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

Solid Platform with
Sustainable
Development
構建可持續發展之穩固平台

ANNUAL REPORT **2015** 年報

Contents

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Wong Lee Man *(Chairman)*
Ms. Fong Sut Sam
Mr. Mak Kwong Yiu (resigned on 31 March 2016)
Mr. Tan Ye Kai, Byron
Mr. Ng Wing Fai (appointed on 15 September 2015)

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 (resigned on 31 March 2016)
Mr. Tan Ye Kai, Byron (appointed on 31 March 2016)
Mr. Chow Kim Hang

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

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

Corporate
Information

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 ADDRESS

www.convoy.com.hk

PRINCIPAL AUDITORS

Ernst & Young
Certified Public Accountants

KEEP BALANCED

Chairman's Statement

During 2015, like other financial institutions, Convoy faces a weakening investment desire due to global stock market significant fluctuation. Coupled with a significant decrease in revenue from its principle business due to tightening industry regulation, the Group suffered a loss before tax for the first time since its listing in 2010. Despite facing the adversities in both the external economic and business environment, the Group still moved forward and did not downsize its businesses. On the contrary, we kept on having a close eye in seeking market opportunities and made adjustments to our operation. We sought for business transformation, just like we were 18 years ago when the Company firmly set its foothold as an independent financial advisor and created a different Convoy story. In moving forward again today, we moved ahead cautiously, firmly and without hesitation. I strongly believe not only will adversities make people self-improved but it will even lead them to become stronger, which may turn crisis into opportunities, continue to forge ahead and achieve a breakthrough.

On behalf of the Board, I wish to announce that during the year under review, the revenue of the Group decreased significantly by 62% to approximately HK$605 million as compared with last year and net loss attributable to the owners of the Company amounted to HK$467 million.

The Group's business suffered a serious deterioration in 2015. Apart from the weakening investment confidence, the traditional business was affected by the regulatory requirements amendments which had deeply affected our sales performance. For the Investment-linked Assurance Scheme ("ILAS") products that accounted for over 80% of sales revenue from IFA segment in Hong Kong last year, revenue dropped significantly by over 80% after the introduction of new regulatory guidelines at the beginning of the year. A sharp decrease in revenue from ILAS products arose because all product issuers

failed to timely launch new products in the first half of 2015. Secondly, the commission payment schedule and disclosure had experienced a significant change, which greatly impeded the selling desire of financial consultants. Thirdly, the change of commission payment schedule adversely affected the Group's revenue for the current year, and the Group's first year revenue after the new guidelines introduction had decreased substantially. During the year, commission income from ILAS sales in Hong Kong was approximately HK$155 million, representing a significant decrease of approximately 85.1% year-on-year, which was one of the reasons for the losses of the Group.

To offset the decrease in ILAS sales, during 2015, the Group aggressively promoted the non-linked and risk-adversed products through its consultancy force. While enhancing the training, we also launched the internal incentive schemes. At the same time, we continued to improve product diversity and complemented with active promotion measures to develop customer demand at different levels. As a result, non-linked and insurance brokerage commission income grew by approximately 111.5% to HK$300 million for the year and the proportion to annual revenue increased significantly from 11.9% to 64.6%.

On the other hand, the Mandatory Provident Fund ("MPF") business continued to record a stable growth, gradually increasing its contributions to the Group's revenue. With the growing aging population of Hong Kong becomes more and more serious, people showed increasing concern on individual retirement benefits. The Group strongly believes that the MPF market has numerous business opportunities with tapping potential, including the opportunities of individual customers cross-selling and even individuals and institutions cross-selling. During the past few years, the Group has always been the benchmark of the MPF market and was the first institution to launch the "Convoy MPF index", providing guidelines on market trend, educating citizens as well and using this to encourage people with employment to manage their individual MPF Scheme, with the expectation of having increasing market recognition and also increase customer demand for professional advice.

In moving towards the diversified business development direction, the Group introduced a number of new businesses in recent years. Thanks to the comprehensive coordination of our consultancy team and many back office staff who worked behind-the-scene, we are delighted about the performance of the new businesses. As I had pointed out in the interim results announcement, the Group would continue to broaden its business revenue in future and foster the development of the income pattern of Assets Under Management (AUM), in hope of generating more stable and diversified income sources for the Group in long term. Therefore during the past year, the Group actively reinforced the AUM business and increased the professional investment management services with the addition of annual package on the fund distribution platform besides the original Discretionary Portfolio Management Service ("DPMS"), whereby it had strengthened the business features of fund distribution and improved customers' intention to participate in fund investment. Meanwhile, to further increase the AUM business income source, the Group also introduced the first self-operated and allocated fund. As at 31 December 2015, total AUM value had exceeded US$635 million. In the future, the Group will leverage on the same platform to launch structured investment products to provide more investment opportunities to our customers.

MIXED NEW BUSINESS DEVELOPMENTS WITH INCREASING CONTRIBUTIONS TO THE GROUP'S REVENUE

Money lending business, which has been actively developed by the Group, has all along been providing stable revenue since its establishment two years ago. Despite the intense competition in the local money lending market for the year, the performance of the money lending business maintained a sustained growth, which was attributable to the maturing business pattern, sound brand reputation and broad customer base. In the future, the money lending business will continue to broaden its customer base and enlarge the scale. Meanwhile, we will strictly comply with the code on money lending business to ensure a stable income.

To cope with vast expansion of the financial related business, the Group acquired Convoy Capital Hong Kong Limited in 2014, which provides corporate customers with strategic corporate finance industry and comprehensive financial service support, including the provision of relevant consultancy services of initial public offering sponsorship and other corporate financing for IPO customers. Further, the Group also strove to broaden the customer group through corporate finance services and opened up the high-end and institutional markets to bring more opportunities for the Group. During the year, the Group launched a total of 9 short-term corporate bonds for listed corporate clients to meet their fund raising needs. With the investment threshold of HK$600,000 for each bond investment, it had successfully enhanced the high-end customer base for the Group. With nearly a year of business development, its performance is stable and improving and has made profit contribution to the Group. During the year, the Group recorded a total of corporate finance service income of approximately HK$64.7 million and achieved operating profit of approximately HK$5.4 million

For the year, the Group further committed itself to the securities business through acquiring Cheer Pearl Investment Limited, which was later renamed as Convoy Securities Limited ("CSL"). The service scope comprises the provision of numerous securities related services, such as securities brokerage, trading, placing and underwriting for customers. Despite CSL operated for few months in 2015, this business has already contributed an operating profit of approximately HK$17.6 million to the Group.

Furthermore, Convoy International Property Consulting Company Limited ("CIP"), since its establishment in 2014, partnered with various overseas property developers to launch numerous property projects that cover countries such as Japan, United Kingdom, USA, Canada, Malaysia, Australia and New Zealand. In addition to local buyers, the customer base comprises a number of mainland China investors.

ESTABLISHMENT OF CHARITABLE FOUNDATION TO EXPAND THE SERVICING SCOPE TO THE COMMUNITY

Apart from actively promoting business growth, the Group spared all efforts in performing corporate social responsibilities over the past year. Every person has different needs in terms of financing in different phases in life. The Group firmly believes that the ties between local communities and our development are closely related. The Convoy Volunteer Team, comprising of our consultancy team and staff, and voluntarily organized has constantly provided people of different society circles with various types of voluntary services over the past years. For the year, the Volunteer Team organized 25 activities, serving the society for over 8,600 hours and the serving subjects included local elderlies, mentally retarded and even the students in the mountain regions of Mainland China. The Volunteer Team endeavored to repay the society with hearts and was presented the excellence recognition of "The 6th Hong Kong Volunteer Award" by Agency for Volunteer Service. This year, we hope to further capitalize on our professional skills to help those underprivileged communities in the society and hope to make better planning in their lives, whereby achieving a new milestone for performing corporate social responsibilities. At the same time, we also proactively plan to establish the Convoy Charitable Foundation, aiming at further expanding the servicing scope to the community and making good use of our resources in repaying the society.

Chairman's
Statement

BEST DECISION COULD BE MADE FOR THE FUTURE DESPITE AT THE WORST TIME

Looking ahead, while the market is still having a surging pessimistic sentiment over the economic environment, especially in the retailing market and property market that are affected by internal and external negative factors, the insurance industry will be facing the second wave of testing of tightening regulation, and the investment market is also being threatened by the capital flow control in Mainland China. Under such a severe external environment, coupled with the fierce competition in the financial market, we will adopt the strategies of seeking changes with stability and forging ahead amid changes. However, I firmly believe there are numerous opportunities lying around the ever-changing market and it is a matter of how to seize the opportunities in time to achieve success.

While reading some old materials, I unwittingly read an article I wrote before our listing which mentioned the biggest myth that I faced during the listing process. Was the ultimate purpose of the listing aimed at the well preparation for the Company's long-term development or for planning the present happiness of individual shareholders? The answer is apparently obvious in view of our development today. Looking back, our management firmly believed that "best decision could be made for the future during at the worst time", and thus we focused on the overall situation ultimately. Although this might not bring short-term benefits, we still continued to move forward the listing way. Despite being considered too aggressive to march toward to diversified development nowadays amid the adversities, we believe, those who only follow the conventions, remain self-complacent and refuse to go further when facing difficulties in the development of the financial industry will ultimately be abandoned by the market and will drop out of the industry.

In fact, the Group has already formulated the current three tasks a long time ago. Firstly is by exploring vigorously new financial and insurance related businesses in Asia (especially in Hong Kong and Mainland China), with the objective of strengthening the scale benefits of Convoy's diversified platform, while at the same time, bringing sustainable development and profit growth to the Group. Secondly is by arranging more cross-selling for different businesses and regions and improve the synergistic effect of the operation among one another. Thirdly is by improving the Group's capital structure through issuing unlisted bonds to ensure we have a stable capital with reasonable costs to support our sustainable development.

Last but not least, on behalf of the Board, I would like to show my sincere gratitude to all shareholders who place their trust on us as well as to every consultant and staff for their dedications and performance of duties.

Wong Lee Man
Chairman

Hong Kong, 24 March 2016

KEEP CONNECTED

ENVIRONMENTAL FRIENDLY

WELL-ESTABLISHED RELATIONSHIP

Highlights of the Year

CORPORATE NEWS

APR 2015

Convoy and Nippon Wealth Limited announced their Strategic Partnership, providing new wealth management service to clients in Hong Kong.

JUL 2015

We announced the findings of survey on financial attitude of Hong Kong people, looking into their investment nature and life goals.

NOV 2015

Convoy Capital Hong Kong Limited and Convoy Securities Limited officially opened their offices in the Central Business District, kicking start the Group's corporate finance and securities dealing businesses.

DEC 2015

We announced the survey results on MPF, making suggestions on proper attitude towards wealth management for retirement among the Hong Kong people.

Highlights of the Year

AWARDS

MAR 2015

For the 2nd consecutive year honored the "10 years Plus Caring Company Logo" by Hong Kong Council of Social Service.

10 years+ 商界展關懷 caringcompany®
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

OCT 2015

For the 9th consecutive year being awarded "Company for Financial Planning Excellence of the Year (Independent Financial Advisory Sector)" by IFPHK and SCMP, and winning "Outstanding Company of the Year 2015 (Excellence in Performance)" for the first time, recognizing Convoy's professionalism in the industry.

Highlights of the Year

OCT 2015

Awarded Merit for Convoy Volunteer Team's outstanding performance in "The 6th Hong Kong Volunteer Award" by Agency for Volunteer Service.

DEC 2015

Awarded the 5th "Hong Kong Corporate Citizenship Logo (Enterprise)" and "Hong Kong Corporate Citizenship Logo (Volunteer)".

Highlights of
the Year

CORPORATE SOCIAL RESPONSIBILITIES

JAN 2015

Quincy Wong, Chairman, formed the "Convoy x Zheng Sheng Team" with three Convoy consultants and a graduate of Zheng Sheng College in participating in the Antarctic Ice Marathon 100K, raising funds for Zheng Sheng College's long term development.

FEB 2015

Two Convoy elite teams participated in the Green Power Hike 2015, raising funds for environmental conservation education of Green Power.

MAR 2015

Rosetta Fong, Group Vice Chairman, led over 100 Convoyees in joining the Race for Water, while 40 Convoy Volunteer Team members helped in hand to support the Mainland peasants suffering from water deprivation.

MAR 2015

Convoy becomes member of WWF, and 40 Convoyees joined the Run for Chance, supporting the Earth Hour event.

Highlights of the Year

APR 2015

For the third consecutive year being the mission partner of Green Monday, Convoy supported "Let's Green Monday – Green Challenge" to promote green diet.

APR 2015

Convoy once again supported the Fearless Dragons Run, while Quincy Wong, Chairman, participated for the first time in an action to help spread the idea of inclusion with the disabled.

MAY 2015

Convoy Volunteer Team conducted clearing of exotic plants to maintain the eco-system in Mai Po.

MAY 2015

Convoy Volunteer Team visited Food Angel to prepare hot meal boxes.

SEP 2015

14 of Convoy Volunteer Team's dog lovers showed their love by taking the abandoned dogs in Hong Kong Dog Rescue on walks.

Highlights of the Year

OCT 2015

Convoy Volunteer Team paid an early Mid-Autumn visit to the elderly living alone in Southern Kowloon District.

OCT 2015

Convoy supported Oxfam's "Home for Dinner", promoting the idea of dining at home and spending quality time with family members.

OCT 2015

Henry Shin, CEO of Convoy Financial Service Limited joined Convoy Volunteer Team to a Food Angel service. They produced healthy and carbon reductive vegetarian meal boxes.

OCT 2015

Over 100 Convoy Volunteers cheered and supported runners during the Totem Run, spreading the message of social inclusion, and raising funds for Hong Kong Unison and Youth•ROC.

NOV 2015

Over 50 Convoyees participated in Oxfam's Trailwalker 2015, with Chairman Quincy Wong partnering with two rehabilitated offenders from The Society for the Aid and Rehabilitation of Drug Abusers ("SARDA") demonstrating his solid support as they embark on a new phase of life.

NOV 2015

Over 100 Convoyees participated in Po Leung Kuk Charity Run 2015, raising proceeds for Po Leung Kuk's Special Children Development Fund and Medical Assistance Fund-raising Programme.

NOV 2015

Being held for the 3rd consecutive year, Guangxi Student Sponsorship Tour brought music to the Guangxi villages for the very first time, by giving out Ukuleles to the local primary school students for free and teaching them to play a song.

DEC 2015

20 Convoy Volunteers went to Shing Mun Country Park to pick up rubbish and ended up collecting 150lbs rubbish, advocating the idea of "trackless hiking".

KEEP STABILIZED

STABLE


INVESTMENT
INSURANCE

Management Discussion and Analysis

FINANCIAL HIGHLIGHTS

Key financial information/financial ratios	2015 HK$'000	2014 HK$'000	Change %
Revenue	**604,624**	1,590,601	(62.0)%
Net profit/(loss) attributable to owners of the Company	**(467,258)**	246,173	(289.8)%
Net profit/(loss) margin attributable to owners of the Company	**(77.3)%**	15.5%	(92.8)%

FINANCIAL REVIEW

GROUP PERFORMANCE

2015 is a challenging year to Convoy. The regulatory changes in ILAS market in Hong Kong, the economic downturn and the volatile stock market since the second half of 2015 have had adverse impact to Convoy's businesses for the year. The Group recorded a net loss attributable to owners of the Company of approximately HK$467.3 million for the year as compared with a net profit attributable to owners of the Company of approximately HK$246.2 million last year.

Revenue

Group revenue for the year was approximately HK$604.6 million, representing a year-on-year decrease of approximately 62.0%.

An analysis of group revenue by reportable segments is as follows:

	2015 HK$'000	2014 HK$'000	Increase/ (decrease) HK$'000	Increase/ (decrease) %
IFA segment	**609,213**	1,320,693	(711,480)	(53.9)%
Money lending segment	**83,003**	15,665	67,338	429.9%
Proprietary investment segment	**(212,760)**	242,825	(455,585)	(187.6)%
Asset management segment	**35,948**	11,317	24,631	217.6%
Corporate finance segment	**64,685**	–	64,685	n/a
Securities dealing segment	**24,535**	–	24,535	n/a
Total revenue	**604,624**	1,590,500	(985,876)	(62.0)%

Group operating expenses

Group operating expenses for the year, excluding share of results of an associate and a joint venture, decreased by approximately 13.7% to HK$1,107.3 million, mainly resulted from the net effect of (i) decrease in commission expenses from IFA business being in line with its decrease in revenue; (ii) effective interest on unlisted bonds of an aggregate principal amount of approximately HK$652.9 million issued by the Company as at year end; (iii) non-cash impairment of loans receivable, other receivables and available-for-sale investments amounted to HK$45 million, approximately HK$77.0 million and approximately HK$52.6 million respectively; (iv) the full year effect of total operating expenses incurred by the asset management business and corporate finance business being acquired last year; and (v) operating expenses incurred by the new securities dealing business upon completion of CSL in mid 2015.

An analysis of group operating expenses by reportable segments is as follows:

	2015 **HK$'000**	2014 HK$'000	Increase/ (decrease) HK$'000	Increase/ (decrease) %
IFA segment	**774,594**	1,184,587	(409,993)	(34.6)%
Money lending segment	**131,257**	14,251	117,006	821.0%
Proprietary investment segment	**99,607**	67,460	32,147	47.7%
Asset management segment	**20,770**	7,794	12,976	166.5%
Corporate finance segment	**59,287**	–	59,287	n/a
Securities dealing segment	**6,948**	–	6,948	n/a
Corporate head office	**14,823**	9,406	5,417	57.6%
Total operating expenses	**1,107,286**	1,283,498	(176,212)	(13.7)%

SEGMENT PERFORMANCE

IFA business

Hong Kong

Revenue from IFA business in Hong Kong decreased by approximately 61.1% to HK$464.4 million and a segment loss of approximately HK$139.5 million was recorded for the year as compared with a segment profit of approximately HK$191.6 million recorded last year.

An analysis of revenue mix of IFA business in Hong Kong is as follows:

	2015 **HK$'000**	2014 HK$'000	Increase/ (decrease) HK$'000	Increase/ (decrease) %
Investment brokerage commission income	**154,871**	1,041,188	(886,317)	(85.1)%
Insurance brokerage commission income	**299,963**	141,844	158,119	111.5%
Pension scheme brokerage commission income	**9,540**	9,949	(409)	(4.1)%
Total	**464,374**	1,192,981	(728,607)	(61.1)%

With the Guidance Note published by the Office of the Commissioner of Insurance in July 2014, ILAS, a major product type of IFA business in Hong Kong, has gone through a big change of commission payment mode, costing and commission disclosure which had a negative impact on our revenue from ILAS during the year. Investment brokerage commission income dropped by approximately 85.1% to HK$154.9 million for the year.

