for the Group's money lending business.

As disclosed in the announcement of the Company dated 21 January 2015, the Company conducted placing of Straight Bonds E and Straight Bonds F in an aggregate amount of up to HK\$500 million. As at the date of this report, the Company received proceeds from such placing of bonds in an aggregate principal amount of approximately HK\$239.4 million which have been utilised for the Group's money lending business.

As disclosed in the announcement of the Company date 6 February 2015, the Company allotted and issued 1,844,172,000 ordinary Shares of HK\$0.1 each to the shareholders of the Company by way of an open offer on the basis of three offer shares for every one existing share held on 15 April 2015 at

MANAGEMENT DISCUSSION AND ANALYSIS

a subscription price of HK\$0.25 each, which represented (a) a discount of approximately 71.26% to the closing price of HK\$0.870 per Share on 5 February 2015 (the "Last Trading Day"), i.e. the last trading day immediately preceding the date of the underwriting agreement on 6 February 2015; (b) a discount of approximately 71.53% to the average closing price of HK\$0.878 per Share for the five trading days up to and including the Last Trading Day; (c) a discount of approximately 69.77% to the average closing price of HK\$0.827 per Share for the ten trading days up to and including the Last Trading Day; and (d) a discount of approximately 38.27% to the theoretical ex-rights price of HK\$0.405 based on the closing price of HK\$0.870 per Share on the Last Trading Day, with a then net proceeds of approximately HK\$442 million. The proceeds have been used as to approximately HK\$192 million for general working capital which is mainly for the payment of commission, staff costs and office rental. The proceeds as to approximately HK\$250 million have not been utilised and the intended use would be: (i) as to approximately HK\$86 million for the payment of the balance of consideration for the acquisition of real property as disclosed in the announcement of the Company dated 7 January 2015; and (ii) as to approximately HK\$164 million to fund future acquisition of other real property as at when the opportunity arises. The Company may from time to time consider any acquisition opportunities.

On 4 June 2015, the Company conducted a placing of a maximum of 5,283,000,000 placing shares at a placing price of HK\$0.53 each, with expected gross proceeds of HK\$2,800 million and net proceeds of approximately HK\$2,698 million (after deduction of commission and other expenses of the said placing). On 28 August 2015, the Company entered into supplemental agreement in relation to the said placing, pursuant to which a maximum of 7,508,300,000 placing shares would be issued and the expected gross proceeds would be approximately HK\$2,628 million and, after deduction of expenses of the said placing, the expected net proceeds would be approximately HK\$2,531 million (out of which approximately HK\$1,348 million, i.e. 53.26% of the net proceeds of the said placing is expected to be used on the Group's margin and initial public offering financing services being developed by the Group and approximately HK\$1,183 million, i.e. 46.74% of the net proceeds of the said placing is expected to be used as additional capital for the Group's money lending business). As at the date of this report, the said placing has not been completed.

On 7 July 2015, the Company entered into a subscription agreement (the "Subscription Agreement") with Oriental Patron Asia Limited (the "Arranger"), Mr. Ming-Hsing Tsai ("Mr. Tsai") and two subscribers (the "Subscribers") namely Eagle Legacy Limited and Oceana Glory Limited, each of which is an Independent Third Party and controlled by the Tsai family, pursuant to which (i) the Company has agreed to allot and issue to the Subscribers, and the Subscribers have agreed to severally subscribe for 3,294,000,000 new shares ("Subscription Shares") (subject to adjustment); and (ii) the Arranger has agreed to procure the Subscribers to subscribe for the Subscription Shares, upon the terms and subject to the conditions set out in the Subscription Agreement at a Subscription Price of HK\$0.53 per Subscription Share. Mr. Tsai has agreed to procure the Subscribers to perform their obligations under the Subscription Agreement. On 28 August 2015, the Company entered into supplemental agreement in relation to the said subscription, pursuant to which 4,480,000,000 new shares would be issued and the expected gross proceeds would be approximately HK\$1,568 million and, after deduction of expenses of the said subscription, the expected net proceeds would be approximately HK\$1,512 million (out of which approximately HK\$360 million, i.e. 23.81% of the net proceeds of the said subscription is expected to be used as additional capital for the Group's money lending business and approximately HK\$450 million, i.e. 29.76% of the net proceeds of the said subscription is expected to be used as seed capital for establishing funds to be managed under the Group's asset management business and approximately HK\$702 million, i.e. 46.43% of the net proceeds of the said subscription is expected to be used to fund possible strategic investment by the Group in unlisted assets). As at the date of this report, the said subscription has not been completed.

On 28 August 2015, the Company entered into a placing agreement with GF Securities (Hong Kong) Brokerage Limited and SBI China Capital Financial Services Limited, pursuant to which a maximum of 491,700,000 placing shares may be issued and the expected gross proceeds would be approximately HK\$172 million and, after deduction of expenses of the said placing, the expected net proceeds would be approximately HK\$165 million, which is expected to be used for the Group's money lending business. As at the date of this report, the said placing has not yet been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2015, the Group employed 442 (30 June 2014: 364) supporting staff and 2 (30 June 2014: 13) salary-based trainees. The total remuneration of the employees (including the Directors' remuneration) was approximately HK\$40.9 million for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$51.5 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 "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. A trustee, as an Independent Third Party, was appointed by the Company for the administration of the Award 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 Award 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Price risk

The Group is exposed to equity, debt and investment fund price risk through its investments in listed equity securities, debt instruments and funds. The management manages this exposure by maintaining a portfolio of investments with different level of risks. 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

On 17 March 2015, the Group entered into a sale and purchase agreement to acquire the entire interests in Cheer Pearl Investment Limited (currently known as Convoy Securities Limited with effect from 10 August 2015), a company incorporated in Hong Kong with limited liability on 15 September 1992 and licensed by the SFC to carry on Type 1 (dealing in securities) regulated activities under the SFO, from an Independent Third Party at a cash consideration of HK\$16 million. The acquisition was completed on 31 July 2015, subsequent to 30 June 2015.

Except for the above, there was no material acquisition and disposal of subsidiaries for the six months ended 30 June 2015.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2015, the fair value of the Group's unlisted and listed investments classified as available-for-sale investments and financial investments at fair value through profit or loss amounted to approximately HK\$153.5 million (31 December 2014: HK\$40.1 million) and approximately HK\$559.3 million (31 December 2014: HK\$483.6 million) respectively. As at 30 June 2015, the Group also held 31% equity interest in an associate amounted to approximately HK\$19.6 million (31 December 2014: Nil).

Except for the above, the Group did not hold any other significant investment during the six months ended 30 June 2015.

FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET

The Group had not executed any agreement in respect of material investment or capital asset and did not have any other future plans relating to material investment or capital asset as at the date of this report. Nonetheless, if any potential investment opportunity arises in the coming future, the Group will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Group and the shareholders of the Company as a whole.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2015.

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 2015 and 2014, the Group incurred capital expenditures in the amounts of approximately HK\$9.5 million and HK\$5.8 million, respectively.

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, leasehold improvements and properties and other commitments related to the capital contribution to an available-for-sale investment.

The Group's operating lease commitments amounted to HK\$156.2 million and HK\$166.0 million in the aggregate as at 30 June 2015 and 31 December 2014, respectively.

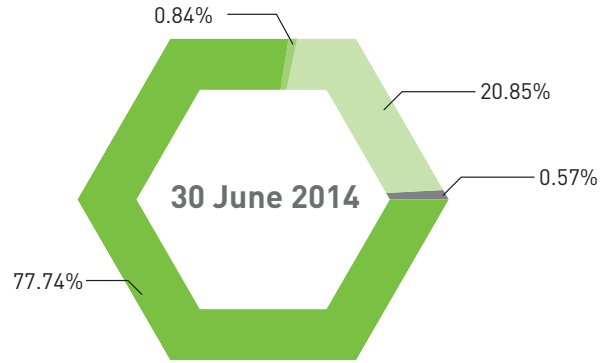
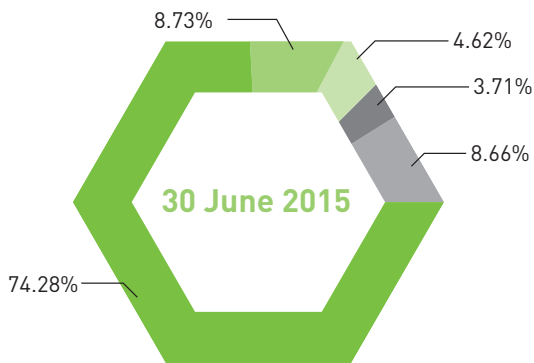
The Group's capital commitments related to acquisitions of items of computer equipment and systems and leasehold improvements and acquisition of a property amounted to HK\$99.9 million (31 December 2014: Nil) totally as at 30 June 2015.

The Group's other commitments related to the capital contribution of an available-for-sale investment amounted to approximately HK\$6.3 million (31 December 2014: HK\$6.3 million).

MANAGEMENT DISCUSSION AND ANALYSIS

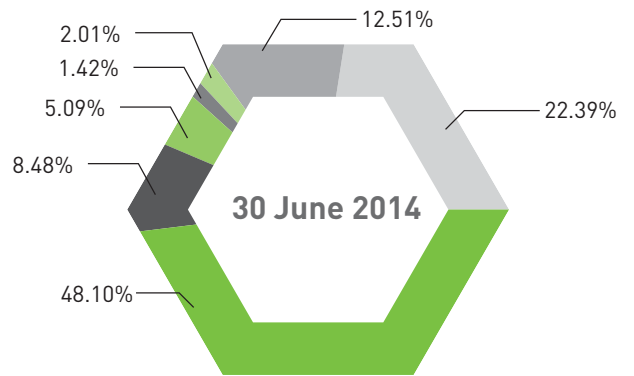
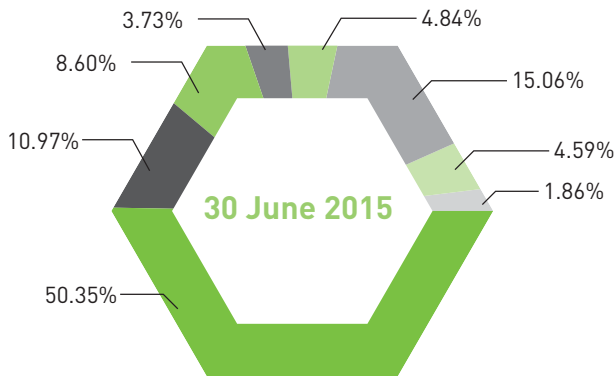
OPERATION REVIEW

Revenue Mix Analysis:



- IFA business
- Money lending business
- Proprietary investment business
- Asset management business
- Corporate finance business

Cost-to-revenue Ratio Analysis:



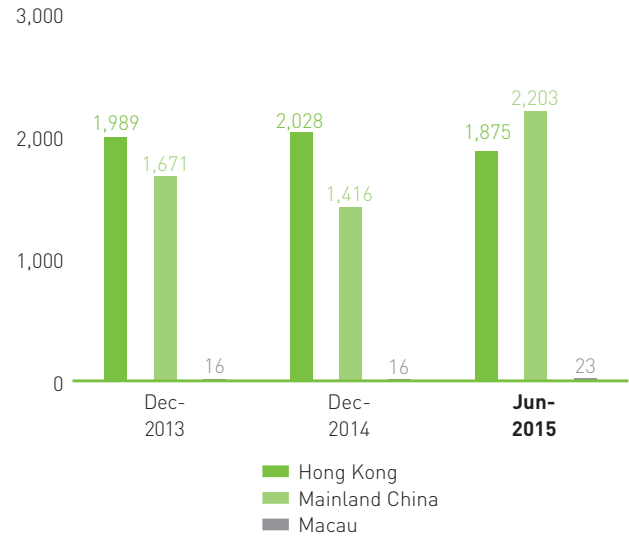
- Commission and advisory expenses
- Staff costs
- Rental and related expenses
- Depreciation
- Marketing expenses
- Other expenses, net of other income and gains and share of profit of an associate
- Finance costs
- Profit before tax

MANAGEMENT DISCUSSION AND ANALYSIS

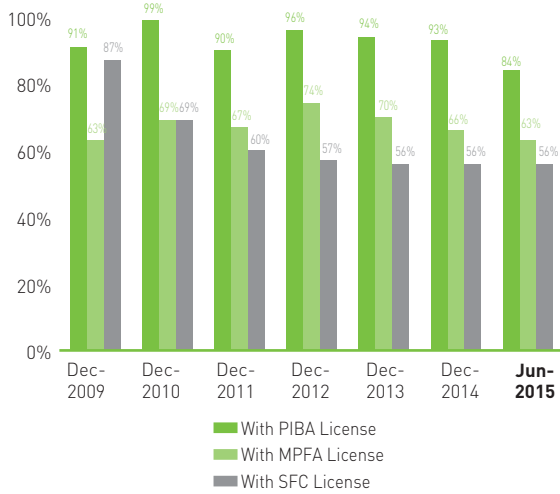
Hong Kong – No. of Consultants & Trainees:



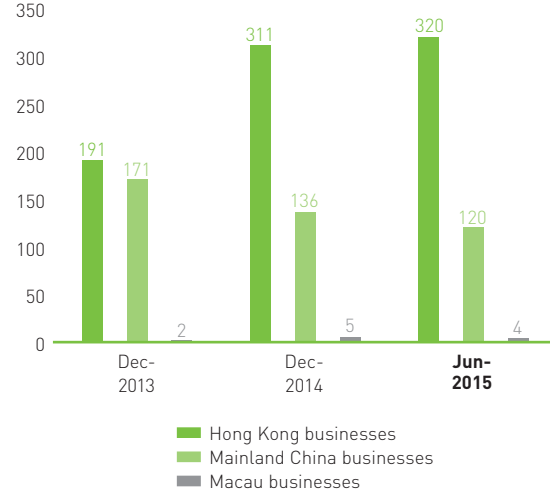
Group by locations – No. of Consultants & Trainees:



Hong Kong – License records of consultants and trainees:



Group by locations – Number of employees:



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

The Board is pleased to present the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2015, 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	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
REVENUE	4	372,556	608,064
Other income and gains, net	4	518	408
Commission and advisory expenses		(187,588)	(292,458)
Staff costs	6	(40,855)	(51,538)
Depreciation		(13,897)	(8,654)
Commission clawback	19	(1,024)	(5,983)
Other expenses		(102,703)	(113,709)
Profit attributable to non-controlling investors of investment funds		(3,246)	-
Finance costs	5	(17,095)	-
Share of profit of an associate		254	-
PROFIT BEFORE TAX	6	6,920	136,130
Income tax credit/(expense)	7	29,253	(8,607)
PROFIT FOR THE PERIOD		36,173	127,523
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of available-for-sale investments		-	4
Exchange differences on translation of foreign operations		1,119	(66)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		1,119	(62)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		37,292	127,461
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		43,506	130,522
Non-controlling interests		(7,333)	(2,999)
		36,173	127,523
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Owners of the Company		44,625	130,466
Non-controlling interests		(7,333)	(3,005)
		37,292	127,461
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9	(unaudited)	(unaudited)
Basic		HK3.84 cents	HK27.1 cents
Diluted		HK3.84 cents	HK27.1 cents

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Notes	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		52,686	57,029
Goodwill	10	9,922	9,922
Intangible assets	11	710	982
Investment in an associate		19,629	-
Available-for-sale investments	12	153,512	40,136
Loans receivable	13	336,595	142,450
Prepayments, deposits and other receivables	14	90,473	15,352
Restricted cash		1,595	1,250
Deferred tax assets		18,022	18,024
Total non-current assets		683,144	285,145
CURRENT ASSETS			
Accounts receivable	15	45,340	260,250
Loans receivable	13	350,011	291,765
Prepayments, deposits and other receivables	14	130,485	29,734
Financial assets at fair value through profit or loss	16	559,305	483,599
Restricted cash		465	799
Cash held on behalf of clients	17	150,987	159,186
Cash and cash equivalents		385,911	366,803
Total current assets		1,622,504	1,592,136
CURRENT LIABILITIES			
Accounts payable	18	140,679	356,059
Account payables to clients	17	150,987	159,186
Other payables and accruals		87,782	179,205
Net assets attributable to redeemable participation rights		28,142	24,896
Financial liabilities at fair value through profit or loss	16	28,828	19,822
Bond payables	20	6,005	-
Tax payable		25,437	21,350
Commission clawback	19	3,546	11,229
Total current liabilities		471,406	771,747
NET CURRENT ASSETS		1,151,098	820,389
TOTAL ASSETS LESS CURRENT LIABILITIES		1,834,242	1,105,534

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
NON-CURRENT LIABILITIES			
Other payables and accruals		6,071	6,113
Deferred tax liability		1,734	38,521
Bond payables	20	546,812	260,810
Total non-current liabilities		554,617	305,444
Net assets		1,279,625	800,090
EQUITY			
Equity attributable to owners of the Company			
Issued capital	21	245,890	61,472
Reserves		1,084,323	781,714
		1,330,213	843,186
Non-controlling interests		(50,588)	(43,096)
Total equity		1,279,625	800,090

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company													Non-controlling interests	Total equity
	Share		Capital reserve	Merger reserve	Shares held for share award scheme	Warrant reserve	Available-for-sale investment revaluation reserve	Exchange fluctuation reserve	Reserve funds	Other reserves	Retained profits	Total			
	Issued capital	premium account													
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2014	46,300	249,340	(64,379)	(1,920)	(2,971)	776	-	(160)	585	7,164	172,450	407,185	(1,572)	405,613	
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	130,522	130,522	(2,999)	127,523	
Other comprehensive income/(loss) for the period:															
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	4	-	-	-	-	4	-	4	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(60)	-	-	-	(60)	(6)	(66)	
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	4	(60)	-	-	130,522	130,466	(3,005)	127,461	
Issue of new shares, net of issue expenses (Note vi)	5,590	63,625	-	-	-	-	-	-	-	-	-	69,215	-	69,215	
Equity-settled share-based payment	-	-	-	-	139	-	-	-	-	-	-	139	-	139	
2013 final dividend	-	-	-	-	-	-	-	-	-	-	(10,378)	(10,378)	-	(10,378)	
At 30 June 2014 (unaudited)	51,890	312,965	(64,379)	(1,920)	(2,832)	776	4	(220)	585	7,164	292,594	596,627	(4,577)	592,050	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company												Total equity HK\$'000
	Issued capital HK\$'000 (Note 21)	Share premium account HK\$'000 (Note 21)	Capital reserve HK\$'000 (Note i)	Merger reserve HK\$'000 (Note ii)	Shares held for		Exchange fluctuation reserve HK\$'000 (Note iii)	Reserve funds HK\$'000 (Note iv)	Other reserves HK\$'000 (Note v)	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
					award scheme HK\$'000 (Note 22)	Warrant reserve HK\$'000 (Note iii)							
					share HK\$'000	Exchange fluctuation reserve HK\$'000							
At 1 January 2015	61,472	395,616*	(64,379)*	(1,920)*	(1,108)*	776*	(94)*	660*	43,993*	408,170*	843,186	(43,096)	800,090
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	43,506	43,506	(7,333)	36,173
Other comprehensive income/(loss) for the period:													
Exchange differences on translation of foreign operations	-	-	-	-	-	-	1,119	-	-	-	1,119	-	1,119
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	1,119	-	-	43,506	44,625	(7,333)	37,292
Issue of new shares, net of issue expenses (Note 21)	184,418	257,442	-	-	-	-	-	-	-	-	441,860	-	441,860
Shares purchased for share award scheme (Note 22)	-	-	-	-	(36)	-	-	-	-	-	(36)	-	(36)
Equity-settled share-based payment (Note 22)	-	-	-	-	419	-	-	-	-	-	419	-	419
Change of ownership interests in a subsidiary without change of control (Note vii)	-	-	-	-	-	-	-	-	159	-	159	(159)	-
At 30 June 2015 (unaudited)	245,890	653,058*	(64,379)*	(1,920)*	(725)*	776*	1,025*	660*	44,152*	451,676*	1,330,213	(50,588)	1,279,625

* These reserve accounts comprise the consolidated reserves of HK\$1,084,323,000 (31 December 2014: HK\$781,714,000) in the condensed consolidated statement of financial position.

Notes:

- (i) The Group's capital reserve represents (a) the issued paid-up capital of a subsidiary of the Company; and (b) 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 Prosper Ocean Investments Limited and its subsidiary acquired in 2011 and CCL acquired in 2013.
- (iii) Warrant reserve represents the proceeds from warrant placing of HK\$776,000, net of warrant placing expenses of HK\$24,000 in 2013.
- (iv) Pursuant to the relevant laws and regulations applicable to Mainland China, the Group's subsidiaries established in Mainland China are required to transfer part of their net profit after tax to the reserve funds, which are non-distributable and restricted as to use.
- (v) Other reserves represents (a) the net gain on deemed disposal of interests in subsidiaries in 2011 and 2013; (b) the net loss on acquisition of additional interests in subsidiaries in 2012; and (c) the waivers of amounts due to CFG in 2011 and 2013 respectively.
- (vi) On 3 March 2014, the Company completed the allotment and issuance of 16,104,000 ordinary shares of HK\$0.1 each in aggregate to CFG. The fair value of these ordinary Shares allotted of approximately HK\$24,639,000 less par value of the ordinary shares of HK\$1,610,000 was recorded as share premium of approximately HK\$23,029,000.
- On 27 May 2014, the Company completed the allotment and issuance of 39,800,000 ordinary shares of HK\$0.1 each to not less than six Independent Third Parties at the placing price of HK\$1.15 per share. The fair value of these ordinary shares of approximately HK\$45,770,000 less par value of the ordinary shares of HK\$3,980,000 was recorded as share premium of approximately HK\$41,790,000.
- (vii) Immediately before the Dilution as defined below, the Company indirectly held 100% of the issued share capital of CIP. On 25 February 2015, an aggregate of 300 new shares of CIP were allotted and issued to four individuals (the "Dilution"), being the key management personnel of CIP, resulting in a 25% dilution of equity interest of CIP by the Company. Immediately after the Dilution, CIP became an indirect 75%-owned subsidiary of the Company.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Net cash used in operating activities		(460,316)	(78,106)
Investing activities			
Bank interest received		125	90
Acquisitions of subsidiaries		–	32,047
Investment in an associate		(19,375)	–
Deposits paid for acquisition of subsidiaries		–	(1,000)
Deposits paid for fund investments		(33,953)	–
Deposits paid for purchases of items of property, plant and equipment		(42,488)	(3,683)
Purchases of items of property, plant and equipment		(9,498)	(5,568)
Proceeds from disposal of items of property, plant and equipment		17	61
Purchases of available-for-sale investments		(113,376)	(33,780)
Increase in restricted cash		(11)	(305)
Net cash used in investing activities		(218,559)	(12,138)
Financing activities			
Proceeds from issue of new shares, net of issue expenses	21	441,860	44,576
Proceeds from issue of new bonds, net of issue expenses	20	285,466	–
Interest paid for bonds issued		(29,996)	–
Shares purchased for share award scheme	22	(36)	–
Net cash from financing activities		697,294	44,576
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		18,419	(45,668)
Cash and cash equivalents at beginning of the period		366,803	275,025
Effect of foreign exchange rate changes, net		689	(70)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		385,911	229,287
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		385,911	223,110
Non-pledged time deposits with original maturity of less than three months		–	6,177
		385,911	229,287

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1.1 CORPORATE AND GROUP INFORMATION

Convoy Financial 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, P.O. 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, proprietary investment business, asset management business and corporate finance business.

The corporate finance business is a new business segment of the Group through acquisition of subsidiaries in the prior year.

The condensed consolidated financial statements have not been audited.

1.2 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial statements have been prepared under the historical cost convention except for financial assets and liabilities at fair value through profit or loss and certain available-for-sale investments which have been measured at fair value. The condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company. All values are rounded to the nearest thousands except when otherwise indicated.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014 included in the annual report.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, 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 2015:

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs

The application of these new and revised HKFRSs has had no significant financial effect on the Group's results of operations and financial positions and on the amounts reported in the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION

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

- (a) the IFA segment engages in insurance brokerage business and the provision of IFA services;
- (b) the money lending segment engages in the provision of loan financing in Hong Kong;
- (c) the proprietary investment segment engages in investment in listed and unlisted investments;
- (d) the asset management segment engages in the provision of asset management services; and
- (e) the corporate finance segment engages in the provision of corporate finance and related advisory services.

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 before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income and gains, net, as well as head office and corporate expenses are excluded from this measurement.

Revenue and results

For the six months ended 30 June

	IFA segment		Money lending segment		Proprietary investment segment		Asset management segment		Corporate finance segment		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue												
Segment revenue	276,751	472,708	32,527	5,131	17,221	126,764	13,809	3,461	32,248	-	372,556	608,064
Results												
Segment results	(48,783)	45,087	11,157	1,187	32,766	90,812	4,174	1,068	10,576	-	9,890	138,154
Unallocated income											518	408
Unallocated corporate expenses											(3,488)	(2,432)
Profit before tax											6,920	136,130
Income tax credit/(expense)											29,253	(8,607)
Profit for the period											36,173	127,523

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (continued)

Segment assets and liabilities

As at 30 June 2015 and 31 December 2014

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Segment assets		
IFA segment	165,608	528,054
Money lending segment	768,471	435,892
Proprietary investment segment	792,388	523,735
Asset management segment	159,073	2,610
Corporate finance segment	16,175	-
Total segment assets	1,901,715	1,490,291
Unallocated assets	403,933	386,990
Total assets	2,305,648	1,877,281
Segment liabilities		
IFA segment	229,009	689,062
Money lending segment	552,816	267,859
Proprietary investment segment	63,215	55,051
Asset management segment	150,987	-
Corporate finance segment	58	-
Total segment liabilities	996,085	1,011,972
Unallocated liabilities	29,938	65,219
Total liabilities	1,026,023	1,077,191

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

- (1) all assets are allocated to operating segments other than unallocated assets, cash and cash equivalents and deferred tax assets; and
- (2) all liabilities are allocated to operating segments other than unallocated liabilities, tax payable, deferred tax liability and other head office and corporate liabilities as these liabilities are managed on a group basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (continued)

Other segment information

For the six months ended 30 June

	IFA segment		Money lending segment		Proprietary investment segment		Asset management segment		Corporate finance segment		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Capital expenditure (other than goodwill)*	9,346	5,618	20	199	-	-	13	-	119	-	9,498	5,817
Depreciation of property, plant and equipment												
- operating segment	13,498	8,333	340	207	-	-	3	10	56	-	13,897	8,550
- unallocated											-	104
											13,897	8,654
Amortisation of intangible assets	272	272	-	-	-	-	-	-	-	-	272	272
Impairment loss recognised in profit or loss	2,594	1,095	-	-	-	-	-	-	-	-	2,594	1,095

* Capital expenditure represented additions to items of property, plant and equipment, including assets acquired through acquisitions of subsidiaries.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Hong Kong	284,727	414,450
Mainland China	53,538	62,640
Macau	17,070	4,210
	355,335	481,300

The revenue information above is based on the location of the operations. For the purpose of identifying major external customers, revenue derived from the proprietary investment segment, including unrealised fair value gains on financial investments at fair value through profit or loss, net; realised losses on disposals of financial investments at fair value through profit or loss, net; interest income from debt investments and dividend income from financial investments at fair value through profit or loss, are excluded.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (continued)

Geographical information (continued)

(b) Non-current assets

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Hong Kong	96,574	62,115
Mainland China	8,891	8,092
Others	1,054	1,315
	106,519	71,522

The non-current asset information above is based on the locations of the assets and excludes investment in an associate, loans receivable, financial instruments, restricted cash and deferred tax assets.

Information about product issuers/fund houses/customers

Revenue from major product issuers/fund houses/customers, each of them contributing to 10% or more of the Group's revenue derived from the IFA segment, money lending segment, asset management segment and corporate finance segment, is set out below:

	For the six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Product issuer A	114,620	164,089
Product issuer B	n/a*	48,159
Product issuer C	70,010	n/a**
Product issuer D	45,960	n/a**
Product issuer E	36,065	n/a**

For the purpose of identifying major external customers, revenue derived from the proprietary investment segment, including unrealised fair value gains on financial investments at fair value through profit or loss, net; realised losses on disposals of financial investments at fair value through profit or loss, net; interest income from debt investments and dividend income from financial investments at fair value through profit or loss, are excluded.

* Revenue from Product issuer B for the six months ended 30 June 2015 was less than 10% of the Group's revenue.