Leveraging on our strong and professional consultancy team, non-linked and general insurance brokerage commission income grew by approximately 111.5% to HK$300.0 million for the year. The revenue mix ratio of non-linked and general insurance products significantly increased from approximately 11.9% to 64.6% for the year, reflecting our successful internal sales incentive schemes to our consultants and external marketing campaigns to our existing customers as well as the Group's ability to grasp cross-selling opportunities and expand the market shares.

Management Discussion and Analysis

MPF business recorded a stable revenue of approximately HK$9.5 million and revenue mix ratio slightly increased from approximately 0.8% to 2.1% for the year. MPF scheme has been launched in Hong Kong in late 2000 for over 15 years and further ECA was launched in late 2012 for over 3 years. The public not only focuses on profitability but raises more and more concern on risk diversity and thus. We expect the market demand on our professional advice would gradually increase.

An analysis of operating expenses of IFA business in Hong Kong is as follows:

	2015 HK$'000	2015 Margin %	2014 HK$'000	2014 Margin %
Commission expenses	**316,446**	**68.1%**	763,049	64.0%
Staff costs	**123,577**	**26.6%**	84,309	7.1%
Rental and related expenses	**43,158**	**9.3%**	45,606	3.8%
Depreciation	**21,815**	**4.7%**	15,381	1.3%
Commission clawback	**1,024**	**0.2%**	11,577	1.0%
Marketing expenses	**36,873**	**7.9%**	29,880	2.5%
Other expenses	**60,957**	**13.1%**	51,558	4.3%
Total	**603,850**	**130.0%**	1,001,360	84.0%

Total operating expenses recorded by our IFA business in Hong Kong decreased by approximately 39.7% to HK$603.9 million for the year and the overall cost-to-revenue ratio increased by approximately 46.0% to approximately 130.0% for the year.

Commission expenses dropped by approximately 58.5% to HK$316.4 million for the year, being in line with the decrease in brokerage commission income primarily from ILAS market.

Staff costs increased by approximately 46.6% to HK$123.6 million for the year. 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 slightly dropped by approximately 5.4% to HK$43.2 million for the year, due to our various space planning strategies to enhance the usage efficiency and minimise the unit cost of space.

Marketing expenses increased by approximately 23.4% to HK$36.9 million for the year when the Group reallocated more resources on branding and promotional campaigns.

Other operating expenses increased by approximately 18.2% to HK$61.0 million for the year and we believe the expenses were increased at a reasonable pace and within our cost control.

Mainland China

The Group entered Mainland China in January 2011 and successfully commenced operations in four top-tier regions, including Beijing, Guangdong, Jiangxi and Sichuan.

Revenue of IFA business by geographical regions in Mainland China are set out below:

	2015 HK$'000	2015 %	2014 HK$'000	2014 %
Beijing	**34,229**	**34.8%**	36,178	29.9%
Guangdong province	**25,530**	**26.0%**	49,824	41.2%
Jiangxi province	**6,677**	**6.8%**	9,638	8.0%
Sichuan province	**31,867**	**32.4%**	25,235	20.9%
Total	**98,303**	**100%**	120,875	100%

An analysis of revenue mix of IFA business in Mainland China is as follows:

	2015 HK$'000	2014 HK$'000	Increase/ (decrease) HK$'000	Increase/ (decrease) %
Investment brokerage commission income	**17,947**	31,471	(13,524)	(43.0)%
Insurance brokerage commission income	**80,356**	67,921	12,435	18.3%
Advisory income	**–**	21,483	(21,483)	(100.0)%
Total	**98,303**	120,875	(22,572)	(18.7)%

During the year, several unfavorable factors including slower economic growth, rapid regulatory changes and continuing market reforms adversely affected the financial performance of our business in Mainland China. Total revenue amounted to approximately HK$98.3 million, representing a year-on-year decrease of approximately 18.7% and advisory business was ceased for the year. Nonetheless, with the Group's persistent efforts in product diversifications and corporate brand promotion, we recorded an encouraging revenue growth from insurance brokerage business in Mainland China by approximately 18.3% to HK$80.4 million.

An analysis of operating expenses of IFA business in Mainland China is as follows:

	2015 HK$'000	**2015 Margin %**	2014 HK$'000	2014 Margin %
Commission expenses	**62,259**	**63.3%**	67,421	55.8%
Staff costs	**28,310**	**28.8%**	26,871	22.2%
Rental and related expenses	**17,713**	**18.0%**	16,208	13.4%
Depreciation	**4,445**	**4.5%**	4,368	3.6%
Marketing expenses	**1,802**	**1.8%**	868	0.7%
Other expenses	**20,371**	**20.7%**	60,800	50.3%
Total	**134,900**	**137.1%**	176,536	146.0%

Total operating expenses dropped a bit by approximately 23.6% to HK$134.9 million for the year, primarily attributable to the impairment loss on goodwill of approximately HK$39.8 million recognised last year. By excluding the prior year one-off impairment, operating expenses remained constant for the year. This was due to the net effect of approximately HK$5.2 million decrease in commission expenses, approximately HK$1.4 million increase in staff cost and approximately HK$1.5 million increase in rental and related expenses.

Macau

Our IFA business in Macau continued to grow as a result of scaled-up operations, increased brand recognition and successful cross-selling strategies. Revenue amounted to approximately HK$46.5 million for the year, representing a year-on-year increase of approximately 580.6% while segment profit amounted to approximately HK$10.7 million for the year.

Management Discussion and Analysis

Money lending business

With the increasingly mature business model, well-established brand name and broadened client base, CCL, the major operating company for money lending business, recorded a significant growth in loan portfolio for the year under such a competitive market in Hong Kong. As at 31 December 2015, CCL's loan book net balance reached approximately HK$1,832.4 million, representing a year-on-year increase of approximately 322.0%. Interest income increased by approximately 429.9% to HK$83.0 million for the year. Average interest rate was 11.5% per annum. During the year, CCL continued to adopt the stringent credit policies to mitigate the credit risk arising from money lending business. Nonetheless due to the economic downturn and worsened business environment, the Directors considered loan balances of approximately HK$151.4 million being individually doubtful and a provision of impairment loss on loans receivable of HK$45.0 million was made for the year.

Proprietary investment business

Since June 2015, the stock market in Hong Kong and Mainland China turned volatile. By diversifying investment portfolio to overseas stock markets and other fixed-return products, the Group made its best effort to mitigate the equity and fund price risks so as to minimise the fair value loss for the year.

A total of fair value losses on financial investments at fair value through profit or loss, net, dividend income and interest income from debt investments of approximately HK$212.8 million and a segment loss of approximately HK$311.0 million was recorded respectively for the year. The Group's investments classified as financial investments at fair value through profit or loss amounted to approximately HK$644.7 million as at 31 December 2015.

Asset management business

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

Revenue derived from the asset management service increased by approximately 217.6% to HK$35.9 million for the year while the operating profits increased by approximately 330.8% to HK$15.2 million for the year. We believe that our asset management business segment will continue to create substantial value for our shareholders by means of generating steady and recurring income for the Group.

Corporate finance business

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

For the year, the Group recorded a total of corporate finance service income of approximately HK$64.7 million and achieved operating profit of approximately HK$5.4 million.

Securities dealing business

Upon completion of acquisition of Cheer Pearl Investment Limited (currently known as Convoy Securities Limited ("CSL") 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 out Type 1 (dealing in securities) regulated activities under the SFO, in mid 2015, the Group further ventured into the securities dealing business to provide a variety of securities related services including securities broking, trading, placing and underwriting to our clients and hence the securities dealing segment was newly presented during the year.

The Group recorded a total of securities brokerage and placing commission income of approximately HK$20.6 million and interest income from margin financing of approximately HK$3.9 million and achieved an operating profit of HK$17.6 million for the year.

FINANCIAL POSITION

Total consolidated assets of the Group increased by approximately 231.9% from HK$1,877.3 million as at the prior year end to approximately HK$6,230.7 million as at the current year end. This was mainly driven by the successful placing of bonds and issue of new Shares by the Company during the year. Total consolidated current assets of the Group increased by approximately 198.5% from HK$1,592.1 million as at the prior year end to approximately HK$4,753.1 million as at the current year end.

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 different business segments and locations; and (iii) to improve the capital structure of our Group. For our first mission, we will allocate group resources to strengthen the financial services in our new business lines, including but not limited to corporate finance, investment banking, margin and initial public offering financing, securities brokerage and placing. For our second mission, more cross-selling programs would be organised among different business lines and regions, such as loans to high-net-worth individual clients, cross-border branding promotion and talent development programs. To achieve the third mission, the Company has increased its leverage during the year by issuing unlisted bonds to secure stable and reasonable cost funding to finance its long term capital-intensive business development, e.g. money lending, investment banking and margin and initial public offering financing. The introduction of Mr. Ming-Hsing Tsai and the Tsai's family as substantial shareholders of the Group in late 2015 has further strengthened the capital foundation of Convoy.

IFA business

Hong Kong

Although the regulatory changes in ILAS market has had a significant adverse impact on our IFA business during the year, our various diversification strategies by way of adding business partners, strengthening consultancy force and enlarging product variety helped to drive a steady growth of the revenue from our non-linked insurance and general insurance business. While MPFA continues to promote the ECA arrangement and is studying feasibility and options for the implementation of "MPF full portability", the Group believes that the market would gradually adapt to the ECA and demand on our MPF financial planning and advisory services would increase. With the Group's persistent efforts on implementing these strategies, we have confidence to maintain our competitiveness 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. However, the recent unfavorable factors including slower economic growth, rapid regulatory changes and continuing market reforms in the financial sector has affected our business performance in Mainland China. By adjusting our business strategies from time to time, strengthened our client base and implementing our stringent cost management policies, we would target to achieve profitability for our Mainland China operations in the long run.

Macau

Benefiting from the increasing demand for wealth management services and brand recognition in Macau, our Macau operations recorded a strong growth in revenue and operating profit for the year. Going forward, we will continue to scale up our operations in Macau to support business growth and to enhance regional connectivity to tap new business opportunities.

Management Discussion and Analysis

Money lending business

The Group will continue to promote its brand name and expand its loan portfolio and customer base to develop its all-rounded financial services platform which manages wealth and provides liquidity for customers. To effectively utilise funds from fund raising activities, we will further drive this business by achieving healthy loan growth in corporate and individual segments, while at the same time maintaining strong credit quality and credit risk management to accumulate a stable income stream for the Group.

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 provide a stable income source for the Group and invest certain amount of seed capital to some private equity funds with high potential. Our investment team will continue to implement strict risk control to minimise the impact of market volatility, so as to maximise the Group's return on equity.

Asset management business

We intend to grow AUM continuously for our asset management business to accumulate a stable income stream for the Group. Riding on the successful experience of discretionary portfolio management services provided to ILAS customers, CAM will put more effort to develop discretionary mandate through nominee platform. In addition, CAM will continue to introduce competitive fund products for exclusive sales and reinforce our promotion in portfolio management business on our fund distribution platform "iCON" and we believe these fund products would be a new driving force for the Group's income growth. On the other hand, our strategic investment team has kicked off developing several investment funds for professional investors and will continue to develop and manage investment portfolio for high net-worth clients in order to contribute steady revenue to the Group and enhance the Group's asset management scale.

Corporate finance business

Following the completed acquisition of CAM and CCHK, the Group expanded its financial service scope to corporate finance in late 2014 to provide bond placing and underwriting, IPO sponsorship and other corporate finance related advisory services to our clients. We believe our corporate finance business could further strengthen our institutional client base and open up a new income stream for Convoy.

Securities dealing business

Following the completed acquisition of CSL, the Group commenced its securities dealing business in the second half of the year to deliver various securities related services including securities brokerage, trading, placing and underwriting to our clients. We believe the securities dealing business not only could open up a new income stream for the Group, but also help establish an comprehensive and integrated financial services platform for our customers and capture any cross-selling opportunities.

Overseas property investment consulting business

Recently, overseas property investment become a hot topic to investors in Hong Kong and Mainland China. In particular, increasing number of Chinese residents immigrate overseas or study abroad and thus demand for overseas property is increasing. Since 2014, we have partnered with various property agents and developers to provide property investment options in various locations around the world to Hong Kong and Mainland China customers. During the year, we continued to devote resources to explore the business opportunities in this sector and we believe the overseas property investment business will gradually provide a stable income stream and benefit to the Group.

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.

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 31 December 2015, the Group had cash and cash equivalents of approximately HK$2,113.5 million (2014: HK$366.8 million), bond payables of approximately HK$607.4 million (2014: HK$260.8 million) and interest-bearing other borrowing of approximately HK$13.5 million (2014: Nil). The gross gearing ratio, calculated on the basis of the aggregate of the Group's bond payables and interest-bearing other borrowing divided by equity attributable to owners of the Company was approximately 12.5% (2014: 30.9%). As at 31 December 2015, the net current assets of the Group amounted to approximately HK$4,092.6 million (2014: HK$820.4 million) and the current ratio (current assets/current liabilities) was approximately 7.2 (2014: 2.1).

On 30 September 2014, the Company conducted a placing of 95,820,000 Shares of HK$0.1 each to not less than six independent placees at a placing price of HK$1.0 each, which represented 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. Further details are contained in the Company's announcement dated 30 September 2014. The said placing was completed on 15 October 2014, raising net proceeds of approximately HK$92.2 million to the Group. As at the date of this annual report, the net proceeds have been utilised in the following ways: (i) as to approximately HK$23.0 million for brand building and marketing campaign; (ii) as to approximately HK$18.4 million for enhancement of the online operating platform; (iii) as to approximately HK$27.7 million for the development of the Group's corporate finance business; and (iv) as to approximately HK$23.1 million for the general working capital of the Group.

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 at the date of this annual report.

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 annual report, the Company received proceeds from such placing of bonds in an aggregate principal amount of approximately HK$291.9 million which have been utilised for the Group's money lending business.

On 6 February 2015, the Company allotted and issued 1,844,172,000 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, which represented a discount of approximately 71.26% to the closing price of HK$0.870 per Share on 5 February 2015 i.e. the last trading day immediately preceding the date of the underwriting agreement on 6 February 2015. The net price per offer Share was approximately HK$0.24. The Company sought to undertake the said open offer to strengthen its capital base and provide sufficient surplus capital to support future investment in the real property market and any potential asset acquisitions or growth opportunities and as well as to strengthen its working capital. Further details are contained in the Company's announcement dated 6 February 2015. The said open offer was completed on 11 May 2015, raising net proceeds of approximately HK$442 million. As at the date of this annual report, the proceeds have been used in the following ways: (i) as to approximately HK$192 million for general working capital which is mainly for the payment of commission, staff costs and office rental and (ii) 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. As at the date of this annual report, the proceeds as to approximately HK$164 million have not been utilised and the intended use would be to fund future acquisition of other real property as and when the opportunity arises.

Management Discussion and Analysis

On 4 June 2015, the Company conducted a placing of a maximum of 5,283,000,000 Shares at a placing price of HK$0.53 each, which represented a discount of approximately 39.77% to the closing price of HK$0.88 per Share on 22 May 2015 i.e. the last trading day immediately preceding the date of the placing agreement on 4 June 2015. On 28 August 2015, the Company entered into supplemental placing agreement in relation to the said placing, to issue 7,508,300,000 Shares at a placing price of HK$0.35 each, which represented a discount of 5.41% to the closing price of HK$0.370 per Share on 27 August 2015, being the last trading day immediately preceding the date of the said supplemental placing agreement on 28 August 2015. The net placing price was approximately HK$0.34 per Share. The Company was of view that the proceeds from the said placing would be available as funds and resources for utilisation by the Company to conduct and/or expand its businesses. Further details are contained in the Company's announcement dated 4 June 2015 and 28 August 2015 respectively. The said placing was completed on 29 October 2015, raising net proceeds of approximately HK$2,531 million. As at the date of this annual report, the net proceeds have been utilised in the following ways: (i) as to approximately HK$1,000 million for the Group's margin and initial public offering financing business; and (ii) as to approximately HK$1,183 million for the Group's money lending business. As at the date of this annual report, the proceeds as to approximately HK$348 million have not been utilised and the intended use would be for the Group's margin and initial public offering financing business.

On 7 July 2015, the Company entered into a 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 being 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, which represented a discount of approximately 27.40% to the closing price of HK$0.730 per Share as quoted on the Stock Exchange on 6 July 2015, being the last trading day immediately preceding the date of the Subscription Agreement. On 28 August 2015, the Company entered into a supplemental agreement in relation to the said subscription, pursuant to which 4,480,000,000 new Shares would be issued at the subscription price of HK$0.35 per Subscription Share, which represented a discount of approximately 5.41% to the closing price of HK$0.370 per Share on 27 August 2015, being the last trading day immediately preceding the date of the said supplemental agreement on 28 August 2015. The net issue price was approximately HK$0.34 per Share. The Company was of view that the proceeds from the said subscription would be available as funds and resources for the intended use of proceeds by the Company (with such intended use of proceeds as described below). Further details are contained in the Company's announcement dated 9 July 2015 and 28 August 2015 respectively. The said subscription to the Subscribers was completed on 29 October 2015, raising net proceeds of approximately HK$1,512 million. As at the date of this annual report, the net proceeds of approximately HK$1,146 million have been utilised in the following ways: (i) as to approximately HK$109 million for the Group's money lending business; and (ii) as to approximately HK$422 million for the seed capital for establishing funds to be managed under the Group's asset management business; and (iii) as to approximately HK$615 million for funding possible strategic investment by the Group in unlisted assets. As at the date of this annual report, the net proceeds of approximately HK$366 million have not been utilised and the intended use would be: (i) as to approximately HK$251 million for the Group's money lending business; (ii) as to approximately HK$28 million for the seed capital for establishing funds to be managed under the Group's asset management business; and (iii) as to approximately HK$87 million for funding possible strategic investment by the Group in unlisted assets.

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 to issue 491,700,000 Shares at a placing price of HK$0.35 each, which represented, a discount of 5.41% to the closing price of HK$0.370 per Share on 27 August 2015, being the last trading day immediately preceding the date of the said placing agreement on 28 August 2015. The net placing price was approximately HK$0.34 per Share. The Company considered that the said placing could cope with the capital needs of the money lending business of the Group. Further details are contained in the Company's announcement dated 28 August 2015. The said placing was completed on 10 September 2015, raising net proceeds of approximately HK$165 million. As at the date of this annual report, the net proceeds of HK$165 million have been utilised used for the Group's money lending business.

CAPITAL STRUCTURE

Upon the approval by the shareholders of the Company at the extraordinary general meeting of the Company held on 1 April 2015, 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.

Further upon the approval by the shareholders of the Company at the extraordinary general meeting of the Company held on 9 October 2015, the authorised share capital of the Company was increased from HK$400,000,000 divided into 4,000,000,000 shares of HK$0.1 each to HK$2,000,000,000 divided into 20,000,000,000 shares of HK$0.1 each.