** Revenue from each of Product issuer C, D and E for the six months ended 30 June 2014 was less than 10% of the Group's revenue.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the aggregate of (i) commission income from brokerage business and advisory income from IFA services; (ii) interest income from loan financing; (iii) fair value gains or losses on listed and unlisted financial investments, dividend and interest income from the proprietary investment business; (iv) the value of service rendered from asset management services; and (v) the value of service rendered from corporate finance services, earned during the period.

An analysis of revenue, other income and gains, net is as follows:

	For the six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue		
Investment brokerage commission income	94,872	362,787
Insurance brokerage commission income	176,270	95,617
Pension scheme brokerage commission income	5,416	5,114
Advisory income	193	9,190
Interest income from loan financing	32,527	5,131
Unrealised fair value gains on financial investments at fair value through profit or loss, net	33,477	141,051
Realised losses on disposals of financial investments at fair value through profit or loss, net	(20,056)	(15,127)
Interest income from debts investments	2,132	-
Dividend income from financial investments at fair value through profit or loss	1,668	840
Asset management service income	13,809	3,461
Corporate finance service income	32,248	-
	372,556	608,064
Other income and gains, net		
Bank interest income	125	90
Others	393	318
	518	408

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Interest on bond payables not wholly payable within five years	16,744	-
Interest on bond payables wholly payable within five years	33	-
Interest on interest-bearing other borrowing wholly payable within five years	318	-
	17,095	-

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Employee benefit expense (including directors' remuneration):		
Salaries, allowances, bonuses and benefits in kind	35,065	47,059
Pension scheme contributions	5,790	4,479
	40,855	51,538
Minimum lease payments under operating leases in respect of:		
Land and buildings	26,979	27,073
Equipment	429	345
	27,408	27,418
Equity-settled share-based payment*	419	139
Amortisation of intangible assets*	272	272
Loss on disposal of items of property, plant and equipment	1	563
Impairment of other receivables	2,594	1,095
Foreign exchange differences, net	(200)	(74)

* The equity-settled share-based payment and amortisation of intangible assets for the period are included in "Other expenses" in the condensed consolidated statement of comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable in elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Current – Hong Kong		
Charge for the period	7,401	8,604
Underprovision in prior years	131	–
Deferred	(36,785)	3
Total tax charge/(credit) for the period	(29,253)	8,607

8. DIVIDEND

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2015 (2014: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 1,134,352,575 (2014: 481,372,818) in issue during the period.

The exercise price of the warrants of the Company outstanding during the period was higher than the average market price of the ordinary shares of the Company and, accordingly, they had no dilutive effect of basic earnings per ordinary share.

The calculation of the diluted earnings per share amount in the prior period was based on the profit for that period attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation was the number of ordinary shares in issue during that 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 are based on:

	For the six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Earnings		
Profit for the period attributable to owners of the Company, used in the basic and diluted earnings per share calculation	43,506	130,522

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

	Number of shares	
	2015 (unaudited)	2014 (unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,134,352,575	481,372,818
Effect of dilution – weighted average number of ordinary shares:		
Warrants	–	558,757
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	1,134,352,575	481,931,575

10. GOODWILL

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Cost		
At beginning of the reporting period	49,762	39,840
Acquisition of subsidiaries	–	9,922
At end of the reporting period	49,762	49,762
Impairment		
At beginning of the reporting period	39,840	–
Impairment during the reporting period	–	39,840
At end of the reporting period	39,840	39,840
Net carrying amount		
At end of the reporting period	9,922	9,922

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. INTANGIBLE ASSETS

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Cost		
At beginning and end of the reporting period	2,173	2,173
Accumulated amortisation		
At beginning of the reporting period	1,191	648
Amortisation during the reporting period	272	543
At end of the reporting period	1,463	1,191
Net carrying amount		
At end of the reporting period	710	982

The intangible assets represent customers' contracts with definite useful lives and are amortised on straight-line basis over 4 years.

12. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Unlisted fund investments, at fair value	82,904	4,949
Unlisted equity investments, at cost		
Hong Kong	28,191	28,183
Elsewhere	6,139	6,139
	34,330	34,322
Unlisted debt investments, at cost		
Elsewhere	36,278	865
	153,512	40,136

Available-for-sale investments represented the Group's investments in unlisted fund, equity and debt investments.

As at 30 June 2015, unlisted equity and debt investments with an aggregate carrying amount of HK\$70,608,000 (31 December 2014: HK\$35,187,000) were stated as cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that the fair value cannot be measured reliably. The Group does not intend to dispose of these investments in the near future.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. LOANS RECEIVABLE

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Loans receivable	687,675	435,284
Impairment	(1,069)	(1,069)
	686,606	434,215
Less: Balances due within one year included in current assets	(350,011)	(291,765)
Non-current portion	336,595	142,450

Loans receivable represent receivables arising from the money lending business of the Group, and bear interest at rates ranging from 1% per annum to 20% per annum (31 December 2014: 5% per annum to 20% per annum). The grants of these loans were approved and monitored by the Group's management.

As at 30 June 2015, certain loans receivable with an aggregate carrying amount of HK\$266,968,000 (31 December 2014: HK\$192,416,000) were secured by the pledge of collateral or personal guarantees by certain Independent Third Parties.

An aged analysis of the loans receivable that are not considered to be impaired as at the end of the reporting period, based on the payment due date, is as follows:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Neither past due nor impaired	665,244	369,506
1 to 3 months past due	21,336	33,305
Over 3 months past due	26	31,404
	686,606	434,215

The movements in provision for impairment of loans receivable are as follows:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
At beginning of the reporting period	1,069	656
Impairment during the reporting period	-	413
At end of the reporting period	1,069	1,069

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. LOANS RECEIVABLE *(continued)*

Included in the above provision for impairment of loans receivable was a provision for individually impaired loans receivable of HK\$1,069,000 (31 December 2014: HK\$1,069,000) with an aggregate carrying amount of HK\$1,069,000 (31 December 2014: HK\$1,069,000). The individually impaired loans receivable relate to borrowers that were in default and were not expected to be recoverable.

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

Loans receivable that were past due but not impaired relate to a number of independent borrowers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Deposits paid for purchases of items of property, plant and equipment	42,488	4,227
Deposit paid for fund investments	53,572	19,619
Rental and utility deposits	15,986	15,745
Other receivables	58,351	34,277
Prepaid expenses	91,236	9,299
	261,633	83,167
Impairment for other receivables	(21,056)	(18,462)
Impairment of a deposit paid for a fund investment	(19,619)	(19,619)
	220,958	45,086
Prepayments, deposits and other receivables analysed into:		
Non-current assets	90,473	15,352
Current assets	130,485	29,734
	220,958	45,086

15. ACCOUNTS RECEIVABLE

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Accounts receivable	45,340	260,250

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. ACCOUNTS RECEIVABLE (continued)

Accounts receivable from product issuers arising from provision of brokerage services are generally settled within 45 days upon the execution of the insurance policies, investment products subscription agreements and/or receipt of statements from product issuers. Credit terms with customers of investment advisory, funds dealing, asset management services and corporate finance advisory services are mainly 30 to 60 days or a credit period mutually agreed between the contracting parties.