Save as disclosed above and in the section headed "LIQUIDITY AND FINANCIAL RESOURCES" on pages 29 to 30 of this annual report, there was not any other material change on the Company's overall share capital structure for the year ended 31 December 2015.

PROPOSED CHANGE OF COMPANY NAME

On 18 February 2016, the Board proposed to change the name of the Company from Convoy Financial Holdings Limited to Convoy Global Holdings Limited ("Change of Company Name") and to adopt "康宏環球控股有限公司" as the dual foreign name of the Company to replace the existing Chinese name of the Company "康宏金融控股有限公司". As at the date of this annual report, the Change of Company Name is yet to effect.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2015, the Group employed 398 (2014: 441) supporting staff and 5 (2014: 11) salary-based trainees. Total remuneration of the employees (including the Directors' remuneration) was approximately HK$165.7 million for the year ended 31 December 2015 (2014: HK$165.2 million).

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

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

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

RISK MANAGEMENT

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

INTEREST RATE RISK

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

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

CREDIT RISK

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

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 and margin financing business. The credit policies specify the credit approval, review and monitoring processes. A credit committee was set up and authorised by the Board to have full authority to handle all credit matters.

LIQUIDITY RISK

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

FOREIGN CURRENCY RISK

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

EQUITY PRICE RISK

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group has a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

MATERIAL ACQUISITION, INVESTMENT AND DISPOSAL OF SUBSIDIARIES AND FUNDS

Save as the acquisition of CSL and DRL CAPITAL and the disposal of Aviate Beijing Corporate Services Limited as disclosed in note 37 and note 38 to the consolidated financial statements respectively, there was no other material acquisition and disposal of subsidiaries for the year ended 31 December 2015.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2015, the fair value of the Group's unlisted and listed investments classified as held-to-maturity investments, available-for-sale investments and financial investments at fair value through profit or loss amounted to approximately HK$259.3 million (2014: Nil), approximately HK$367.0 million (2014: HK$40.1 million) and approximately HK$644.7 million (2014: HK$483.6 million) respectively. As at 31 December 2015, the Group also held interests in an associate and a joint venture amounted to approximately HK$20.3 million (2014: Nil) and approximately HK$7.5 million (2014: Nil) respectively.

Save as disclosed above, the Group did not hold any other significant investment held during the year ended 31 December 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 annual report.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2015.

PLEDGE OF ASSETS

As at 31 December 2015, a bank deposit of the Group of approximately HK$10,035,000 were pledged to secure overdraft facility granted to a subsidiary of the Company.

CAPITAL EXPENDITURES

The Group's capital expenditures primarily consisted of deposits paid for and expenditures on leasehold improvements, acquisition of computer equipment and systems and office equipment. For the year ended 31 December 2015, the Group incurred capital expenditures in the amounts of approximately HK$128.2 million (2014: HK$36.4 million).

CAPITAL COMMITMENTS

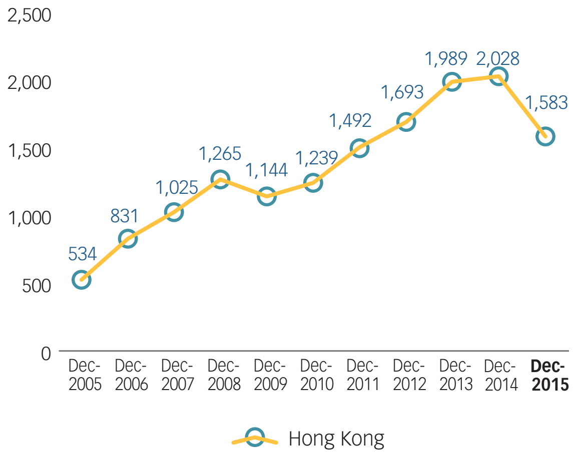
The Group's capital commitments related to acquisitions of items of computer equipment and systems, leasehold improvements and a property amounted to approximately HK$99.9 million (2014: Nil) totally as at 31 December 2015.

The Group's other capital commitments related to the capital contribution of available-for-sale investments amounted to approximately HK$159.1 million (2014: HK$6.3 million) as at 31 December 2015.

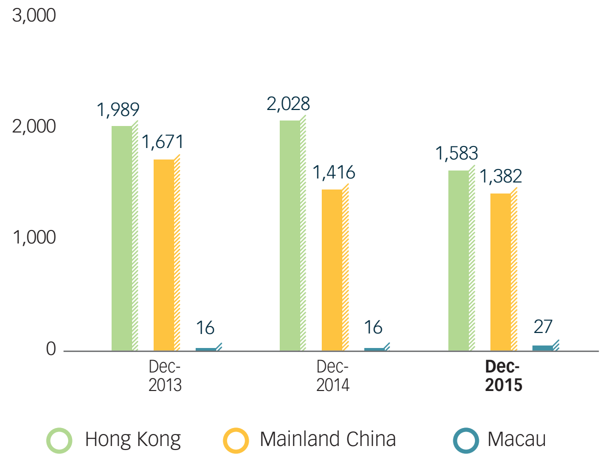
Management Discussion and Analysis

OPERATION REVIEW

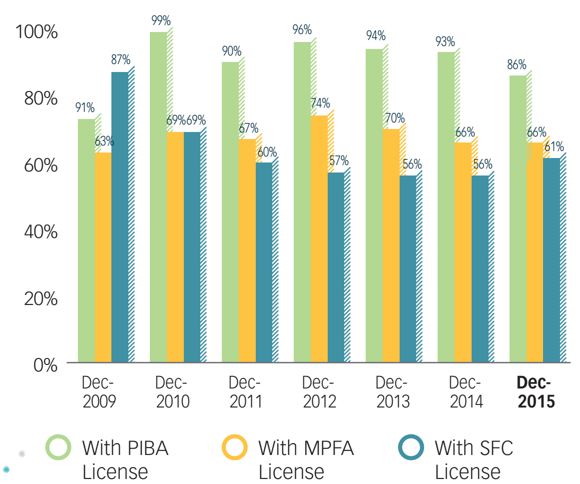
Hong Kong - No. of Consultants & Trainees



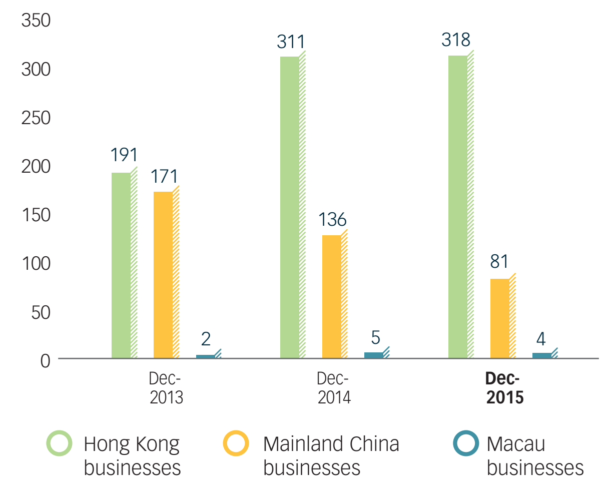
Group by locations – No. of Consultants & Trainees



Hong Kong – License records of consultants and trainees



Group by locations – Number of employees and salary-based trainees



Biographical Details of Directors and Senior Management

Mr. Wong Lee Man

Mr. Wong Lee Man ("Mr. Wong") aged 47, was appointed as an executive Director and Chairman of our Company on 12 March 2010. Mr. Wong is the director of 8 subsidiaries of the Company. Mr. Wong joined the Group in November 1998 and led the Group transforming into an IFA company, which is a pioneer in personal financial planning business. He served in different functions in the Group, including consultancy force, operations and regional expansions. He is now responsible for the overall management and strategic development of the Group. Over 20 years experience in financial service industry, Mr. Wong has gained all-round experience and has established a strong network through working with both international and local financial companies in Hong Kong. Moreover, he is the Founding Member and Honorary Secretary of the Independent Financial Advisors Association Limited in Hong Kong.

Ms. Fong Sut Sam

Ms. Fong Sut Sam ("Ms. Fong") aged 47, was appointed as an executive Director on 12 March 2010. Ms. Fong is the vice chairman of the Group and the director of 17 subsidiaries of the Company. She has also been an executive director of CFS. Ms. Fong joined our Group in November 1998 and has led various functions, including the consultancy force, corporate communications, sales and marketing, training and operation. Her exceptional achievements in the financial industry and contribution to the community earned her the title of "Benchmark Most Extraordinary Women in Finance 2009" from the Benchmark magazine and "Excellence in Achievement of World Chinese Young Entrepreneurs 2014". Ms. Fong graduated from the South Bank University in London in June 1992 with a Bachelor of Science degree. In December 2002, she graduated with a Master's Degree in Business Administration from The Chinese University of Hong Kong and was placed on the Dean's List. Ms. Fong has been appointed as a panel member of the Appeal Board under the Betting Duty Ordinance (Chapter 108 of the Laws of Hong Kong) since 2010, as a panel member of the Appeal Boards under the Amusement Game Centres Ordinance (Chapter 435 of the Laws of Hong Kong) since 2010. She has been also appointed as the advisory board member of the CUHK Center for Entrepreneurship and as the panel member of the Municipal Services Appeal Board under the Municipal Services Appeals Board Ordinance (Chapter 220 of the Laws of Hong Kong) by Chief Executive of the Government of the Hong Kong Special Administrative Region since 2011. She has been also appointed as a lay member of Solicitors Disciplinary Tribunal Panel since 2013. She has been appointed as a member of the Appeal Panel (Housing) of Office of the Secretary for Transport and Housing Government Secretariat since 2014. Ms. Fong is the member of Marketing Management Committee of Hong Kong Management Association and executive committee member of Green Monday. With effect from 1 August 2015, she was appointed as a member of advisory board of the Master of Business Administration programmes of The Chinese University of Hong Kong.

Mr. Tan Ye Kai, Byron

Mr. Tan Ye Kai, Byron ("Mr. Tan"), aged 47, was appointed as an executive Director on 2 April 2015. Mr. Tan is the director of 6 subsidiaries of the Company. He graduated from the Deakin University in Australia with a bachelor degree with major in Information System and Finance in 1993. He was admitted as a member of the Australian Society of Certified Practising Accountants in 1995 and was qualified as a Chartered Financial Analyst of The Institute of Chartered Financial Analysts in 1997. Since February 2015, he has been the chief executive officer of Convoy Capital Hong Kong Limited which is an indirect wholly-owned subsidiary of the Company and is licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in the investment banking and financial services industry and has gained all-round experience through working for both international and local financial institutions including Carr Indosuez Asia Limited, Dao Heng Securities Limited, First Shanghai Securities Limited and Kingsway Financial Services Group Limited.

Biographical Details of Directors and Senior Management

Mr. Ng Wing Fai

Mr. Ng Wing Fai ("Mr. Ng"), aged 48, was appointed as an executive Director on 15 September 2015, Mr. Ng is the group president of the Company and the director of 17 subsidiaries of the Company. He holds a Master of Business Administration from Harvard University and a Bachelor of Arts Degree from Cambridge University. Mr. Ng is the Managing Partner and Founding Partner of Primus Pacific Partners, an Asian private equity fund with a focus on financial services. At Primus Pacific Partners, Mr. Ng oversees substantial investments in New China Life Insurance Co., Ltd., the fourth largest life insurance company in China, EON Bank, the seventh largest bank in Malaysia, and a number of significant assets around the world. Mr. Ng was previously the Managing Director of Fubon Financial Holding Co., Ltd. ("Fubon Financial"), the largest financial conglomerate in Taiwan and was in charge of Fubon Financial's overall strategy, capital markets, merger and acquisition activities and major change programs. During his tenure at Fubon Financial, Mr. Ng led the winning bids to acquire Taipeibank in Taiwan and International Bank of Asia in Hong Kong. Prior to his position at Fubon Financial, Mr. Ng served as a Managing Director and Head of the Asia-Pacific Financial Institutions Group at Salomon Smith Barney. Among his many transactions in the region, he represented and advised Fubon Financial in its strategic alliance with Citigroup in 2000. From 1998 to 1999, Mr. Ng led a team of bank specialists in advising the Government of Malaysia on recapitalizing and restructuring the banking industry. Previously, Mr. Ng was a Management Consultant at Booz Allen & Hamilton, specializing in financial services in the United States of America and Asia.

Mr. Ma Yiu Ho, Peter

Mr. Ma Yiu Ho, Peter ("Mr. Ma"), aged 51, was appointed as an independent non-executive Director on 16 March 2010. He is currently the financial controller of Chyau Fwu Properties Limited, a company principally engaged in property development and hospitality. He has been a member of the Hong Kong Institute of Certified Public Accountants since February 1990 and a fellow member of the Association of Chartered Certified Accountants (UK) since April 1994. Mr. Ma obtained a Master Degree of Business Administration from the Hong Kong University of Science and Technology in November 1995. He is also a member of the Hong Kong Institute of Directors since December 2015. He has over 20 years of experience in the finance and accounting field and had been the financial controller and company secretary of The Hong Kong Parkview Group Limited (now named as Joy City Property Limited, stock code: 207) and the financial controller of VODone Limited (now named as V1 Group Limited, stock code: 82), shares of these two companies are listed on the Stock Exchange. He had also served as the chief financial officer of Superior Fastening Technology Limited, a Singapore listed company. Mr. Ma had also worked for Standard Chartered Equitor Trustee HK Limited and the Hong Kong Government's Audit Department. He has been an independent non-executive director of Sky Forever Supply Chain Management Group Limited (formerly known as Rising Power Group Holdings Limited) (stock code: 8047) from July 2014 to May 2015. Mr. Ma is currently and has been an independent non-executive director of China Packaging Holdings Development Limited (stock code: 1439) and Huisheng International Holdings Limited (stock code: 1340) since December 2013 and February 2014 respectively. Shares of these three companies are listed on the Stock Exchange.

Mr. Lam Chi Keung

Mr. Lam Chi Keung ("Mr. Lam"), aged 45, was appointed as an independent non-executive Director on 31 March 2014. Mr. Lam is currently an executive director of Sino Haijing Holdings Limited (stock code: 1106), an independent non-executive director of Universe International Holdings Limited (stock code: 1046), and the chief financial officer and company secretary of Co-Prosperity Holdings Limited (stock code: 707), whose shares are listed on the Main Board of the Stock Exchange. Mr. Lam was the group financial controller and company secretary of Ngai Shun Holdings Limited (stock code: 1246) from January 2014 to October 2014 whose shares are listed on the Main Board of the Stock Exchange. He holds a bachelor's degree of science in accounting awarded by Brigham Young University-Hawaii in 1996. He also obtained a master's degree of science in e-commerce from The Chinese University of Hong Kong in 2002. Mr. Lam is a fellow of the HKICPA and a member of the American Institute of Certified Public Accountants. Mr. Lam has over 17 years of experience in corporate finance and accounting.

Mr. Chan Ngai Sang, Kenny

Mr. Chan Ngai Sang, Kenny, aged 51, was appointed as an independent non-executive Director on 2 April 2015. He is a partner and founder of Kenny Chan & Co., a firm of Certified Public Accountants (Practising). He has over 25 years of experience in accounting, taxation, auditing and corporate finance and was involved in several merger and acquisition and initial public offering projects. He holds a Bachelor of Commerce degree in Accounting and Finance from the University of New South Wales in Australia and is a member of the Institute of Chartered Accountants of New Zealand, the Association of International Accountants, CPA Australia, the HKICPA and the Taxation Institute of Hong Kong. He served as the President of the Association of International Accountants – Hong Kong Branch from 2012 to 2015 and has been accredited as an Authorized Supervisor of the HKICPA. He also serves on several tribunals of the Government of the Hong Kong Special Administrative Region which includes the Youth Programme Coordinating Committee of the Commission on Youth, the Mandatory Provident Fund Schemes Appeal Board, the Tsuen Wan District Fight Crime Committee and is a Honorary President of the Tsuen Wan District Junior Police Call. He served as the District Governor of Lions Clubs International District 303 – Hong Kong & Macao, China in the year 2009/2010. He is currently an independent non-executive director of TSC Group Holdings Limited (stock code: 206) and AMCO United Holding Limited (stock code: 630). Both are listed on the Main Board of the Stock Exchange, and an independent non-executive director of Combest Holdings Limited (stock code: 8190) and WLS Holdings Limited (stock code: 8021), both are listed on the Growth Enterprise Market of the Stock Exchange.

Corporate Governance Report

The Board hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 December 2015.

The Board is committed to maintaining good corporate governance standard and procedures to safeguard the interests of the Company's shareholders and to enhance accountability and transparency.

CORPORATE GOVERNANCE PRACTICES

The Directors of the Company recognise the importance of good corporate governance in the management of the Group. During the year ended 31 December 2015, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG 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 year ended 31 December 2015.

BOARD OF DIRECTORS

COMPOSITION

As at 31 December 2015, the Board comprises five executive Directors and three independent non-executive Directors. The list of Directors during the year is set out in the section headed "Directors' Report" of this annual report. Dr. Hui Ka Wah, Ronnie, *JP* resigned as an executive Director on 26 March 2015. Mr. Tan Ye Kai, Byron was appointed as an executive Director on 2 April 2015. Mr. Chan Ngai Sang, Kenny was appointed as an independent non-executive Director on 2 April 2015. Dr. Wu Ka Chee, Davy retired as an independent non-executive Director upon the conclusion of the annual general meeting of the Company held on 9 June 2015. Mr. Ng Wing Fai was appointed as an executive Director on 15 September 2015.

The Board includes a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

The non-executive Directors are of sufficient calibre and number for their views to carry weight. The functions of non-executive Directors include, but not limited to:

- bringing an independent judgement at Board meetings;
- taking the lead where potential conflicts of interests arise;
- serving on Board committees if invited; and
- scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

The Board members have no financial, business, family or other material/relevant relationships with each other.

The Board has a balance of skills and experience appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" of this annual report.

Composition of the Board, including names of independent non-executive Directors, is disclosed in all corporate communications to shareholders.

The Company has maintained on its website and on the Stock Exchange's website an updated list of its Directors identifying their role and function and whether they are independent non-executive Directors.

ROLE AND FUNCTION

The Board is responsible for overall strategic formulation and performance monitoring of the Group. It delegates day-to-day operations of the Company to the senior management within the control and authority framework set by the Board. In addition, the Board has also delegated various responsibilities to the audit committee, the remuneration committee, the nomination committee and the corporate governance committee. Further details of these committees are set out in this annual report.

BOARD MEETINGS

The Board is going to meet at least four times a year. Additional meetings would be arranged, if and when required. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles.

The company secretary of the Company (the "Company Secretary") assists the chairman in drawing the agenda of each meeting and each Director may request inclusion of matters in the agenda. Generally, at least 14 days' notice of a regular Board meeting is given and the Company aims at giving reasonable notice for all other Board meetings. The Company also aims at sending the agenda and the accompanying board papers, which are prepared in such form and quality as will enable the Board to make an informed decision on matters placed before it, to all Directors at least 3 days before the intended date of a Board meeting.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and all applicable rules and regulations are followed.

The Company Secretary is responsible for taking minutes of Board and Board committee meetings, drafts and final versions of which would be sent to Directors for comments and records respectively, in both cases within a reasonable time after each meeting. Minutes are recorded in sufficient detail regarding the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views (if any) expressed. Minutes of the Board and the Board committees meetings are kept by the Company Secretary and are open for inspection by any Director/committee member.

If a substantial shareholder or a Director has a conflict of interest in a matter (including material transaction with connected persons) which the Board has determined to be material, a Board meeting will be held instead of by way of circulation.

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CHANGE IN DIRECTORS' INFORMATION

Pursuant to the relevant requirement under the Listing Rules, the changes in Directors' information since the date of 2015 interim report of the Company are set out below:

1. Mr. Ma Yiu Ho, Peter has appointed as a member of the Hong Kong Institute of Directors since December 2015. He has resigned as an independent non-executive director of Sky Forever Supply Chain Management Group Limited (formerly known as Rising Power Group Holdings Limited) (stock code: 8047) with effect from 20 May 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 and the chief financial officer and company secretary of Co-Prosperity Holdings Limited (stock code: 707) with effect from 17 September 2015. He ceased as a certified fraud examiner of the Association of Certified Fraud Examiners with effect from 31 May 2015.

3. Mr. Chan Ngai Sang, Kenny ceased as the President of the Association of International Accountants in 2015. He has been appointed as independent non-executive director of AMCO United Holding Limited (stock code: 630) with effect from 30 June 2015.

ATTENDANCE RECORDS

During the financial year ended 31 December 2015, the Directors have made active contribution to the affairs of the Group and 7 Board meetings were held to consider, among other things, various projects contemplated by the Group and to review and approve the final results for the year ended 31 December 2014 and the interim results for the six months ended 30 June 2015 of the Group.

ACCESS TO INFORMATION

The Directors may seek independent professional advice in appropriate circumstances, at the Company's expenses. The Company will, upon request, provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

The Board is supplied with relevant information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each Board meeting. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access to the Company's senior management to make further enquiries if necessary.

APPOINTMENTS AND RE-ELECTION OF DIRECTORS

Appointment of new Directors is a matter for consideration by the nomination committee. The nomination committee will review the profiles of the candidates and make recommendations to the Board on the appointment, renomination and retirement of Directors.

According to the Articles, any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. Every Director (including non-executive Director) is appointed for a specific term and is subject to retirement by rotation at least once every three years.

INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed Director is provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statutes, laws, rules and regulations.

Every newly appointed Director will be given an introduction of regulatory requirements. The Directors are continually updated on the latest development of the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practice.

Under code provision A.6.5, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the year ended 31 December 2015, all Directors, namely Mr. Wong Lee Man, Ms. Fong Sut Sam, Mr. Mak Kwong Yiu, Mr. Tan Ye Kai, Byron, Mr. Ng Wing Fai, Dr. Hui Ka Wah, Ronnie, *JP*, Mr. Ma Yiu Ho, Peter, Mr. Lam Chi Keung, Mr. Chan Ngai Sang, Kenny and Dr. Wu Ka Chee, Davy have participated in continuous professional development by attending training courses organised by professional firms/institutions.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rules 3.10 and 3.10A of the Listing Rules during the year, the Company has appointed three independent non-executive Directors representing at least one-third of the Board and at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of its independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all of the Independent non-executive Directors are independent. Mr. Ma Yiu Ho, Peter, an independent non-executive Director, has entered into a letter of appointment with the Company for a fixed term of three years commencing from 13 July 2013. Mr. Lam Chi Keung, an independent non-executive Director, has entered into a letter of appointment with the Company for a fixed term of three years commencing from 31 March 2014. Mr. Chan Ngai Sang, Kenny, an independent non-executive Director, has entered into a letter of appointment with the Company for a fixed term of three years commencing from 2 April 2015.

DIRECTORS' AND OFFICERS' LIABILITY

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the businesses of the Group.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should not be performed by the same individual. To ensure a balance of power and authority, the roles of chairman and the chief executive officer are separate and are not performed by the same individual to reinforce their independence and accountability. Mr. Wong Lee Man assumes the role of the chairman while Ms. Fong Sut Sam and Mr. Mak Kwong Yiu serves as the vice chairman and the chief executive officer of the Company respectively. The Chairman provides leadership for the Board and overall strategic formulation for the Group. The vice chairman has overall the direction and strategic formulation for the Group. The chief executive officer has overall chief executive responsibility for the Group's business development and day-to-day management generally. The division of responsibilities between the chairman and the chief executive officer is clearly established and set out in writing.

With the support of executive Directors and the company secretary, the chairman seeks to ensure that all Directors are properly briefed on issues arising at the Board meetings and receive adequate and reliable information in a timely manner.

BOARD COMMITTEES

The Board has established the following committees to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities. All committees have their own terms of reference. All resolutions passed by the committees will be reported to the Board at the next Board meeting.

AUDIT COMMITTEE

The Company established an Audit Committee (the "Audit Committee") on 23 June 2010 with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are mainly to make recommendation to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee internal control procedures of the Company. The full terms of reference are available on the Company's website and the Stock Exchange's website.

As at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Ma Yiu Ho, Peter (Chairman of the Audit Committee), Mr. Lam Chi Keung and Mr. Chan Ngai Sang, Kenny.

During the year, 2 meetings of the Audit Committee were held for, amongst other things:

- Reviewing the final results of the Group for the year ended 31 December 2014 and interim results of the Group for the six months ended 30 June 2015;
- Reviewing the Group's financial information;
- Reviewing the continuing connected transactions as set forth on pages 56 and 57 of this annual report;
- Reviewing the effectiveness of the Group's internal control system; and
- Reviewing of the status of all business.

During the year, the Board had no disagreement with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditor.

NOMINATION COMMITTEE

The Company established a Nomination Committee (the "Nomination Committee") on 23 June 2010 with written terms of reference in compliance with the CG Code. The primary function of the Nomination Committee is to make recommendations to the Board regarding candidates to fill vacancies on the Board. The full terms of reference are available on the Company's website and the Stock Exchange's website.

BOARD DIVERSITY

The Board adopted a board diversity policy on 28 August 2013 in compliance with a new code provision on board diversity in the CG Code, which came into effect on 1 September 2013. In designing the Board's composition, the diversity of members of the Board has been considered from a number of aspects, including but not limited to gender, age, educational background, professional experience and qualifications, relevant industry experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered and selected based on a range of diversity perspectives including but not limited to the said aspects.

As at the date of this annual report, the Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Wong Lee Man (Chairman of the Nomination Committee), Mr. Lam Chi Keung and Mr. Chan Ngai Sang, Kenny.

During the year, 2 meetings of the Nomination Committee were held for, amongst other things:

- Reviewing the structure, size and composition of the Board;
- Assessing the independence of the independent non–executive Directors; and
- Making recommendation to the Board on matters relating to the appointment of Directors.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") on 23 June 2010 with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review performance-based remuneration; and ensure none of our Directors determine their own remuneration. The full terms of reference are available on the Company's website and the Stock Exchange's website.

As at the date of this annual report, the Remuneration Committee comprises two independent non-executive Directors and one executive Director, namely Mr. Chan Ngai Sang, Kenny (Chairman of the Remuneration Committee), Mr. Lam Chi Keung and Mr. Wong Lee Man.

During the year, 2 meetings of the Remuneration Committee were held for, amongst other things:

- Reviewing the remuneration and terms of service contracts of the executive Directors;
- Determining the bonuses of the executive Directors for the financial year of 2015; and
- Making recommendations to the Board on the directors' fee of the independent non-executive Directors for the financial year of 2015.

Details of the Company's remuneration policies are set out in the Management Discussion and Analysis on page 31, Directors' emoluments are disclosed in note 7 to the consolidated financial statements.

CORPORATE GOVERNANCE COMMITTEE

The Company established a compliance committee (the "Compliance Committee") on 23 June 2010. The primary function of the Compliance Committee is to make recommendations to the Board regarding regulatory and compliance matters relating to our Group. With effect from 1 January 2012, the Board has established a corporate governance committee (the "Corporate Governance Committee") in place of the existing Compliance Committee.

The Corporate Governance Committee is established for the purpose of developing and reviewing the Group's policies and practices on corporate governance and making recommendations to the Board; and reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements. The full terms of reference are available on the Company's website and the Stock Exchange's website.

As at the date of this annual report, the Corporate Governance Committee comprises three executive Directors, namely Mr. Tan Ye Kai, Byron (Chairman of the Corporate Governance Committee), Ms. Fong Sut Sam and Mr. Wong Lee Man.

During the year, 2 meetings of the Corporate Governance Committee were held for, amongst other things:

- Discussing on and reviewing of regulatory and compliance matters relating to the Group.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors understand and acknowledge their responsibility for making sure that the financial statements for each financial year are prepared to reflect the true and fair view of the financial position, financial performance and cash flows of the Group and in compliance with relevant law and disclosure provisions of the Listing rules. In preparing the financial statements for the year ended 31 December 2015, the Directors have selected appropriate accounting policies and applied them consistently; made judgements and estimates that are prudent and reasonable, and have prepared the financial statements on a going concern basis. The Directors also ensure that the financial statements of the Group are published in a timely manner.

The statement of the auditor of the Company, Ernst & Young, about its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 59 to 60 of this annual report.

AUDITORS' REMUNERATION

During the year, the remuneration paid and payable to the Company's auditor, Ernst & Young, are approximately HK$3,161,000 for audit services and HK$665,000 for non-audit services. The amount of fee paid and payable to other audit firms for audit services and for non-audit services are approximately HK$171,000 and nil respectively.

COMPANY SECRETARY

Mr. Chow Kim Hang ("Mr. Chow"), was appointed as the company secretary and the authorised representative of the Company on 16 March 2010. Mr. Chow is a Partner of Ma Tang & Co., Solicitors, a corporate and commercial law firm in Hong Kong. He is a practicing solicitor in Hong Kong and a member of The Law Society of Hong Kong. His primary contact persons at the Company are Mr. Mak Kwong Yiu (the chief executive officer and the executive Director of the Company resigned on 31 March 2016) and/or Ms. Chan Lai Yee (the chief financial officer of the Company).

During the year ended 31 December 2015, Mr. Chow has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge.

INTERNAL CONTROLS

The Board is responsible for maintaining a sound and effective internal control system in order to safeguard the interests of the shareholders and the assets of the Company against unauthorised use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations.

The Group has engaged a firm of certified public accountants, namely Messrs. Dominic K.F. Chan & Co. to perform an internal control review of the Group's internal control system.

The Directors acknowledge their responsibility for reviewing the Group's internal control systems and would communicate regularly with the Audit Committee and the certified public accountants. The Board was satisfied to the effectiveness of the Company in managing risks based on the internal audit report and the findings performed by the certified public accountants.

COMMUNICATION WITH SHAREHOLDERS

The Company considers effective communication with shareholders is essential to enable them to have a clear assessment of the Group's performance as well as accountability of the board of directors. Major means of communication with shareholders of the Company include the followings:

INFORMATION DISCLOSURE ON COMPANY'S WEBSITE

The Company maintains a corporate website at www.convoy.com.hk where important information of the Group's activities and corporate matters, such as annual reports, interim reports to shareholders, announcements and corporate governance practices are available for review by shareholders.

When announcements are made through the Stock Exchange, the same information will be made available on the Company's website.

During the year, the Company has issued announcements which can be viewed on the Company's website.

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GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting (the "AGM") of the Company provides a useful forum for shareholders to exchange views with the Board. The Company's Directors (including independent non-executive Directors) are available at the AGM to answer questions from shareholders about the business and performance of the Company. In addition, the Company's external auditor is also invited to attend the AGM to answer questions about the conduct of the audit, and the preparation and contents of the auditors' report. Separate resolutions are proposed at general meetings for each substantial issue. An explanation of the detailed procedures of conducting poll was provided to shareholders at the AGM, to ensure that shareholders are familiar with such procedures.

The Company's last AGM was held on Tuesday, 9 June 2015 at 39/F., @CONVOY, 169 Electric Road, Hong Kong.

All the resolutions proposed at that meeting were approved by shareholders by poll voting. The poll results were posted on the websites of the Stock Exchange and the Company respectively on the same day as the poll.

The next AGM will be held on Wednesday, 22 June 2016, the notice of which will be sent to shareholders at least 20 clear business days before the said meeting.

In addition to the AGM, 3 extraordinary general meetings (the "EGMs") was held by the Company on Wednesday, 1 April 2015, Monday, 31 August 2015 and Friday, 9 October 2015 respectively during the year. All the resolutions proposed at EGMs were also approved by shareholders by poll voting. The poll results of each of these meetings were also posted on the websites of the Stock Exchange and the Company respectively.

ATTENDANCE OF DIRECTORS AT MEETINGS

The attendance of the Directors at the general meetings of the Company, meetings of the Board, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee during the year are set out below:

				Meetings attended/Meetings eligible to attend (vi)				
	Notes	**AGM**	**EGMs**	**Board meetings**	**Audit Committee meetings**	**Nomination Committee meetings**	**Remuneration Committee meetings**	**Corporate Governance Committee meetings**
Executive Directors								
Mr. Wong Lee Man		1/1	2/3	6/7	–	2/2	2/2	2/2
Ms. Fong Sut Sam		1/1	2/3	6/7	–	–	–	2/2
Mr. Mak Kwong Yiu		1/1	3/3	7/7	–	–	–	–
Dr. Hui Ka Wah, Ronnie, *JP*	(i)	–	–	2/2	–	–	–	0/0
Mr. Tan Ye Kai, Byron	(ii)	1/1	2/2	5/5	–	–	–	2/2
Mr. Ng Wing Fai	(iii)	–	0/1	0/0	–	–	–	–
Independent Non-Executive Directors								
Mr. Ma Yiu Ho, Peter		1/1	2/3	7/7	2/2	–	–	–
Dr. Wu Ka Chee, Davy	(iv)	1/1	0/1	4/5	1/1	1/1	1/1	0/0
Mr. Lam Chi Keung		1/1	2/3	7/7	2/2	2/2	2/2	–
Mr. Chan Ngai Sang, Kenny	(v)	1/1	1/2	5/5	1/1	1/1	1/1	–

Notes:

(i) Dr. Hui Ka Wah, Ronnie, *JP* resigned as an executive Director and a member of the Corporate Governance Committee on 26 March 2015 and hence he has not attended any Board meeting and the Corporate Governance Committee held on or after.

(ii) Mr. Tan Ye Kai, Byron was appointed as an executive Director and a member of the Corporate Governance Committee on 2 April 2015 and was further appointed as the chairman of the Corporate Governance Committee on 9 June 2015 and hence he has not attended any Board meeting and the Corporate Governance Committee held on or before.

(iii) Mr. Ng Wing Fai was appointed as an executive Director on 15 September 2015 and hence he has not attended any Board meeting held on or before.

(iv) Dr. Wu Ka Chee, Davy retired as an independent non-executive Director upon the conclusion of the AGM held on 9 June 2015 and ceased to be the chairman of each of the Remuneration Committee and the Corporate Governance Committee and a member of each of the Audit Committee and the Nomination Committee and hence he has not attended any Board meeting, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee held on or after.

(v) Mr. Chan Ngai Sang, Kenny was appointed as an independent non-executive Director on 2 April 2015 and was further appointed as a member of the Audit Committee, a member of the Nomination Committee and a member and the chairman of the Remuneration Committee on 9 June 2015 and hence he has not attended any Board meeting, the Audit Committee, the Nomination Committee and the Remuneration Committee held on or before.

(vi) Attendances of the Directors appointed/retired during the year were made by reference to the number of such meetings held during their respective tenures.

INVESTOR RELATIONS

Information of the Group is delivered to the shareholders and investors through a number of channels, which includes annual report, interim report and announcements. The latest information of the Group together with the published documents are also available on the Company's website at http://www.convoy.com.hk.

The Company recognises its responsibility to explain its activities to those with a legitimate interest and to respond to their questions. The Company's chairman, vice chairman, chief executive officer and chief financial officer also made presentations and held meetings with investors and analysts to keep them abreast of the Company's development, subject to compliance with the applicable laws and regulations. In addition, questions received from the general public and individual shareholders are answered promptly.

SHAREHOLDERS' RIGHTS

CONVENING OF EXTRAORDINARY GENERAL MEETING ON REQUISITION BY SHAREHOLDERS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue. Besides, pursuant to the Articles, shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board of the Company. Contact details are as follows:

Address: 39/F, @CONVOY, 169 Electric Road, Hong Kong
Email: IR_Info@convoy.com.hk

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETING BY SHAREHOLDERS

Pursuant to Article 85, no person other than a retiring director shall be eligible for election to the office of Director at any general meeting unless (a) such person is recommended by the Directors for election; or (b) such person is nominated by notice in writing by a shareholder (other than the person to be proposed) entitled to attend and vote at the meeting. The notice of nomination shall be accompanied by a notice signed by that person indicating his willingness to be elected to the office of Director and shall be lodged at the head office from time to time or at the registration office within the seven day period commencing from the day after the dispatch of the notice of the meeting (or such other period, being a period of not less than seven days, commencing no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such meeting, as may be determined by the Directors from time to time.)

CONSTITUTIONAL DOCUMENTS

At the 2012 AGM, amendments to the Articles were approved by the shareholders of the Company. An updated version of the Articles is available on the websites of the Company and the Stock Exchange.

Directors' Report

The Board is pleased to present the annual report and the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The Group is principally engaged in the IFA business, money lending business, proprietary investment business, asset management business, corporate finance business and securities dealing business. The activities of its principal subsidiaries are set out in note 1 to the consolidated financial statements.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages 22 to 34 of this annual report. This discussion forms part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 and the Group's financial position at that date are set out in the consolidated financial statements on pages 61 to 146 of this annual report.

In order to maintain adequate cashflow of the Group to combat the challenges to be brought by the change in the regulations of ILAS market, the Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders who are entitled to attend and vote at the annual general meeting to be held on Wednesday, 22 June 2016 (or any adjournment thereof), the register of members of the Company will be closed from Friday, 17 June 2016 to Wednesday, 22 June 2016 (both days inclusive). In order to qualify for the right to attend and vote at the meeting (or any adjournment thereof), all transfers accompanied by the relevant share certificates should be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 16 June 2016.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands, amounted to HK$3,465.6 million (2014: HK$394.9 million). The amount of HK$3,465.6 million (2014: HK$394.9 million) includes the Company's share premium account which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to approximately HK$2,146,000 (2014: HK$448,000).

SHARE CAPITAL AND WARRANTS

Details of movements in the Company's share capital and warrants during the year are set out in note 34 to the consolidated financial statements.