Accounts receivable from brokers arising from proprietary investment business are repayable on demand subsequent to settlement date. The normal settlement terms of accounts receivable arising from the proprietary investment business are 2 days after trade date.

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.

An aged analysis of the accounts receivable as at the end of the reporting period, based on the date of recognition of revenue and net of provisions, is as follows:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Within 1 month	43,810	260,250
1 to 2 months	591	-
2 to 3 months	164	-
Over 3 months	775	-
	45,340	260,250

The aged analysis of accounts receivable as at the end of reporting period that are not individually nor collectively considered to be impaired is as follows:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Neither past due nor impaired	44,565	260,250
Over 3 months past due	775	-
	45,340	260,250

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. ACCOUNTS RECEIVABLE (continued)

Accounts receivable that were neither past due nor impaired relate to a number of reputable product issuers/brokers for whom there was no recent history of default.

Accounts receivable that were past due but not impaired relate to product issuers/brokers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

16. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Long position		
Hong Kong listed equity investments, at market value	406,006	380,194
Hong Kong unlisted debt investments, at market value	94,480	58,695
Overseas listed equity investments, at market value	10,791	4,247
Overseas fund investments, at market value	48,028	40,463
	559,305	483,599

Financial liabilities at fair value through profit or loss

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Short position		
Hong Kong listed derivative instruments, at market value	-	55
Hong Kong listed equity investments, at market value	24,715	15,645
Overseas listed equity investments, at market value	4,113	4,122
	28,828	19,822

The above equity, debt and fund investments and derivative instruments were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets/liabilities as at fair value through profit or loss.

17. CASH HELD ON BEHALF OF CLIENTS/ACCOUNT PAYABLES TO CLIENTS

A subsidiary of the Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its asset management business. The Group has classified the clients' monies as cash held on behalf of clients under the current assets section of the condensed consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. ACCOUNTS PAYABLE

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Accounts payable	140,679	356,059

Accounts payable to consultants arising from provision of IFA services are generally settled within 30 days to 120 days upon receipt of payments from product issuers by the Group.

Accounts payable to brokers arising from proprietary investment business are repayable on demand.

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

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Within 1 month	92,903	218,962
1 to 2 months	20,191	64,360
2 to 3 months	12,140	25,194
Over 3 months	15,445	47,543
	140,679	356,059

Accounts payable are non-interest-bearing. Included in the accounts payable 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\$372,000 (31 December 2014: HK\$815,000), which are payable on similar terms to other consultants of the Group.

19. 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 six months ended 30 June 2015, the Group's estimated commission clawback charged to the condensed consolidated statement of comprehensive income amounted to HK\$1,024,000 (six months ended 30 June 2014: HK\$5,983,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. BOND PAYABLES

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Unsecured unlisted bonds, at nominal value	596,500	282,000
Discount and issue costs	(43,683)	(21,190)
	552,817	260,810
Less: Balances due within one year included in current liabilities	(6,005)	-
Non-current portion	546,812	260,810

Pursuant to a placing agreement dated 8 July 2014, the Company, through an independent placing agent namely Gransing Securities Co., Limited ("Gransing"), issued 7-year 6% coupon unlisted bonds for an aggregate principal amount of up to HK\$50,000,000 (the "Straight Bonds A"). The Straight Bonds A are unsecured, contain no conversion feature and will mature on the date falling on the 7th anniversary of the date of the issue of the Straight Bonds A.

Pursuant to a placing agreement dated 16 September 2014, the Company, also through Gransing, issued 7-year 6% coupon unlisted bonds for an aggregate principal amount of up to HK\$300,000,000 (the "Straight Bonds B"). The Straight Bonds B are unsecured, contain no conversion feature and will mature on the date falling on the 7th anniversary of the date of the issue of the Straight Bonds B.

Pursuant to a placing agreement dated 14 November 2014, the Company, also through Gransing, issued 7-year 9% coupon unlisted bonds for an aggregate principal amount of up to HK\$16,000,000 (the "Straight Bonds C"). The Straight Bonds C are unsecured, contain no conversion feature and will mature on the date falling on the 7th anniversary of the date of the issue of the Straight Bonds C.

Pursuant to a placing agreement dated 14 January 2015, the Company, also through Gransing, issued 7-year 9% coupon unlisted bonds for an aggregate principal amount of up to HK\$5,000,000 (the "Straight Bonds D"). The Straight Bonds D are unsecured, contain no conversion feature and will mature on the date falling on the 7th anniversary of the date of the issue of the Straight Bonds D.

Pursuant to a placing agreement dated 21 January 2015, the Company, also through Gransing, issued 7-year 6% coupon unlisted bonds for an aggregate principal amount of up to HK\$300,000,000 (the "Straight Bonds E"). The Straight Bonds E are unsecured, contain no conversion feature and will mature on the date falling on the 7th anniversary of the date of the issue of the Straight Bonds E.

Pursuant to a placing agreement dated 21 January 2015, the Company, also through Gransing, issued 1-year 3.5% coupon unlisted bonds for an aggregate principal amount of up to HK\$200,000,000 (the "Straight Bonds F"). The Straight Bonds F are unsecured, contain no conversion feature and will mature on the date falling on the 1st anniversary of the date of the issue of the Straight Bonds F.

As at 30 June 2015, the Straight Bonds A, Straight Bonds B, Straight Bonds C, Straight Bonds D, Straight Bonds E and Straight Bonds F were issued to and subscribed by bondholders for an aggregate principal amount of HK\$50,000,000, HK\$300,000,000, HK\$16,000,000, HK\$5,000,000, HK\$219,500,000 and HK\$6,000,000 (31 December 2014: HK\$50,000,000, HK\$216,000,000, HK\$16,000,000, Nil, Nil and Nil) with effective interest rate of approximately 7.53%, 7.53%, 9.02%, 9.02%, 7.53% and 3.60% (31 December 2014: 7.53%, 7.53%, 9.02%, Nil, Nil and Nil), respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. SHARE CAPITAL

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Authorised: 4,000,000,000 (31 December 2014: 1,000,000,000) ordinary shares of HK\$0.10 each (Note i)	400,000	100,000
Issued and fully paid: 2,458,896,000 (31 December 2014: 614,724,000) ordinary shares of HK\$0.10 each	245,890	61,472

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

	Number of shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 January 2015	614,724,000	61,472	395,616	457,088
Issue of new shares in May 2015 (Note ii)	1,844,172,000	184,418	276,625	461,043
	2,458,896,000	245,890	672,241	918,131
Share issue expenses	-	-	(19,183)	(19,183)
At 30 June 2015	2,458,896,000	245,890	653,058	898,948

Notes:

- (i) The authorised share capital of the Company was increased from HK\$100,000,000 divided into 1,000,000,000 shares of HK\$0.1 each to HK\$400,000,000 divided into 4,000,000,000 shares of HK\$0.1 each upon the approval by the shareholders of the Company at the extraordinary general meeting of the Company held on 1 April 2015.
- (ii) On 11 May 2015, the Company completed the allotment and issuance of 1,844,172,000 ordinary shares of HK\$0.1 each to the shareholders of the Company by way of an open offer on the basis of three offer shares for every one existing share held on 15 April 2015 at a subscription price of HK\$0.25 each, giving rise to an increase in share premium of approximately HK\$276,625,000.

22. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22. SHARE AWARD SCHEME (continued)

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.

During the six months ended 30 June 2015, an aggregate number of 578,674 (2014: 100,000) Awarded Shares were awarded, fully vested at the grant dates, to certain employees and consultants of the Group, which were transferred to the employees and consultants at nil consideration. The fair value of the Awarded Shares awarded was based on the market value of the Company's Shares at the grant date and the Group recognised an equity-settled share-based payment expense of HK\$419,000 (2014: HK\$139,000) for the six months ended 30 June 2015 with a corresponding credit to the shares held for share award scheme account of the Company with the same amount.

During the six months ended 30 June 2015, the Trustee acquired 60,000 (2014: Nil) ordinary shares of the Company under the Award Scheme.

23. OPERATING LEASE COMMITMENTS

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

At 30 June 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Within one year	56,652	54,604
In the second to fifth years, inclusive	99,589	111,319
	156,241	165,923

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. COMMITMENTS

In addition to the operating lease commitments detailed in note 23 above, the Group had the following commitments at the end of the reporting period.

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Contracted, but not provided for:		
Acquisition of an available-for-sale investment	6,278	6,278
Acquisitions of items of property, plant and equipment	99,931	-
	106,209	6,278

25. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following material transactions with related parties.

(a) Transaction with related parties in ordinary course of business:

	Note	For the six months ended 30 June	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Commission expenses payable to:			
Spouse of a director of the Group's operating subsidiary	(i)	1,141	637
Cousin of a director of the Group's operating subsidiary	(i)	4,493	2,947
Brother of a director of the Group's operating subsidiary	(i)	1,376	428

Note:

- (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.

(b) Other transactions with related parties:

On 25 February 2015, an aggregate of 300 new shares of CIP were allotted and issued to four individuals, being the key management personnel of CIP.

(c) Compensation of key management personnel of the Group:

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

	For the six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Salaries, allowances, bonuses and benefits in kind	6,761	3,886
Pension scheme contributions	859	254
	7,620	4,140

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

Management has assessed that the fair values of accounts receivable, current loans receivable, current financial assets included in prepayments, deposits and other receivables, cash and cash equivalents, cash held on behalf of clients, restricted cash, accounts payable, accounts payable to clients, financial liabilities included in other payables and accruals, commission clawback and balances with a fellow subsidiary approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the bonds 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 Group's own non-performance risk for the bonds was assessed to be insignificant.

The Group has a special team to monitor the financial asset price risk and will consider hedging the risk exposure should the need arise.

The fair values of the non-current financial assets included in prepayments, deposits and other receivables, certain available-for-sale investments, non-current loans receivable and non-current financial liabilities included in other payables and accruals 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 financial investments are based on quoted market prices.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2015

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Available-for-sale investments	-	82,904	-	82,904
Financial investments at fair value through profit or loss	416,797	142,508	-	559,305
	416,797	225,412	-	642,209

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

As at 31 December 2014

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Available-for-sale investments	–	4,949	–	4,949
Financial investments at fair value through profit or loss	384,441	99,158	–	483,599
	384,441	104,107	–	488,548

During the six months ended 30 June 2015, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets (31 December 2014: Nil).

Liabilities measured at fair value:

As at 30 June 2015

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial liabilities at fair value through profit or loss	28,828	–	–	28,828

As at 31 December 2014

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial liabilities at fair value through profit or loss	19,822	–	–	19,822

During the six months ended 30 June 2015, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial liabilities (31 December 2014: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

27. EVENTS AFTER THE INTERIM PERIOD

- (i) On 4 June 2015, the Company conducted a placing of a maximum of 5,283,000,000 placing shares at a placing price of HK\$0.53 each, with expected gross proceeds of HK\$2,800 million and net proceeds of approximately HK\$2,698 million (after deduction of commission and other expenses of the said placing). On 28 August 2015, the Company entered into supplemental agreement in relation to the said placing, pursuant to which a maximum of 7,508,300,000 placing shares would be issued and the expected gross proceeds would be approximately HK\$2,628 million and, after deduction of expenses of the said placing, the expected net proceeds would be approximately HK\$2,531 million (out of which approximately HK\$1,348 million, i.e. 53.26% of the net proceeds of the said placing is expected to be used on the Group's margin and initial public offering financing services being developed by the Group and approximately HK\$1,183 million, i.e. 46.74% of the net proceeds of the said placing is expected to be used as additional capital for the Group's money lending business). As at the date of this report, the said placing has not been completed.
- (ii) On 7 July 2015, the Company entered into a subscription agreement (the "Subscription Agreement") with Oriental Patron Asia Limited (the "Arranger"), Mr. Ming-Hsing Tsai ("Mr. Tsai") and two subscribers (the "Subscribers") namely Eagle Legacy Limited and Oceana Glory Limited, each of which is an Independent Third Party and controlled by the Tsai family, pursuant to which (i) the Company has agreed to allot and issue to the Subscribers, and the Subscribers have agreed to severally subscribe for 3,294,000,000 new shares ("Subscription Shares") (subject to adjustment); and (ii) the Arranger has agreed to procure the Subscribers to subscribe for the Subscription Shares, upon the terms and subject to the conditions set out in the Subscription Agreement at a Subscription Price of HK\$0.53 per Subscription Share. Mr. Tsai has agreed to procure the Subscribers to perform their obligations under the Subscription Agreement. On 28 August 2015, the Company entered into supplemental agreement in relation to the said subscription, pursuant to which 4,480,000,000 new shares would be issued and the expected gross proceeds would be approximately HK\$1,568 million and, after deduction of expenses of the said subscription, the expected net proceeds would be approximately HK\$1,512 million (out of which approximately HK\$360 million, i.e. 23.81% of the net proceeds of the said subscription is expected to be used as additional capital for the Group's money lending business and approximately HK\$450 million, i.e. 29.76% of the net proceeds of the said subscription is expected to be used as seed capital for establishing funds to be managed under the Group's asset management business and approximately HK\$702 million, i.e. 46.43% of the net proceeds of the said subscription is expected to be used to fund possible strategic investment by the Group in unlisted assets). As at the date of this report, the said subscription has not been completed.
- (iii) On 31 July 2015, the Group completed the acquisition of entire interests in Cheer Pearl Investment Limited (currently known as Convoy Securities Limited with effect from 10 August 2015), a company incorporated in Hong Kong with limited liability on 15 September 1992 and licensed by the SFC to carry on Type 1 (dealing in securities) regulated activities under the SFO, from an Independent Third Party at a cash consideration of HK\$16 million.
- (iv) On 28 August 2015, the Company entered into a placing agreement with GF Securities (Hong Kong) Brokerage Limited and SBI China Capital Financial Services Limited, pursuant to which a maximum of 491,700,000 placing shares may be issued and the expected gross proceeds would be approximately HK\$172 million and, after deduction of expenses of the said placing, the expected net proceeds would be approximately HK\$165 million, which is expected to be used for the Group's money lending business. As at the date of this report, the said placing has not yet been completed.