MAJOR PRODUCT ISSUERS AND SUPPLIERS

In the year under review, revenue from the Group's five largest products issuers accounted for 54.7% (2014: 57.1%) of the total revenue for the year and revenue from the largest product issuer included therein amounted to 16.7% (2014: 37.3%). For the purpose of identifying major products issuers of the Group, revenue derived from the proprietary investment segment, including fair value changes on financial investments at fair value through profit or loss, net; gains on disposals of available-for-sale investments; interest income from debt investments and dividend income from financial investments at fair value through profit or loss, are excluded from the calculation.

Commission expenses attributable to the 5 highest paid consultants of the Group accounted for less than 30% of the Group's total commission expenses for the year under review.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's entire issued share capital) had any beneficial interest in the Group's five largest product issuers.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the consolidated financial statements, is set out on page 147 of this annual report. This summary does not form part of the audited financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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 full-time 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).

The purposes of the Share Option Scheme are 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 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.

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 a 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 is empowered to impose at its discretion any such minimum period at the time of grant of any option.

During the year ended 31 December 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 purposes 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 36 to the consolidated financial statements.

DIRECTORS

The Directors during the year were:

EXECUTIVE DIRECTORS

Mr. Wong Lee Man *(Chairman)*
Ms. Fong Sut Sam
Mr. Mak Kwong Yiu
Dr. Hui Ka Wah, Ronnie, *JP* (resigned on 26 March 2015)
Mr. Tan Ye Kai, Byron (appointed on 2 April 2015)
Mr. Ng Wing Fai (appointed on 15 September 2015)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wu Ka Chee, Davy (retired on 9 June 2015)
Mr. Ma Yiu Ho, Peter
Mr. Lam Chi Keung
Mr. Chan Ngai Sang, Kenny (appointed on 2 April 2015)

Biographical details of the above Directors are set out in the section headed "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" on pages 35 to 37 of this annual report.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

The Directors have entered into service contracts or letters of appointment with the Company for a term of three years commencing from 13 July 2013 (except for Mr. Lam Chi Keung, Mr. Tan Ye Kai, Byron, Mr. Chan Ngai Sang, Kenny and Mr. Ng Wing Fai, who have entered into service contracts or letters of appointment with the Company for a term of three years commencing from 31 March 2014, 2 April 2015, 2 April 2015 and 15 September 2015, respectively) and to continue thereafter until terminated by a three months' notice in writing served by either party on the other without payment of compensation.

Each of the executive Directors shall also be entitled to a bonus for each financial year of the Company which is at the discretion of the Board and determined by reference to the performance of each Director concerned and the Group's performance for the financial year concerned and based on the recommendation from the remuneration committee of our Company.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

REMUNERATION OF THE DIRECTORS

Details of the remuneration of the Directors are set out in note 7 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed above, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year.

CONTRACT OF SIGNIFICANCE

There is no contract of significance between the Company or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

MANAGEMENT CONTRACT

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company.

INTERESTS IN COMPETITORS

As at the date of this report, (a) Convoy Securities Limited, an indirectly wholly-owned subsidiary of the Company is a licensed corporation under the SFO principally engaged in the provision of equity capital market related services, securities brokerage services, margin and initial public offering financing services in Hong Kong and is licensed by the SFC to carry out type 1 (dealing in securities) regulated activity under the SFO; and (b) Convoy Asset Management Limited, an indirectly wholly-owned subsidiary of the Company is a licensed corporation under the SFO principally engaged in the provision of investment advisory, funds dealing and bond placing, introducing broker and asset management services in Hong Kong 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, while Convoy Investment Services Limited, a controlled corporation of Ultimate Honour Holdings Limited which is, in turn, owned as to approximately 35.06%, 29.62% and 4.96% by Mr. Wong Lee Man, Mr. Mak Kwong Yiu and Ms. Fong Sut Sam respectively, is also a licensed corporation under the SFO principally engaged in (i) equity capital market related services; (ii) brokerage services; (iii) margin and initial public offering financing services; and (iv) the Capital Investment Entrant Scheme related services and is licensed by the SFC to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Mr. Mak Kwong Yiu is also a director of Convoy Investment Services Limited.

Save as disclosed above, the Directors were not aware of any business or interest of the Directors and their respective associates (as defined under the Listing Rules) that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

INTERESTS AND/OR SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 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 (the "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 issued share capital
Wong Lee Man	Beneficial owner	Long position	102,163,194	0.68%
Mak Kwong Yiu	Beneficial owner	Long position	96,926,748	0.65%

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 31 December 2015, so far as the Directors are aware, the following corporations had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of substantial shareholder	Notes	Capacity	Long/Short position	Number of Shares held	Approximate percentage of issued share capital
Eagle Legacy Limited		Beneficial owner	Long position	2,240,000,000	14.99%
Oceana Glory Limited		Beneficial owner	Long position	2,240,000,000	14.99%
Jun Yang Financial Holdings Limited	(i)	Interests of a controlled corporation	Long position	1,483,788,000	9.93%
Classictime Investments Limited	(i)	Beneficial owner	Long position	1,483,788,000	9.93%
Interactive Entertainment China Cultural Technology Investments Limited (formerly known as: China Mobile Games and Cultural Investment Limited)	(ii)	Interests of a controlled corporation	Long position	750,310,000	5.02%
Ever Robust Holdings Limited	(ii)	Beneficial owner	Long position	750,310,000	5.02%
GET Holdings Limited	(iii)	Interests of a controlled corporation	Long position	747,806,000	5.01%
Lucky Famous Limited	(iii)	Interests of a controlled corporation	Long position	747,806,000	5.01%
Perfect Growth Limited	(iii)	Beneficial owner	Long position	747,806,000	5.01%

Notes:

(i) Classictime Investments Limited is a directly held wholly-owned subsidiary of Jun Yang Financial Holdings Limited. By virtue of the SFO, Jun Yang Financial Holdings Limited is deemed to have interest in 1,483,788,000 Shares owned by Classictime Investments Limited.

(ii) Ever Robust Holdings Limited is a directly held wholly-owned subsidiary of Whole Kind Investments Limited, which in turn is a directly held wholly-owned subsidiary of Interactive Entertainment China Cultural Technology Investments Limited. By virtue of the SFO, Interactive Entertainment China Cultural Technology Investments Limited and Whole Kind Investments Limited are deemed to have interest in 750,310,000 Shares owned by Ever Robust Holdings Limited.

(iii) Perfect Growth Limited is a directly held wholly-owned subsidiary of Lucky Famous Limited, which in turn is a directly held wholly-owned subsidiary of GET Holdings Limited. By virtue of the SFO, GET Holdings Limited and Lucky Famous Limited are deemed to have interest in 747,806,000 Shares owned by Perfect Growth Limited.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in "INTERESTS AND/OR SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS" on page 54 and in "SHARE OPTION SCHEME" disclosed on pages 51 to 52 of this annual report, respectively, at no time during the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

RELATED PARTY TRANSACTIONS

Details of significant related party transactions undertaken by the Group during the year are set out in note 43 to the consolidated financial statements. Except for the commission paid to the Shin Family for their acting as consultants of CFS which are further elaborated in the section "NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS" below, other transactions set out in note 43 to the consolidated financial statements do not fall under the definition of (i) non-exempt connected transaction; or (ii) non-exempt continuing connected transaction" under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into certain agreements and arrangements with its connected persons in the ordinary and usual course of business of the Group during the reporting period. Details of these transactions are set out below.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Service Fees Paid by CFS to Connected Persons

Reference is made to the prospectus of the Company, in which it was disclosed that CFS had entered into contracts for services (the "2010 Shin Family CFS Service Contracts") with three associates (as defined under the Listing Rules) of Mr. Shin Kin Man (the "Shin Family") pursuant to which the Company agreed to pay commission to the Shin Family for their acting as consultants of CFS to provide the insurance and MPF scheme brokerage services in Hong Kong for a period of three years from 1 January 2010 to 31 December 2012. Mr. Shin Kin Man is the executive director of CFS (an indirect wholly-owned subsidiary of the Company) and thus the Shin Family, being the three associates (as defined under the Listing Rules) of Mr. Shin Kin Man, are connected persons of the Company under Chapter 14A of the Listing Rules. The 2010 Shin Family CFS Service Contracts expired on 31 December 2012.

On 11 March 2013, CFS entered into contracts for services (the "2013 Shin Family CFS Service Contracts") with the Shin Family with a view to renew the terms and conditions of the 2010 Shin Family CFS Service Contracts.

Accordingly, the transactions contemplated under the 2013 Shin Family CFS Service Contracts constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Pursuant to the 2013 Shin Family CFS Service Contracts, in consideration for the Shin Family acting as consultants of CFS to provide the insurance and MPF scheme brokerage services in Hong Kong, CFS agreed to pay to the Shin Family commission which shall be calculated in accordance with the terms of the 2013 Shin Family CFS Service Contracts and be payable monthly. Such commission to be paid by CFS to the Shin Family represents normal commission applicable to all other consultants of CFS, and would not include payment of any kind to which all other consultants would not be entitled.

The 2013 Shin Family CFS Service Contracts are for a term of three years commencing from 1 January 2013 and ending on 31 December 2015 (both days inclusive), with the proposed annual caps amounted to HK$8,300,000, HK$8,750,000 and HK$9,200,000 for the financial year ended 31 December 2013, 2014 and 2015 respectively. Details of the transactions were disclosed in the Company's announcement dated 11 March 2013.

During the year, the commission expenses paid by CFS to the Shin Family amounted to approximately HK$9,108,000 (2014: HK$7,391,000). The independent non-executive Directors have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

The Company's auditors have reported to the Directors that (i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board; (ii) nothing has come to their attention that causes them to believe that the transactions involve the provision of services by the Group; (iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iv) with respect to the aggregate amount of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the announcement dated 11 March 2013 made by the Company in respect of the disclosed continuing connected transactions.

AUDIT COMMITTEE

The Company established an audit committee on 23 June 2010 (the "Audit Committee") with written terms of reference in compliance with the Listing Rules. As at the date of this annual report, the Audit Committee comprised 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.

The Audit Committee has reviewed together with the management of the Company the accounting principles, accounting standards and methods adopted by the Company, discussed the matters concerning internal control, auditing and financial reporting matters and has reviewed the consolidated financial statements of the Group for the year ended 31 December 2015.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's issued share capital were held by members of the public as at the date of this report as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 47 to the consolidated financial statements.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Wong Lee Man
Chairman

Hong Kong, 24 March 2016

Independent Auditors' Report

EY安永

To the shareholders of Convoy Financial Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Convoy Financial Holdings Limited (the "Company") and its subsidiaries set out on pages 61 to 146, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent
Auditors' Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
24 March 2016

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	4	**604,624**	1,590,601
Other income and gains, net	4	**3,202**	1,340
Commission and advisory expenses		**(479,441)**	(838,206)
Staff costs	6	**(165,659)**	(165,218)
Depreciation	12	**(28,136)**	(20,924)
Commission clawback	33	**(1,418)**	(11,601)
Other expenses		**(388,045)**	(244,002)
Profit attributable to non-controlling investors of investment funds	31	**(1,510)**	(461)
Finance costs	5	**(43,077)**	(3,086)
Share of profit of an associate		**129**	–
Share of loss of a joint venture		**(372)**	–
PROFIT/(LOSS) BEFORE TAX	6	**(499,703)**	308,443
Income tax credit/(expense)	9	**15,563**	(66,965)
PROFIT/(LOSS) FOR THE YEAR		**(484,140)**	241,478
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Fair value losses on available-for-sale investments		**(57,407)**	–
Reclassification adjustment to profit or loss on impairment of available-for-sale investments		**52,554**	–
Exchange differences on translation of foreign operations		**(1,711)**	66
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(6,564)**	66
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(490,704)**	241,544
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(467,258)**	246,173
Non-controlling interests		**(16,882)**	(4,695)
		(484,140)	241,478
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Owners of the Company		**(473,384)**	246,239
Non-controlling interests		**(17,320)**	(4,695)
		(490,704)	241,544
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	11		(Restated)
Basic (HK cents)		**(11.0)**	24.3
Diluted (HK cents)		**(11.0)**	24.3

Consolidated Statement of Financial Position

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**53,010**	57,029
Investment property	13	**63,922**	–
Goodwill	14	**12,820**	9,922
Intangible assets	15	**438**	982
Investment in an associate	16	**20,293**	–
Investment in a joint venture	17	**7,459**	–
Held-to-maturity investments	18	**229,324**	–
Available-for-sale investments	19	**367,005**	40,136
Loans receivable	20	**638,287**	142,450
Prepayments, deposits and other receivables	21	**57,541**	15,352
Restricted cash	22	**331**	1,250
Deferred tax assets	23	**27,169**	18,024
Total non-current assets		**1,477,599**	285,145
CURRENT ASSETS			
Accounts receivable	24	**86,855**	260,250
Loans receivable	20	**1,550,239**	291,765
Prepayments, deposits and other receivables	21	**67,142**	29,734
Held-to-maturity investments	18	**30,000**	–
Financial assets at fair value through profit or loss	25	**644,722**	483,599
Tax recoverable		**21,200**	–
Restricted cash	22	**644**	799
Cash held on behalf of clients	26	**228,761**	159,186
Pledged bank deposits	27	**10,035**	–
Cash and cash equivalents	27	**2,113,521**	366,803
Total current assets		**4,753,119**	1,592,136
CURRENT LIABILITIES			
Accounts payable	28	**397,349**	515,245
Other payables and accruals	29	**143,394**	179,205
Interest-bearing other borrowing	30	**13,495**	–
Net assets attributable to redeemable participation rights	31	**34,598**	24,896
Financial liabilities at fair value through profit or loss	25	**25,586**	19,822
Bond payables	32	**6,389**	–
Tax payable		**35,743**	21,350
Commission clawback	33	**3,940**	11,229
Total current liabilities		**660,494**	771,747

Consolidated Statement of Financial Position
31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NET CURRENT ASSETS		**4,092,625**	820,389
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,570,224**	1,105,534
NON-CURRENT LIABILITIES			
Other payables and accruals	29	**8,605**	6,113
Deferred tax liability	23	–	38,521
Bond payables	32	**601,023**	260,810
Total non-current liabilities		**609,628**	305,444
Net assets		**4,960,596**	800,090
EQUITY			
Equity attributable to owners of the Company			
Issued capital	34	**1,493,890**	61,472
Reserves	35	**3,481,003**	781,714
		4,974,893	843,186
Non-controlling interests		**(14,297)**	(43,096)
Total equity		**4,960,596**	800,090

Wong Lee Man
Director

Fong Sut Sam
Director

Consolidated Statement of Changes In Equity

Year ended 31 December 2015

		Attributable to owners of the Company												
	Notes	Issued capital HK$'000 (note 34)	Share premium account HK$'000 (note 34)	Capital reserve HK$'000 (note 35)	Merger reserve HK$'000 (note 35)	Shares held for the share award scheme HK$'000 (note 36)	Warrant reserve HK$'000 (note 34)	Exchange fluctuation reserve HK$'000	Reserve funds HK$'000 (note 35)	Other reserves HK$'000 (note 35)	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity 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 year		–	–	–	–	–	–	–	–	–	246,173	246,173	(4,695)	241,478
Other comprehensive income for the year:														
Exchange differences on translation of foreign operations		–	–	–	–	–	–	66	–	–	–	66	–	66
Total comprehensive income/(loss) for the year		–	–	–	–	–	–	66	–	–	246,173	246,239	(4,695)	241,544
Issue of new shares, net of issue expenses	34	15,172	146,276	–	–	–	–	–	–	–	–	161,448	–	161,448
Equity-settled share-based payment	36	–	–	–	–	1,863	–	–	–	–	–	1,863	–	1,863
Transfer to reserve funds		–	–	–	–	–	–	–	75	–	(75)	–	–	–
Gain on deemed disposal of interests in subsidiaries, net		–	–	–	–	–	–	–	–	36,829	–	36,829	(36,829)	–
2013 final dividend		–	–	–	–	–	–	–	–	–	(10,378)	(10,378)	–	(10,378)
At 31 December 2014		61,472	395,616*	(64,379)*	(1,920)*	(1,108)*	776*	(94)*	660*	43,993*	408,170*	843,186	(43,096)	800,090

Consolidated Statement of Changes In Equity

Year ended 31 December 2015

		Attributable to owners of the Company														
	Notes	Issued capital HK$'000 (note 34)	Share premium account HK$'000 (note 34)	Capital reserve HK$'000 (note 35)	Merger reserve HK$'000 (note 35)	Shares held for the share award scheme HK$'000 (note 36)	Warrant reserve HK$'000 (note 34)	Available-for-sale investment revaluation reserve HK$'000 (note 35)	Exchange fluctuation reserve HK$'000	Reserve funds HK$'000 (note 35)	Legal reserve HK$'000 (note 35)	Other reserves HK$'000 (note 35)	Retained profits/ (accumulated loss) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity 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
Loss for the year		–	–	–	–	–	–	–	–	–	–	–	(467,258)	(467,258)	(16,882)	(484,140)
Other comprehensive loss for the year																
Changes in fair value of available-for-sale investments		–	–	–	–	–	–	(57,407)	–	–	–	–	–	(57,407)	–	(57,407)
Reclassification adjustments for losses included in the consolidated statement of comprehensive income – impairment loss	19	–	–	–	–	–	–	52,554	–	–	–	–	–	52,554	–	52,554
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	(1,273)	–	–	–	–	(1,273)	(438)	(1,711)
Total comprehensive loss for the year		–	–	–	–	–	–	(4,853)	(1,273)	–	–	–	(467,258)	(473,384)	(17,320)	(490,704)
Issue of new shares, net of issue expenses	34	1,432,418	3,220,430	–	–	–	–	–	–	–	–	–	–	4,652,848	–	4,652,848
Shares purchased for the share award scheme	36	–	–	–	–	(36)	–	–	–	–	–	–	–	(36)	–	(36)
Equity-settled share-based payment	36	–	–	–	–	421	–	–	–	–	–	–	–	421	–	421
Transfer to legal reserve	35	–	–	–	–	–	–	–	–	–	49	–	(49)	–	–	–
Deemed disposal of interest in a subsidiary	35	–	–	–	–	–	–	–	–	–	–	158	–	158	(158)	–
Acquisition of non-controlling interests	35	–	–	–	–	–	–	–	–	–	–	(48,300)	–	(48,300)	46,277	(2,023)
At 31 December 2015		1,493,890	3,616,046*	(64,379)*	(1,920)*	(723)*	776*	(4,853)*	(1,367)*	660*	49*	(4,149)*	(59,137)*	4,974,893	(14,297)	4,960,596

* These reserve accounts comprise the consolidated reserves of HK$3,481,003,000 (2014: HK$781,714,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(499,703)**	308,443
Adjustments for:			
Bank interest income	4	**(262)**	(178)
Dividend income	4	**(5,613)**	(1,880)
Gain on disposal of available-for-sale investments	4	**–**	(2,449)
Gain on disposal of a subsidiary	4	**(2)**	–
Gain on bargain purchase of an associate	4	**(1,564)**	–
Loss on disposal of items of property, plant and equipment	6	**133**	713
Depreciation	12	**28,136**	20,924
Amortisation of intangible assets	15	**544**	543
Impairment of loans receivable	6	**45,000**	413
Impairment of other receivables	6	**77,021**	3,585
Impairment of available-for-sale investments	6	**52,554**	–
Reversal of impairment of other receivables	6	**–**	(543)
Impairment of a deposit paid for a fund investment	6	**–**	19,619
Impairment of goodwill	6	**–**	39,840
Equity-settled share-based payment	6	**421**	1,863
Commission clawback		**1,418**	11,601
Share of profit of an associate		**(129)**	–
Share of loss of a joint venture		**372**	–
Finance costs	5	**43,077**	3,086
		(258,597)	405,580
Decrease/(increase) in accounts receivable		**186,316**	(163,918)
Increase in loans receivable		**(1,799,311)**	(343,929)
Decrease/(increase) in prepayments, deposits and other receivables		**(111,716)**	6,426
Increase in financial investments at fair value through profit or loss, net		**(155,359)**	(305,702)
Increase in held-to-maturity investments		**(259,324)**	–
Increase in cash held on behalf of clients		**(64,682)**	(21,186)
Increase/(decrease) in accounts payable		**(129,266)**	156,905
Increase/(decrease) in other payables and accruals		**(35,106)**	67,151
Increase in net assets attributable to redeemable participation rights		**9,702**	461
Decrease in an amount due to a fellow subsidiary		**–**	(96)
Decrease in commission clawback		**(8,707)**	(8,278)
Cash used in operations		**(2,626,050)**	(206,586)
Hong Kong profits tax paid		**(38,193)**	(27,716)
Mainland China taxes paid		**(717)**	(383)
Net cash flows used in operating activities		**(2,664,960)**	(234,685)

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		**262**	178
Dividend received		**5,613**	1,880
Placement of pledged bank deposits with original maturity of over three months when acquired		**(10,035)**	–
Purchase of available-for-sale investments		**(384,276)**	(27,117)
Investment in an associate		**(18,600)**	–
Investment in a joint venture		**(7,831)**	–
Acquisition of a subsidiary	37	**(4,865)**	23,418
Acquisition of additional interests of a subsidiary		**(2,023)**	–
Proceeds from disposal of a subsidiary	38	**227**	–
Acquisition of an investment property		**(63,922)**	–
Deposits paid for purchase of a property		**(30,643)**	–
Deposits paid for purchases of items of property, plant and equipment		**(9,269)**	(4,227)
Purchases of items of property, plant and equipment		**(23,968)**	(36,060)
Proceeds from disposal of items of property, plant and equipment		**22**	57
Decrease in restricted cash		**1,074**	216
Deposit paid for a fund investment		**–**	(19,619)
Net cash flows used in investing activities		**(548,234)**	(61,274)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares, net of issue expenses		**4,652,848**	136,809
Proceeds from issue of bonds, net of issue expenses		**336,624**	267,280
Increase in an interest-bearing other borrowing		**13,495**	–
Interest paid		**(42,229)**	(5,250)
Shares purchased for the share award scheme		**(36)**	–
Dividend paid		**–**	(10,378)
Net cash flows from financing activities		**4,960,702**	388,461
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,747,508**	92,502
Cash and cash equivalents at beginning of year		**366,803**	275,025
Effect of foreign exchange rate changes, net		**(790)**	(724)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**2,113,521**	366,803
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**1,913,112**	360,571
Non-pledged time deposits with original maturity less than three months when acquired		**200,409**	6,232
Cash and cash equivalents		**2,113,521**	366,803

Notes to the Consolidated Financial Statements

31 December 2015

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, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the year, the Group was principally engaged in the IFA business, money lending business, proprietary investment business, asset management business, corporate finance business and securities dealing business.

INFORMATION ABOUT SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name of subsidiary	Notes	Place of incorporation/ registration and business	Issued ordinary/ paid-up share capital	Percentage of equity interest attributable to the Company		Principal activities
				2015	2014	
Directly owned						
Convoy (BVI) Limited		British Virgin Island ("BVI")/Hong Kong	HK$10,000	**100%**	100%	Investment holding
Convoy Beijing Holdings Limited		Hong Kong	HK$1	**100%**	100%	Investment holding
Convoy Capital Holdings Limited		BVI/Hong Kong	US$1	**100%**	–	Investment holding
Convoy China Limited		BVI/Hong Kong	US$1	**100%**	100%	Investment holding
Convoy Financial Services Holdings Limited (currently known as Convoy Global Holdings Limited)		Hong Kong	HK$1	**100%**	100%	Management of business development
CFSH (Macau) Limited		Hong Kong	HK$100	**100%**	100%	Investment holding
Prosper Ocean Investments Limited		BVI/Hong Kong	US$1	**100%**	100%	Investment holding
Indirectly owned						
Convoy China Group Limited	(h)	BVI/Hong Kong	US$100	**100%**	51%	Investment holding
CCIA Holdings Limited	(h)	BVI/Hong Kong	US$13,647	**91.4%**	46.6%	Investment holding
Convoy China Financial Services Holdings Limited	(h)	Hong Kong	HK$10	**91.4%**	46.6%	Investment holding
Convoy China Insurance Agency Co., Limited	(h)	Hong Kong	HK$2	**91.4%**	46.6%	Investment holding and management of business development

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

INFORMATION ABOUT SUBSIDIARIES (CONTINUED)

Name of subsidiary	Notes	Place of incorporation/ registration and business	Issued ordinary/ paid-up share capital	Percentage of equity interest attributable to the Company 2015	2014	Principal activities
Indirectly owned (continued)						
Convoy Financial Services Limited ("CFS")		Hong Kong	HK$1,000,000	**100%**	100%	Provision of insurance and MPF scheme brokerage services
Convoy Financial Solutions Limited ("Convoy Solutions")		Hong Kong	HK$500,000	**100%**	100%	Provision of insurance brokerage services
Convoy Insurance Brokers (Macau) Limited ("CIBM")	(a)	Macau	MOP100,000	**100%**	100%	Provision of insurance brokerage services
Convoy Wealth Management Limited ("CWM")		Hong Kong	HK$500,000	**100%**	100%	Provision of insurance brokerage services
CIB Holdings Limited ("CIB Holdings")	(h)	Hong Kong	HK$1	**100%**	51%	Provision of referral services
康宏財富投資管理(北京)有限公司	(b)/(g)/(h)	People's Republic of China ("PRC")/ Mainland China	RMB10,000,000	**91.4%**	46.6%	Provision of investment advisory and corporate marketing services
深圳康宏信息諮詢有限公司("康宏信息")	(b)/(g)	PRC/Mainland China	RMB500,000	**100%**	100%	Provision of administrative services
深圳康宏保險經紀有限公司("深圳康宏")	(c)/(g)/(h)	PRC/Mainland China	RMB50,000,000	**91.4%**	46.6%	Provision of insurance brokerage services
江西康宏泛誠保險代理有限公司("康宏江西")	(c)/(g)/(h)	PRC/Mainland China	RMB20,000,000	**69.5%**	35.4%	Provision of insurance brokerage services
康宏碧升保險代理有限公司("康宏碧升")	(d)/(e)/(g)/(h)	PRC/Mainland China	RMB50,000,000	**69.5%**	35.4%	Provision of insurance brokerage services
DRL Capital Investment Management Limited (currently known as Convoy Fund Management Limited)	(i)	Cayman Islands/ Hong Kong	US$1	**100%**	70%	Provision of capital investment and advisory services
Convoy Asset Management Limited ("CAM")		Hong Kong	HK$14,160,000	**100%**	100%	Provision of investment advisory, funds dealing, bond placing, introducing broker and asset management services

Notes to the
Consolidated Financial Statements
31 December 2015

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

INFORMATION ABOUT SUBSIDIARIES (CONTINUED)

Name of subsidiary	Notes	Place of incorporation/ registration and business	Issued ordinary/ paid-up share capital	Percentage of equity interest attributable to the Company 2015	2014	Principal activities
Indirectly owned (continued)						
Kerberos (Nominee) Limited ("Kerberos")		Hong Kong	HK$1	**100%**	100%	Provision of nominee services
Convoy Capital Hong Kong Limited ("CCHK")		Hong Kong	HK$20,000,000	**100%**	100%	Provision of corporate finance advisory services
Convoy Securities Limited (formerly known as Cheer Pearl Investment Limited) ("CSL")	(g)	Hong Kong	HK$763,000,000	**100%**	–	Provision of securities dealing services
Convoy International Property Consulting Company Limited ("CIP")	(j)	Hong Kong	HK$1,200	**75%**	100%	Provision of overseas real estate brokerage services
Convoy Collateral Limited ("CCL")		Hong Kong	HK$100,000	**100%**	100%	Provision of money lending and proprietary investment
康宏保險銷售服務(深圳)有限公司	(b)/(g)/(h)	PRC/Mainland China	RMB10,000,000	**91.4%**	46.6%	Provision of insurance brokerage services
深圳前海康宏匯資產管理有限公司("康宏前海")	(c)/(f)/(g)	PRC/Mainland China	RMB20,000,000	**100%**	100%	Provision of asset management services
Convoy Opportunities Fund	(k)	Cayman Islands	US$3,369,743	**N/A**	N/A	Investment fund
DRL Capital	(k)	Cayman Islands	US$8,102,330	**N/A**	N/A	Investment fund
ESI Property Fund	(k)	Cayman Islands	HK$63,859,693	**N/A**	N/A	Investment fund
ESDI Capital	(k)	Cayman Islands	HK$3,375,261	**N/A**	N/A	Investment fund
NSD Capital	(k)	Cayman Islands	HK$14,349,625	**N/A**	N/A	Investment fund
康宏匯(深圳)股權投資基金管理有限公司	(b)/(g)	PRC/Mainland China	US$2,000,000	**100%**	100%	Provision of equity investment management services
深圳市康宏匯健股權投資企業(有限合夥)	(b)/(g)	PRC/Mainland China	RMB15,500,000	**100%**	–	Equity investment

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

INFORMATION ABOUT SUBSIDIARIES (CONTINUED)

Notes:

(a) Share capital of MOP10,000 is held in trust by two directors of CIBM.

(b) Registered as wholly-foreign-owned enterprises under PRC law.

(c) Registered as domestic enterprises under PRC law.

(d) Registered as a non-wholly-foreign-owned enterprise under PRC law.

(e) Share capital of RMB38,000,000 (2014: RMB38,000,000), representing 76% of the equity interest, is held in trust by a member of senior management of the subsidiary.

(f) Share capital of RMB20,000,000 (2014: RMB20,000,000), representing the entire equity interest, is held in trust by a business partner of the Company.

(g) The statutory financial statements of these entities are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

(h) On 17 December 2015, the Group acquired a 49% equity interest of Convoy China Group Limited from the non-controlling shareholders, being employees of the Group. Upon completion of this acquisition, Convoy China Group Limited became wholly-owned subsidiary of the Group while its subsidiaries became effectively owned by the Group as to 100% or 91.4% or 69.5%.

(i) On 31 August 2015, the Group acquired a 30% equity interest of DRL Capital Investment Management Limited (currently known as Convoy Fund Management Limited ("CFM") with effect from 2 March 2016) from the non-controlling shareholder, who was also a director of CFM at a cash consideration of HK$2,023,000. Upon completion of this acquisition, CFM and its wholly-owned subsidiary became wholly-owned subsidiaries of the Group.

(j) 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.

(k) The Group considers that it has ability to control through its representatives on the board of these investment funds and acting as a fund manager. The "paid-up issued capital" disclosed above represents the net asset value of each of the respective investment funds at the end of reporting period.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an investment property, financial investments at fair value through profit or loss and certain available-for-sale investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

Other than explained below regarding the impact of amendments of HKFRS 8 and HKAS 24 included in *Annual Improvements to HKFRSs 2010-2012 Cycle* and HKFRS 3, HKFRS 13 and HKAS 40 included in *Annual Improvements to HKFRSs 2011-2013 cycle*, the adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

(a) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(b) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the acquisition of an investment property during the year was not a business combination and so this amendment is not applicable.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 The original date of 1 January 2016 has been deferred/removed and early adoption of the amendments continues to be permitted

The Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The Group's investments in an associate and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of an associate and a joint venture is included in the consolidated statement of comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's investments in the associate and joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investment in associates or joint ventures.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

FAIR VALUE MEASUREMENT

The Group measures its investment property, financial investments at fair value through profit or loss and certain available-for-sale investments at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, goodwill, an investment property and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RELATED PARTIES (CONTINUED)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or a joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (CONTINUED)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the lease terms
Furniture, fixtures and equipment	20%
Computer equipment	30%
Motor vehicles	30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

INVESTMENT PROPERTIES

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquire separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPERATING LEASES

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial investments and held-to-maturity investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policy set out for “Revenue recognition” below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 *Financial Instruments: Recognition and Measurement* (“HKAS 39”) are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation and the loss arising from impairment is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

Subsequent measurement (continued)

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation and the loss arising from impairment are recognised in profit or loss.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Financial assets carried at amortised cost (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

SHARES HELD UNDER THE SHARE AWARD SCHEME

Where shares of the Company are purchased from the market for a restricted share award scheme, the consideration paid, including any directly attributable incremental costs, is presented as "Shares held under the share award scheme" and deducted from equity.

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

DEFERRED REVENUE

Deferred revenue represents service fees received in advance from the rendering of the corresponding services. Revenue is recognised and deferred revenue is released to profit or loss when the corresponding services have been rendered.

PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAX (CONTINUED)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, an associate and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, an associate and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

a) net fair value changes on financial assets at fair value through profit or loss and those held for trading, including realised gains/losses which are recognised on the transaction dates when the relevant contract notes are exchanged and unrealised fair value changes which are recognised in the period in which they arise;

b) commission income from securities brokerage on the transaction dates when the relevant contract notes are exchanged;

c) dividend income, when the shareholders' right to receive payment has been established;

d) referral and commission income from the provision of relevant services, on an accrual basis in accordance with the terms of the underlying agreements;

e) IFA commission income, on an accrual basis when the relevant services are rendered and in accordance with the terms of the underlying agreements or based on the commissioning of the respective insurance policies and pension schemes;

f) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset;

g) corporate finance commission income from placing and underwriting of securities and bonds, on execution of each significant act based on the terms and conditions of the relevant agreement or deal mandate;

h) performance fees, on the day of the investment funds and managed accounts when there is a positive performance for the relevant performance period, taking into consideration the relevant basis of calculation for the investment funds and managed accounts;

i) advisory income, on an accrual basis when services have been rendered; and

j) rental income, on a time proportion basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SHARE-BASED PAYMENTS

The Company operates a restricted share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) and consultants of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined based on the quoted market price of the equity instruments at the date at which they are granted, further details of which are given in note 36 to the consolidated financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period reflects the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OTHER EMPLOYEE BENEFITS

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the respective local municipal governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Social security scheme

The employees of the Group's subsidiaries which operates in Macau are required to participate in a central social security scheme operated by the government of Macau Special Administrative Region of PRC ("Macau"). The Group is required to contribute a fixed amount of its payroll costs to the central social security scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central social security scheme.

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of each reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCIES

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, a joint venture and an associate are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Income tax provisions

Determining income tax provisions involves judgements on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is assessed periodically to take into account all the changes in the tax legislations and practices.

Assessment of fund investments as structured entities

Management has assessed whether the funds in which it invests should be classified as structured entities. Management has considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. Judgement is made on an individual investment in each fund where the Group has ownership interest or acts as fund manager or both. Management has evaluated whether these rights of investors are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds. As at 31 December 2015, having considered the fact patterns surrounding each of the investment funds in which the Group has interest or acts as a fund manager, the Group considers that it controls five investment funds, further details of which are set out in notes 1 and 31 to the consolidated financial statements.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of loans and receivables

The Group assesses at the end of the reporting period whether there is any objective evidence that a loan and receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The Group maintains an allowance for estimated impairment of receivables arising from the inability of its debtors to make the required payments. The Group makes its estimates based on the ageing of its receivable balances, debtors' creditworthiness, past repayment history and historical write-off experience. If the financial condition of its debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in profit or loss.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

ESTIMATION UNCERTAINTY (CONTINUED)

Estimation of fair value of investment properties

Investment properties are stated at their fair values. The fair value at the end of each reporting period was based on a valuation on these properties estimated by the directors or conducted by an independent firm of professionally qualified valuers using property valuation techniques which involve making assumptions on certain market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the gain or loss recognised in the statement of profit or loss or other comprehensive income.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Estimation of commission clawback

The Group reviews the carrying amount of commission clawback at the end of the reporting period and estimates the expected cash outflows related to commission clawback. The estimation requires the Group to make estimates of the expected future occurrence of commission clawback by the product issuers and the expenditure required to settle the obligations. Details of the commission clawback are set out in note 33 to the 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;

(e) the corporate finance segment engages in the provision of corporate finance and related advisory services; and

(f) the securities dealing segment engages in the provision of securities brokerage, share placing and margin financing services.

The corporate finance business and securities dealing business are two new business segments of the Group through acquisition of subsidiaries and expansion of business operation during the year.

3. SEGMENT INFORMATION (CONTINUED)

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

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties.

REVENUE AND RESULTS

Year ended 31 December 2015

	IFA segment HK$'000	Money lending segment HK$'000	Proprietary investment segment HK$'000	Asset management segment HK$'000	Corporate finance segment HK$'000	Securities dealing segment HK$'000	Elimination HK$'000	Total HK$'000
Revenue								
External	609,213	83,003	(212,760)	35,948	64,685	24,535	–	604,624
Intersegment	–	85	–	8,563	4,350	–	(12,998)	–
Segment revenue	609,213	83,088	(212,760)	44,511	69,035	24,535	(12,998)	604,624
Results								
Segment results	(165,381)	(48,254)	(311,046)	15,178	5,398	17,587	–	(486,518)
Unallocated income								1,638
Unallocated corporate expenses								(14,823)
Loss before tax								(499,703)
Income tax credit								15,563
Loss for the year								(484,140)

Year ended 31 December 2014

	IFA segment HK$'000	Money lending segment HK$'000	Proprietary investment segment HK$'000	Asset management segment HK$'000	Corporate finance segment HK$'000	Securities dealing segment HK$'000	Elimination HK$'000	Total HK$'000
Revenue								
Segment revenue	1,320,693	15,665	242,825	11,317	–	–	–	1,590,500
Other revenue								101
								1,590,601
Results								
Segment results	136,106	1,414	175,365	3,523	–	–	–	316,408
Unallocated income								1,441
Unallocated corporate expenses								(9,406)
Profit before tax								308,443
Income tax expense								(66,965)
Profit for the year								241,478

3. SEGMENT INFORMATION (CONTINUED)

SEGMENT ASSETS AND LIABILITIES

31 December

	2015 HK$'000	2014 HK$'000
Segment assets		
IFA segment	**196,435**	528,054
Money lending segment	**1,833,964**	435,892
Proprietary investment segment	**1,312,513**	523,735
Asset management segment	**192,958**	2,610
Corporate finance segment	**7,063**	–
Securities dealing segment	**418,568**	–
Total segment assets	**3,961,501**	1,490,291
Unallocated assets	**2,269,217**	386,990
Total assets	**6,230,718**	1,877,281
Segment liabilities		
IFA segment	**255,402**	689,062
Money lending segment	**607,547**	267,859
Proprietary investment segment	**88,458**	55,051
Asset management segment	**176,796**	–
Corporate finance segment	**2,677**	–
Securities dealing segment	**97,752**	–
Total segment liabilities	**1,228,632**	1,011,972
Unallocated liabilities	**41,490**	65,219
Total liabilities	**1,270,122**	1,077,191

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

(a) all assets are allocated to operating segments other than unallocated assets, cash and cash equivalents, tax recoverable and deferred tax assets; and

(b) 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.