ADDITIONAL INFORMATION

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 2015, so far as the Directors are aware, the interests or short positions of the Directors or chief executives in Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO", Chapter 571 of the Laws of Hong Kong)) 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 Companies (the "Model Code") contained in the Listing Rules, are as follows:

Name of Directors or chief executive	Capacity	Long/ Short position	Number of Shares held	Approximate percentage of the issued share capital
Wong Lee Man	Beneficial owner	Long position	102,163,194	4.15%
Mak Kwong Yiu	Beneficial owner	Long position	96,926,748	3.94%

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 2015, so far as the Directors are aware, none of the corporations/individuals 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2015, 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 period are disclosed in note 27 to the condensed consolidated financial statements.

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.

According to the Share Option Scheme, the Board may at its absolute discretion, offer to grant option to any employee, business associate and the trustee (whether family, discretionary or otherwise) whose beneficiaries or objects include any employee or business associate of the Group (collectively, the "Participants").

For the purpose of this section, employee means (i) any fulltime employee and director (including executive director, non-executive director and independent non-executive director or proposed executive director, non-executive director and independent non-executive director) of any member of the Group; and (ii) any part-time employee with weekly working hours of 10 hours or above of the Group; and business associate means (a) any adviser, consultant or agent (in the areas of legal, technical, financial or corporate managerial) to the Group; (b) any provider of goods and/or services to the Group; or (c) any other person who, at the sole discretion of the Board, has contributed or may contribute to the Group (the assessment criterion of which are (i) such person's contribution to the development and performance of the Group; (ii) the quality of work performed by such person for the Group; (iii) the initiative and commitment of such person in performing his or her duties; and (iv) the length of service or contribution of such person to the Group).

ADDITIONAL INFORMATION

The purpose of the Share Option Scheme is to encourage the Participants to perform their best in achieving the goals of the Group and at the same time allow the Participants to enjoy the results of the Company attained through their efforts and contributions and to provide the Participants with incentives and help the Company in retaining its existing employees and recruiting additional employees.

The subscription price in respect of any particular option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the options but in any case the subscription price shall not be less than the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of grant; or (iii) the nominal value of a Share. Each of the grantee is required to pay HK\$1.00 as consideration for the grant of share options in accordance with the Share Option Scheme and the offer of share options must be accepted within 21 days from the date of the offer.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes must not, in aggregate, exceed 40,000,000 Shares, which represented 10% of the total issued share capital of the Company as at the date of approval of the Share Option Scheme.

The total number of Shares (in respect of which options may be granted) available for issue under the Share Option Scheme are 40,000,000 Shares, which represented (i) approximately 6.51% of the total number of the issued Shares of the Company as at the date of annual report of the Company for its financial year ended 31 December 2014 ("2014 Annual Report") and as at 28 April 2015, being the publish date of 2014 Annual Report; and (ii) approximately 1.63% of the total number of the issued Shares of the Company as at 30 June 2015.

No Participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in 12-month period up to and including the date of grant to such Participant would exceed 1% of the Shares for the time being in issue unless the proposed grant has been approved by the shareholders of the Company in general meeting with the proposed grantee and his associates (as defined in the Listing Rules) abstaining from voting.

An option may be exercised in accordance with the terms and conditions of the Share Option Scheme at any time during such period as the Board may in its absolute discretion determine, save that such period shall not be more than 10 years from the date of grant of the option and the Board may provide restrictions on the exercise of an option during the period an option may be exercised. There is no requirement that an option must be held for any minimum period before it can be exercised but the Board are empowered to impose at its discretion any such minimum period at the time of grant of any option.

During the six months ended 30 June 2015, 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 22 to the condensed consolidated financial statements.

CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of good corporate governance in the management of the Group. During the six months ended 30 June 2015, 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 2015.

ADDITIONAL INFORMATION

CHANGE OF DIRECTORS AND COMPOSITION OF BOARD COMMITTEES

With effect from 26 March 2015, Dr. Hui Ka Wah, Ronnie, *JP* resigned as an executive Director and a member of the corporate governance committee of the Company (the "Corporate Governance Committee") due to his personal commitments on his other business.

With effect from 2 April 2015, Mr. Tan Ye Kai, Byron ("Mr. Tan") was appointed as an executive Director and a member of the Corporate Governance Committee and Mr. Chan Ngai Sang, Kenny ("Mr. Chan") was appointed as an independent non-executive Director.

At the annual general meeting of the Company held on 9 June 2015 ("AGM"), Dr. Wu Ka Chee, Davy ("Dr. Wu") did not offer himself for re-election due to his personal commitments on his other business and accordingly retired as an independent non-executive Director upon the conclusion of the AGM. At the same time, Dr. Wu ceased to be the chairman of each of the remuneration committee of the Company (the "Remuneration Committee") and the Corporate Governance Committee as well as a member of each of the audit committee of the Company (the "Audit Committee") and the nomination committee of the Company (the "Nomination Committee").

In place of Dr. Wu, with effect from 9 June 2015, (i) Mr. Chan was appointed as a member of each of the Audit Committee and the Nomination Committee as well as a member and the chairman of the Remuneration Committee; and (ii) Mr. Tan was appointed as the chairman of the Corporate Governance Committee.

CHANGE OF INFORMATION OF DIRECTORS

Change of information of Directors is set out below:

1. Ms. Fong Sut Sam has been appointed as a member of advisory board of the Master of Business Administration programmes of The Chinese University of Hong Kong with effect from 1 August 2015.
2. Mr. Lam Chi Keung has been appointed as an executive director of Sino Haijing Holdings Limited (stock code: 1106) with effect from 18 August 2015.

AUDIT COMMITTEE

The Company established the Audit Committee on 23 June 2010 with written terms of reference in compliance with the Listing Rules. The Audit Committee which comprises of three independent non-executive Directors, namely Mr. Ma Yiu Ho, Peter (the chairman of the Audit Committee), Mr. Lam Chi Keung and Mr. Chan Ngai Sang, Kenny have reviewed with the management of the Company the financial statements of the Group for the six months ended 30 June 2015 and discussed with the management of the Company, the internal control and financial reporting matters including the review of the interim report of the Group for the six months ended 30 June 2015.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2015 (2014: Nil).

On behalf of the Board

Convoy Financial Holdings Limited

Wong Lee Man

Chairman

Hong Kong, 28 August 2015

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 as at the date of this report
“CAM”	means	Convoy Asset Management Limited, a company incorporated in Hong Kong with limited liability on 24 November 1999 and is licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“CCHK”	means	Convoy Capital Hong Kong Limited, a company incorporated in Hong Kong with limited liability on 11 October 2011 and is licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
“CCL”	means	Convoy Collateral Limited, a company incorporated in Hong Kong with limited liability on 2 June 2003 and is a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“CFG”	means	Convoy Financial Group Limited, a company incorporated in the British Virgin Islands with limited liability
“CIP”	means	Convoy International Property Consulting Company Limited, a company incorporated in Hong Kong with limited liability on 21 May 2014
“Company” or “our Company”	means	Convoy Financial 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 the 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
“Independent Third Party”	means	independent third party who is not a connected person (as defined in the Listing Rules) of the Company and is independent of and not connected with the connected persons of the Company

DEFINITIONS

“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
“MPFA”	means	Mandatory Provident Fund Schemes Authority
“PRC”	means	the People’s Republic of China
“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
“SFC”	means	Securities and Futures Commission
“SFO”	means	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“US\$”	means	United States dollars, the lawful currency of the United States
“%”	means	per cent.



CONVOY  康宏