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Consolidated Financial Statements
31 December 2015

3. SEGMENT INFORMATION (CONTINUED)

OTHER SEGMENT INFORMATION

Year ended 31 December 2015

	IFA segment HK$'000	Money lending segment HK$'000	Proprietary investment segment HK$'000	Asset management segment HK$'000	Corporate finance segment HK$'000	Securities dealing segment HK$'000	Total HK$'000
Capital expenditure (other than goodwill)*							
– Operating segment	19,646	119	–	33	3,982	550	24,330
– Unallocated							103,854
							128,184
Depreciation of property, plant and equipment							
– Operating segment	26,792	695	–	18	580	48	28,133
– Unallocated							3
							28,136
Amortisation of intangible assets	544	–	–	–	–	–	544
Impairment loss recognised in profit or loss	10,550	48,894	115,131	–	–	–	174,575
Share of profit of an associate	–	–	129	–	–	–	129
Share of loss of a joint venture	–	–	372	–	–	–	372
Investment in an associate	–	–	20,293	–	–	–	20,293
Investment in a joint venture	–	–	7,459	–	–	–	7,459

3. SEGMENT INFORMATION (CONTINUED)

OTHER SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2014

	IFA segment HK$'000	Money lending segment HK$'000	Proprietary investment segment HK$'000	Asset management segment HK$'000	Corporate finance segment HK$'000	Securities dealing segment HK$'000	Total HK$'000
Capital expenditure (other than goodwill)*							
– Operating segment	35,359	789	–	–	–	–	36,148
– Unallocated							240
							36,388
Depreciation of property, plant and equipment							
– Operating segment	20,110	755	–	22	–	–	20,887
– Unallocated							37
							20,924
Amortisation of intangible assets	543	–	–	–	–	–	543
Impairment loss recognised in profit or loss	43,425	413	19,619	–	–	–	63,457
Impairment loss reversed in profit or loss	543	–	–	–	–	–	543

* Capital expenditure represents additions to property, plant and equipment, including assets acquired through acquisitions of subsidiaries during the year and deposits paid for purchase of items of property, plant and equipment and a property.

GEOGRAPHICAL INFORMATION

(a) Revenue from external customers

	2015 HK$'000	2014 HK$'000
Hong Kong	**672,545**	1,220,064
Mainland China	**98,303**	120,875
Macau	**46,536**	6,837
	817,384	1,347,776

3. SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL INFORMATION (CONTINUED)

(a) Revenue from external customers (continued)

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 fair value changes on financial investments at fair value through profit or loss, net; gains/(losses) on disposals of available-for-sale investments; interest income from debt investments; and dividend income from financial investments at fair value through profit or loss, are excluded.

(b) Non-current assets

	2015 HK$'000	2014 HK$'000
Hong Kong	**177,530**	62,115
Mainland China	**9,299**	8,092
Macau	**902**	1,315
	187,731	71,522

The non-current asset information above is based on the locations of the assets and excludes investment in an associate and a joint venture, loans receivable, financial instruments, restricted cash, tax recoverable 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, corporate finance segment and securities dealing segment, is set out below:

	2015 HK$'000	2014 HK$'000
Product issuer A	**136,238**	597,179
Product issuer B	**124,772**	N/A*

For the purpose of identifying major external customers, revenue derived from the proprietary investment segment, including fair value changes on financial investments at fair value through profit or loss, net, gains/(losses) on disposals of available-for-sale investments, interest income from debt investments, and dividend income from financial investments at fair value through profit or loss, is excluded.

* Revenue from product issuer B for the year ended 31 December 2014 was less than 10% of the Group's revenue.

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the aggregate of (i) commission income from the brokerage business and advisory income from IFA services and securities dealing services; (ii) interest income from loan financing and margin financing; (iii) net fair value changes on listed and unlisted investments, dividend income and interest income from the proprietary investment business; and (iv) the value of services rendered from asset management, corporate finance and securities dealing, earned during the year.

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

	2015 HK$'000	2014 HK$'000
Revenue		
Proprietary investment		
Fair value changes on financial investments at fair value through profit or loss, net	**(225,585)**	237,666
Gain on disposal of available-for-sale investments	**–**	2,449
Interest income from debt investments	**7,212**	830
Dividend income from financial investments at fair value through profit or loss	**5,613**	1,880
	(212,760)	242,825
Securities dealing		
Securities dealing commission income	**20,608**	–
Margin financing interest income	**3,927**	–
	24,535	–
IFA		
IFA commission income	**609,213**	1,299,210
Advisory income	**–**	21,483
	609,213	1,320,693
Money lending		
Interest Income from loan financing	**83,003**	15,665
Asset management		
Asset management service income	**35,948**	11,317
Corporate finance		
Corporate finance service income	**64,685**	101
	604,624	1,590,601
Other income and gains, net		
Bank interest income	**262**	178
Referral income	**95**	253
Gain on bargain purchase	**1,564**	–
Gain on disposal of a subsidiary	**2**	–
Gross rental income	**56**	–
Others	**1,223**	909
	3,202	1,340

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 HK$'000	2014 HK$'000
Interest on bond payables	**38,466**	3,055
Interest on interest-bearing other borrowings	**4,611**	31
	43,077	3,086

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2015 HK$'000	2014 HK$'000
Employee benefit expenses			
(including directors' remuneration):	7		
Salaries, allowances, bonuses and benefits in kind		**154,134**	155,302
Pension scheme contributions		**11,525**	9,916
		165,659	165,218
Minimum lease payments under operating leases		**66,647**	62,098
Auditors' remuneration		**3,161**	2,000
Equity-settled share-based payment*		**421**	1,863
Impairment of goodwill*	14	**–**	39,840
Amortisation of intangible assets*	15	**544**	543
Impairment of loans receivable*	20	**45,000**	413
Impairment of a deposit paid for a fund investment*	21	**–**	19,619
Impairment of other receivables*	21	**77,021**	3,585
Impairment of available-for-sale investments*	19	**52,554**	–
Reversal of impairment of other receivables	21	**–**	(543)
Loss on disposal of items of property, plant and equipment*		**133**	713
Foreign exchange differences, net		**1,244**	(228)

* The items are included in *"Other expenses, net"* in the consolidated statement of comprehensive income for the years ended 31 December 2015 and 2014.

7. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015 HK$'000	2014 HK$'000
Fees	**859**	808
Other emoluments:		
Salaries, allowances and benefits in kind	**12,532**	7,467
Discretionary bonuses	**5,048**	7,000
Pension scheme contributions	**895**	1,001
	18,475	15,468
	19,334	16,276

Included in the directors' remuneration were rental benefits for accommodation provided to directors of HK$147,000 (2014: HK$369,000) during the year.

Details of the remuneration paid and payable to the directors of the Company are as follows:

	Notes	**Fees HK$'000**	**Salaries, allowances and benefits in kind HK$'000**	**Discretionary bonuses HK$'000**	**Pension scheme contributions HK$'000**	**Total remuneration HK$'000**
31 December 2015						
Executive directors						
Mr. Wong Lee Man		**119**	**2,479**	**1,099**	**158**	**3,855**
Ms. Fong Sut Sam		**70**	**2,143**	**1,083**	**153**	**3,449**
Mr. Mak Kwong Yiu		**70**	**2,718**	**1,440**	**202**	**4,430**
Dr. Hui Ka Wah, Ronnie, *JP*	(i)	**16**	**103**	**–**	**1**	**120**
Mr. Tan Ye Kai, Byron	(ii)	**71**	**2,145**	**686**	**160**	**3,062**
Mr. Ng Wing Fai	(iii)	**21**	**2,944**	**740**	**221**	**3,926**
		367	**12,532**	**5,048**	**895**	**18,842**
Independent non-executive directors						
Dr. Wu Ka Chee, Davy	(iv)	**80**	**–**	**–**	**–**	**80**
Mr. Ma Yiu Ho, Peter		**159**	**–**	**–**	**–**	**159**
Mr. Lam Chi Keung		**134**	**–**	**–**	**–**	**134**
Mr. Chan Ngai Sang, Kenny	(v)	**119**	**–**	**–**	**–**	**119**
		492	**–**	**–**	**–**	**492**
		859	**12,532**	**5,048**	**895**	**19,334**

7. DIRECTORS' REMUNERATION (CONTINUED)

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
31 December 2014						
Executive directors						
Mr. Wong Lee Man		113	2,007	2,588	150	4,858
Ms. Fong Sut Sam		67	2,503	1,692	188	4,450
Mr. Mak Kwong Yiu		67	2,221	2,658	645	5,591
Mr. Kwok Shun Tim	(vi)	20	121	–	9	150
Dr. Hui Ka Wah, Ronnie, *JP*	(i)	37	615	62	9	723
		304	7,467	7,000	1,001	15,772
Independent non-executive directors						
Dr. Wu Ka Chee, Davy		174	–	–	–	174
Mr. Ma Yiu Ho, Peter		151	–	–	–	151
Mr. Lam Chi Keung	(vii)	97	–	–	–	97
Mr. Kwok Shun Tim	(vi)	12	–	–	–	12
Mrs. Fu Kwong Wing Ting, Francine	(viii)	70	–	–	–	70
		504	–	–	–	504
		808	7,467	7,000	1,001	16,276

Notes:

(i) Appointed and resigned as an executive director of the Company with effect from 13 June 2014 and 26 March 2015, respectively.

(ii) Appointed as an executive director of the Company with effect from 2 April 2015.

(iii) Appointed as an executive director of the Company with effect from 15 September 2015.

(iv) Retired as an independent non-executive director of the Company on 9 June 2015.

(v) Appointed as an independent non-executive director of the Company with effect from 2 April 2015.

(vi) Re-designated and resigned as a non-executive director of the Company on 23 April 2014 and 2 July 2014, respectively.

(vii) Appointed as an independent non-executive director of the Company with effect from 31 March 2014.

(viii) Retired as an independent non-executive director of the Company on 26 May 2014.

There were no other emoluments payable to the independent non-executive directors of the Company during the year (2014: Nil).

There was no arrangement under which a director of the Company waived or agreed to waive any remuneration during the year (2014: Nil).

The above directors' remuneration only included remuneration during the tenure of each director as executive director or independent non-executive director of the Company.

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2014: three) directors of the Company, details of whose remuneration are disclosed in note 7 above.

Details of the remuneration of the remaining two (2014: two) non-director highest paid employees for the year are as follows:

	2015 HK$'000	2014 HK$'000
Salaries, allowances and benefits in kind	5,111	4,156
Discretionary bonuses	3,416	3,834
Pension scheme contributions	293	297
	8,820	8,287

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2015	2014
HK$3,000,001 to HK$3,500,000	1	1
Over HK$5,000,000	1	1
	2	2

9. 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 year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

	2015 HK$'000	2014 HK$'000
Current – Hong Kong		
Charge for the year	30,219	33,910
Underprovision in prior years	160	99
Current – Elsewhere		
Charge for the year	1,746	250
Overprovision in prior years	(22)	(933)
Deferred (note 23)	(47,666)	33,639
Total tax charge/(credit) for the year	(15,563)	66,965

9. INCOME TAX (CONTINUED)

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the Hong Kong statutory tax rate in which the Group's major operating subsidiaries are domiciled to the tax charge/(credit) at the Group's effective tax rate is as follows:

	2015		2014	
	HK$'000	**%**	HK$'000	%
Profit/(loss) before tax	**(499,703)**	**–**	308,443	–
Tax at the Hong Kong statutory tax rate	**(82,451)**	**16.5**	50,893	16.5
Higher tax rate enacted in Mainland China	**(9,590)**		(9,255)	
Lower tax rate enacted in Macau	**(482)**		(9)	
Adjustments in respect of current tax of previous periods	**138**		(834)	
Profit and loss attributable to a joint venture and an associate	**40**		–	
Income not subject to tax	**(7,263)**		(9,966)	
Expenses not deductible for tax	**29,048**		8,753	
Tax losses not recognised	**40,620**		27,497	
Tax losses utilised from previous period	**(2,122)**		(54)	
Reversal of temporary differences	**13,456**		–	
Others	**3,043**		(60)	
	(15,563)	**3.1**	66,965	21.7

The share of tax attributable to an associate amounting to HK$31,000 (2014: Nil) is included in "Share of profit of an associate" in the consolidated statement of comprehensive income.

10. DIVIDEND

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss (2014: earnings) per share amount is based on the loss (2014: profit) for the year attributable to owners of the Company and the weighted average number of ordinary shares of 4,263,296,559 (2014: 1,013,003,197 (restated)) in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2015 in respect of a dilution as the impact of the warrants of the Company outstanding had an anti-dilutive effect on the basic loss per share amount presented.

The exercise price of the warrants of the Company outstanding during the year ended 31 December 2014 was higher than the average market price of the shares and, accordingly, they had no dilutive effect on basic earnings per share.

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (CONTINUED)

The calculations of the basic and diluted earnings/(loss) per share are based on:

	2015 HK$'000	2014 HK$'000
Earnings/(loss)		
Profit/(loss) for the year attributable to owners of the Company, used in the basic and diluted earnings/(loss) per share calculation	**(467,258)**	246,173

	Number of shares	
	2015	2014 (Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation (Note)	**4,263,296,559**	1,013,003,197

Note:

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 December 2014 was adjusted to reflect the effect of open offer in May 2015.

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12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2015					
At 31 December 2014 and 1 January 2015:					
Cost	**70,128**	**24,199**	**75,818**	**6,363**	**176,508**
Accumulated depreciation	**(38,696)**	**(18,887)**	**(55,533)**	**(6,363)**	**(119,479)**
Net carrying amount	**31,432**	**5,312**	**20,285**	**–**	**57,029**
At 1 January 2015, net of accumulated depreciation	**31,432**	**5,312**	**20,285**	**–**	**57,029**
Additions	**7,907**	**1,552**	**14,849**	**–**	**24,308**
Disposals	**(53)**	**(37)**	**(65)**	**–**	**(155)**
Acquisition of a subsidiary (note 37)	**21**	**5**	**16**	**–**	**42**
Depreciation provided during the year	**(16,166)**	**(1,780)**	**(10,190)**	**–**	**(28,136)**
Exchange realignment	**(34)**	**(11)**	**(33)**	**–**	**(78)**
At 31 December 2015, net of accumulated depreciation	**23,107**	**5,041**	**24,862**	**–**	**53,010**
At 31 December 2015:					
Cost	**74,368**	**25,604**	**90,400**	**6,363**	**196,735**
Accumulated depreciation	**(51,261)**	**(20,563)**	**(65,538)**	**(6,363)**	**(143,725)**
Net carrying amount	**23,107**	**5,041**	**24,862**	**–**	**53,010**
31 December 2014					
At 1 January 2014:					
Cost	55,982	22,057	57,091	5,505	140,635
Accumulated depreciation	(25,710)	(17,631)	(49,507)	(5,309)	(98,157)
Net carrying amount	30,272	4,426	7,584	196	42,478
At 1 January 2014, net of accumulated depreciation	30,272	4,426	7,584	196	42,478
Additions	14,164	2,944	18,791	–	35,899
Disposals	(137)	(454)	(179)	–	(770)
Acquisition of subsidiaries (note 37)	171	44	107	167	489
Depreciation provided during the year	(12,983)	(1,603)	(5,975)	(363)	(20,924)
Exchange realignment	(55)	(45)	(43)	–	(143)
At 31 December 2014, net of accumulated depreciation	31,432	5,312	20,285	–	57,029
At 31 December 2014:					
Cost	70,128	24,199	75,818	6,363	176,508
Accumulated depreciation	(38,696)	(18,887)	(55,533)	(6,363)	(119,479)
Net carrying amount	31,432	5,312	20,285	–	57,029

13. INVESTMENT PROPERTY

	2015 HK$'000	2014 HK$'000
Carrying amount at 1 January	–	–
Addition	63,922	–
Carrying amount at 31 December	63,922	–

The Group completed the acquisition of the commercial property from an independent third party on 16 December 2015. In the opinion of the directors, since the completion date of the acquisition was only 2 weeks from the end of the reporting period and there were no significant unfavourable development on the commercial property market in Hong Kong during these interval period, the cost directly attributable to the acquisition of the commercial property amounting to HK$63,922,000 was fairly reflected the fair value of the commercial property as at 31 December 2015.

The investment property is leased to a third party under an operating lease, further summary details of which are included in note 41(A) to the financial statements.

Further particulars of the Group's investment property are included on page 148 of this annual report.

FAIR VALUE HIERARCHY

The following table illustrates the fair value measurement hierarchy of the Group's investment property:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 31 December 2015				
Recurring fair value measurement for:				
Commercial property	–	63,922	–	63,922

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

14. GOODWILL

	2015 HK$'000	2014 HK$'000
Cost		
At 1 January	49,762	39,840
Acquisition of subsidiaries (note 37)	2,898	9,922
At 31 December	52,660	49,762
Accumulated impairment		
At 1 January	39,840	–
Impairment during the year (note 6)	–	39,840
At 31 December	39,840	39,840
Net carrying amount		
At 31 December	12,820	9,922

IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combinations is allocated to the following cash-generating units ("CGUs") for impairment testing:

(i) Provision of insurance brokerage services;

(ii) Provision of investment brokerage services;

(iii) Provision of corporate finance and advisory services; and

(iv) Provision of securities dealing services.

The net carrying amount of goodwill allocated to each CGU is as follows:

	2015 HK$'000	2014 HK$'000
Provision of insurance brokerage services	–	–
Provision of investment brokerage services	8,530	8,530
Provision of corporate finance and advisory services	1,392	1,392
Provision of securities dealing services	2,898	–
Total net carrying amount of goodwill	12,820	9,922

14. GOODWILL (CONTINUED)

The recoverable amounts of the CGUs have been determined based on value in use calculation using cash flow projections based on financial budgets covering a five-year period (2014: five-year period) approved by senior management. The discount rate applied to cash flow projections is 17.9% (2014: 19.8%) and the growth rate of the CGUs is 4% (2014: 3%).

Assumptions were used in the value in use calculation of the CGUs for the years ended 31 December 2015 and 31 December 2014. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

GROWTH RATES

- The growth rates used are with reference to the long term average growth rates for the relevant markets.

DISCOUNT RATES

- The discount rates used are before tax and reflect specific risks relating to the relevant units.

PRICE INFLATION

- The basis used to determine the value assigned to operating expenses price inflation is the price index in the period immediately before the budget year for Hong Kong/Mainland China where the operating expenses are incurred.

The values assigned to the key assumptions are consistent with external information sources.

Due to slower economic growth and the change in the regulatory environment in Mainland China during the year ended 31 December 2014, it was concluded that the value in use of the insurance brokerage services CGU of HK$19,879,000 was lower than its carrying amount. As a result of this analysis, management had recognised a full impairment against goodwill with a carrying amount of HK$39,840,000 as at 31 December 2014. The impairment loss was recorded within “Other expenses” in the consolidated statement of comprehensive income for the year ended 31 December 2014.

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15. INTANGIBLE ASSETS

	2015 HK$'000	2014 HK$'000
Cost		
At 1 January and 31 December	**2,173**	2,173
Accumulated amortisation		
At 1 January	**1,191**	648
Amortisation during the year (note 6)	**544**	543
At 31 December	**1,735**	1,191
Net carrying amount		
At 31 December	**438**	982

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

16. INVESTMENT IN AN ASSOCIATE

	2015 HK$'000	2014 HK$'000
Share of net assets	**20,293**	–

Particulars of the Group's associate are as follows:

Name of associate	Place of incorporation and business	Percentage of equity interest attributable to the Group 2015	Percentage of equity interest attributable to the Group 2014	Principal Activities
貴州產業投資基金管理有限公司 ("貴州產投") (note (i) and note (ii))	PRC/Mainland China	**31%**	–	Provision of asset management services

Notes:

(i) The statutory financial statements is not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

(ii) On 3 March 2015, the Group through its wholly-owned subsidiary invested RMB15,500,000 on 31% equity interest in 貴州產投. The transaction resulted in a gain on bargain purchase of HK$1,564,000.

16. INVESTMENT IN AN ASSOCIATE (CONTINUED)

SUMMARISED FINANCIAL INFORMATION OF A MATERIAL ASSOCIATE

The Group's interest in 貴州產投 is accounted for using the equity method in the financial statements. The following table illustrate the summarised financial information in respect of 貴州產投 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2015 HK$'000
Current assets	66,051
Non-current assets	243
Current liabilities	(833)
Net assets	65,461
Reconciliation to the Group's interest in associate:	
Proportion of the Group's ownership interest in 貴州產投	31%
Carrying amount of the Group's interest in 貴州產投	20,293

	2015 HK$'000
Revenue for the period	1,579
Income tax	99
Profit and total comprehensive income for the period	416

17. INVESTMENT IN A JOINT VENTURE

	2015 HK$'000	2014 HK$'000
Share of net assets	**7,297**	–
Goodwill on acquisition	**162**	–
	7,459	–

Particulars of the Group's joint venture are as follows:

Name	Place of incorporation and business	Percentage of ownership interest and profit sharing	Principal activities
BLVD Cayman Limited ("BLVD") (note (i) and note (ii))	Cayman Islands	26%	Provision of food and catering business

Notes:

(i) The statutory financial statements is not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

(ii) On 30 October 2015, the Group, through its wholly-owned subsidiary, acquired 26% equity interest in BLVD. Moreover, the Group also held 20% equity interest through a consolidated investment entity. The Group elected to account for the 20% equity investment through a consolidated investment entity at fair value through profit or loss in accordance with HKFRS 9 *Financial Instruments*. The Group accounted for the remaining 26% using the equity method of accounting in accordance with HKAS 28 (2011) *Investments in Associates and Joint Ventures*. Pursuant to the shareholders' agreement of BLVD entered by the Group and an independent third party ("Other Shareholder"), the Group and the Other Shareholder (as long as each not hold less than 25%), shall have the right to nominate and remove one director. All decision making shall be by a simple majority vote of the directors. The number of directors shall not be more than three. As at 31 December 2015, the board comprised of two directors. In the opinion of the directors of the Company, the Group, together with the Other Shareholder, has joint control over BLVD.

17. INVESTMENT IN A JOINT VENTURE (CONTINUED)

SUMMARISED FINANCIAL INFORMATION OF A MATERIAL JOINT VENTURE

The following table illustrates the summarised financial information in respect of BLVD adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements which was accounted for under equity method:

	2015 HK$'000
Current assets	21,670
Non-current assets	26,311
Current liabilities	(16,076)
Non-controlling interests	(3,841)
Net assets attributable to owners of BLVD	28,064
Reconciliation to the Group's interest in a joint venture:	
Proportion of the Group's ownership interest in BLVD	26%
Group's share of net assets of BLVD, excluding goodwill	7,297
Goodwill on acquisition	162
Carrying amount of the investment	7,459

	2015 HK$'000
Revenue	4,976
Depreciation	456
Loss and total comprehensive loss	(1,429)

18. HELD-TO-MATURITY INVESTMENTS

	2015 HK$'000	2014 HK$'000
Unlisted debt investments	259,324	–
Analysed into:		
Non-current assets	229,324	–
Current assets	30,000	–
	259,324	–

Held-to-maturity investments represented the Group's unlisted debt investments with fixed interest rates ranging from 8.0% to 10.9% (2014: Nil) measured at amortised cost.

19. AVAILABLE-FOR-SALE INVESTMENTS

	2015 HK$'000	2014 HK$'000
Unlisted fund investments, at fair value	**338,705**	4,949
Unlisted equity investments, at cost	**28,180**	34,322
Unlisted debt investments, at cost	**120**	865
	367,005	40,136

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

As at 31 December 2015, unlisted equity and debt investments with an aggregate carrying amount of HK$28,300,000 (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 of the Company 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.

There was a significant decline in the fair value of certain unlisted fund investments during the year. The directors of the Company consider that such a decline indicates that the unlisted fund investments have been impaired and an impairment loss of HK$57,407,000 (2014: Nil), which included a reclassification from other comprehensive income of HK$52,554,000 (2014: Nil), has been recognised in profit or loss for the year.

20. LOANS RECEIVABLE

	2015 HK$'000	2014 HK$'000
Loans receivable from		
– money lending business	**1,878,505**	435,284
– securities dealing business – margin financing	**356,090**	–
	2,234,595	435,284
Less: Impairment	**(46,069)**	(1,069)
	2,188,526	434,215
Analysed into:		
Non-current assets	**638,287**	142,450
Current assets	**1,550,239**	291,765
	2,188,526	434,215

Loans receivable arising from the money lending business of the Group bear interest at rates ranging from 1% to 20% (2014: 5% to 20%) per annum. The grants of these loans were approved and monitored by the Group's management. As at 31 December 2015, certain loans receivable with an aggregate carrying amount of HK$753,617,000 (2014: HK$167,288,000) were secured by the pledge of collateral and HK$635,161,000 (2014: HK$25,128,000) were with personal guarantees provided by certain independent third parties.

20. LOANS RECEIVABLE (CONTINUED)

Loans receivable arising from the margin financing business in the securities dealing segment are secured by the pledge of customers' securities as collateral. As at 31 December 2015, the total value of securities pledged as collateral in respect of the margin receivables was approximately HK$1,709,403,000 based on the market value of the securities at the end of the reporting period.

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

	2015 **HK$'000**	2014 HK$'000
Neither past due nor individually impaired	**2,053,395**	369,506
1 to 3 months past due	**16,824**	33,305
Over 3 months past due	**12,937**	31,404
	2,083,156	434,215

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

	2015 **HK$'000**	2014 HK$'000
At beginning of the reporting period	**1,069**	656
Impairment during the year (note 6)	**45,000**	413
At end of the reporting period	**46,069**	1,069

Included in the above provision for impairment of loans receivable was a provision for individually impaired loans receivable of HK$46,069,000 (2014: HK$1,069,000) with an aggregate carrying amount of HK$151,439,000 (2014: HK$1,069,000). The individually impaired loans receivable relate to borrowers that were in default and the loan receivable were not expected to be recoverable.

Loans receivable that were neither past due nor individually impaired relate to a number of diversified borrowers for whom there was no recent history of default.

Loans receivable that were past due but not individually impaired relate to a number of independent borrowers that have a good track record and/or sufficient collateral maintained with the Group. Based on past experience, the directors of the Company 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 and/or collateral quality and the balances are still considered fully recoverable.

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21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**2015 HK$'000**	2014 HK$'000
Deposits paid for purchase of items of property, plant and equipment		**9,269**	4,227
Deposit paid for purchase of a property		**30,643**	–
Deposit paid for a fund investment		**19,619**	19,619
Rental and other deposits		**24,782**	15,745
Other receivables		**52,273**	34,277
Other receivables from fund investments		**67,050**	–
Prepaid expenses		**36,149**	9,299
		239,785	83,167
Impairment for other receivables	(i)	**(95,483)**	(18,462)
Impairment of a deposit paid for a fund investment	(ii)	**(19,619)**	(19,619)
		124,683	45,086
Analysed into:			
Non-current assets		**57,541**	15,352
Current assets		**67,142**	29,734
		124,683	45,086

Included in other receivables are deposits and contribution funds of HK$1,715,000 (2014: Nil) for the securities dealing business of the Group. They are intended to be held on a long-term basis and all stated at cost less impairment losses.

Notes:

(i) The movements in the provision for impairment of other receivables are as follows:

	2015 HK$'000	2014 HK$'000
At beginning of the reporting period	**18,462**	15,420
Impairment losses recognised (note 6)	**77,021**	3,585
Impairment losses reversed (note 6)	**–**	(543)
At end of the reporting period	**95,483**	18,462

Included in the above provision for impairment of other receivables is a provision for individually impaired other receivables of HK$95,483,000 (2014: HK$18,462,000) with an aggregate carrying amount before provision of HK$95,483,000 (2014: HK$18,462,000). This provision was determined after taking into account the age of the respective receivable balances, the creditworthiness of the debtors, their repayment history and their historical write-off experience. The Group does not hold any collateral or other credit enhancements over these balances.

(ii) During the year ended 31 December 2014, a deposit of HK$19,619,000 was paid to a financial intermediary in the PRC for subscription of a Renminbi-denominated investment fund product, which was to be classified as "Available-for-sale investment" upon completion of necessary statutory registration with the relevant authority in the PRC. In the opinion of the directors of the Company, the deposit was not expected to be recoverable and a full impairment of HK$19,619,000 was made in prior year accordingly.

22. RESTRICTED CASH

At the end of the reporting period, the Group had bank balances of approximately HK$975,000 (2014: HK$2,049,000) in relation to the insurance brokerage business which were restricted as to use among which, the restricted cash of HK$331,000 (2014: HK$1,250,000) was placed in a bank in the PRC to comply with the requirements of the PRC authority for insurance brokerage operation in Mainland China. The restricted cash is not expected to be released within the next 12 months from the end of the reporting period and accordingly, the entire restricted cash was classified under non-current assets.

23. DEFERRED TAX

The movements in deferred tax assets/liabilities during the year are as follows:

DEFERRED TAX ASSETS

	Depreciation in excess of related depreciation allowance/ (depreciation allowance in excess of related depreciation) HK$'000	Commission clawback HK$'000	Provision for other receivables HK$'000	Losses available for offsetting against future taxable profits HK$'000	Unrealised fair value changes on financial investments at fair value through profit or loss HK$'000	Total HK$'000
As at 1 January 2014	945	1,296	2,210	8,722	–	13,173
Acquisition of subsidiaries (note 37)	(31)	–	–	–	–	(31)
Deferred tax credited/(charged) to profit or loss during the year (note 9)	(1,166)	544	301	5,203	–	4,882
As at 31 December 2014 and 1 January 2015	(252)	1,840	2,511	13,925	–	18,024
Deferred tax credited/(charged) to profit or loss during the year (note 9)	1,058	(1,267)	2,744	(13,579)	20,189	9,145
As at 31 December 2015	806	573	5,255	346	20,189	27,169

23. DEFERRED TAX (CONTINUED)

DEFERRED TAX LIABILITY

	Unrealised fair value changes on financial investments at fair value through profit or loss HK$'000
As at 1 January 2014	–
Deferred tax charged to profit or loss during the year (note 9)	38,521
As at 31 December 2014 and 1 January 2015	38,521
Deferred tax credited to profit or loss during the year (note 9)	(38,521)
As at 31 December 2015	–

The Group has tax losses arising in Hong Kong of HK$149,561,000 (2014: HK$20,924,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has estimated tax losses arising in Mainland China of HK$220,536,000 (2014: HK$150,268,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

24. ACCOUNTS RECEIVABLE

	2015 HK$'000	2014 HK$'000
Accounts receivable	86,855	260,250

The normal settlement terms of accounts receivable from product issuers arising from the provision of brokerage services are within 45 days upon the execution of the insurance policies, investment product subscription agreements and/or receipt of statements from product issuers.

Credit terms with customers of investment advisory, funds dealing, asset management and corporate finance services are mainly 30 to 60 days or a credit period mutually agreed between the contracting parties.

Accounts receivable from brokers, dealers and clearing houses arising from the proprietary investment and securities dealing businesses are repayable on demand subsequent to the settlement date. The normal settlement terms of the said accounts receivable are, in general, within 2 days after the trade date.

24. ACCOUNTS RECEIVABLE (CONTINUED)

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, is as follows:

	2015 **HK$'000**	2014 HK$'000
Within 1 month	**78,980**	260,250
1 to 2 months	**6,141**	–
2 to 3 months	**329**	–
Over 3 months	**1,405**	–
	86,855	260,250

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

	2015 **HK$'000**	2014 HK$'000
Neither past due nor impaired	**85,450**	260,250
Over 3 months past due	**1,405**	–
	86,855	260,250

Receivables that were neither past due nor impaired relate to a number of reputable product issuers, brokers, and clients for whom there was no recent history of default.

Receivables that were past due but not impaired relate to product issuers, brokers and clients that have a good track record with the Group. Based on past experience, the directors of the Company 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.

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25. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss:

	2015 HK$'000	2014 HK$'000
Long position		
Listed equity investments, at market value	**493,947**	384,441
Unlisted debt investments, at market value	**46,972**	58,695
Fund investments, at market value	**46,553**	40,463
Fund investments, at fair value	**6,575**	–
Private equity investments, at fair value	**50,675**	–
	644,722	483,599

Financial liabilities at fair value through profit or loss:

	2015 HK$'000	2014 HK$'000
Short position		
Listed derivative instruments, at market value	**–**	55
Listed equity investments, at market value	**25,586**	19,767
	25,586	19,822

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

26. CASH HELD ON BEHALF OF CLIENTS

The Group maintains segregated trust accounts with licensed banks or authorised institutions to hold clients' monies arising from its normal course of asset management and securities dealing businesses. The Group has classified the clients' monies as cash held on behalf of clients under the current assets section of the 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 the clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

27. PLEDGED BANK DEPOSIT AND CASH AND CASH EQUIVALENTS

	2015 HK$'000	2014 HK$'000
Pledged bank deposit	**10,035**	–
Cash and bank balances	**1,913,112**	360,571
Time deposits	**200,409**	6,232
Cash and cash equivalents	**2,113,521**	366,803

27. PLEDGED BANK DEPOSIT AND CASH AND CASH EQUIVALENTS (CONTINUED)

At the end of reporting period, the balance of pledged bank deposit represented deposit that has been pledged to secure overdraft facility granted to a subsidiary of the Company.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$12,607,000 (2014: HK$29,382,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one month and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

28. ACCOUNTS PAYABLE

	2015 HK$'000	2014 HK$'000
Accounts payable	**397,349**	515,245

Accounts payable to consultants arising from provision of IFA services and asset management services, are generally settled within 30 days to 120 days upon receipt of payments from product issuers/fund houses by the Group.

Accounts payable to exchanges, brokers and clients arising from proprietary investment and securities dealing business are repayable on demand.

Included in accounts payable is an amount of HK$176,536,000 (2014: HK$159,186,000) representing cash held on behalf of clients from asset management business, which is disclosed in note 26 to the consolidated financial statements. No ageing analysis is disclosed as in the opinion of the directors of the Company, since the ageing analysis does not give additional value in view of the nature of this businesses.

An aged analysis of accounts payable (other than cash held on behalf of clients from asset management business) at the end of reporting period is as follows:

	2015 HK$'000	2014 HK$'000
Within 1 month/repayable on demand	**194,302**	218,962
1 to 2 months	**15,987**	64,360
2 to 3 months	**4,445**	25,194
Over 3 months	**6,079**	47,543
	220,813	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 major operating subsidiaries who are consultants of the Group, totalling HK$1,062,000 (2014: HK$815,000), which are payable on similar terms to other consultants of the Group.

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29. OTHER PAYABLES AND ACCRUALS

	2015 HK$'000	2014 HK$'000
Other payables	68,527	73,140
Accruals	73,356	94,826
Deferred revenue	1,281	8,857
Provision for reinstatement costs	8,835	8,495
	151,999	185,318
Analysed into:		
Non-current liabilities	8,605	6,113
Current liabilities	143,394	179,205
	151,999	185,318

Other payables are unsecured, non-interest-bearing and have an average term of three months.

During the year, the net additions in provision for reinstatement costs amounted to HK$340,000 (2014: net reductions of HK$161,000).

30. INTEREST-BEARING OTHER BORROWING

	2015 HK$'000	2014 HK$'000
Interest-bearing other borrowing wholly repayable within five years	13,495	–

The interest-bearing other borrowing bears interest at a fixed interest rate of 8% and is unsecured, repayable on demand and is carried at amortised cost. The carrying amount of the other borrowing balance approximates to its fair value.

31. NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATION RIGHTS

	2015 HK$'000	2014 HK$'000
At beginning of the reporting period	24,896	–
Business acquisition (note 37)	–	24,435
Fund investments during the year	8,192	–
Profit attributable to non-controlling investors of investment funds	1,510	461
At end of the reporting period	34,598	24,896

31. NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATION RIGHTS (CONTINUED)

Net assets attributable to redeemable participation rights represent the non-controlling interest of investment funds which are consolidated by the Group as subsidiaries. The non-controlling investors in the investment funds have the rights to put the participation rights back at any time and therefore the economic substance of the non-controlling interest is that of a liability. The non-controlling interest of investment funds is classified as a current liability in the Group's consolidated statement of financial position.

32. BOND PAYABLES

	2015 HK$'000	2014 HK$'000
Unsecured unlisted bonds, at nominal value:		
– repayable within five years	6,400	–
– repayable after five years	646,500	282,000
	652,900	282,000
Discount and issue costs	(45,488)	(21,190)
	607,412	260,810
Analysed into:		
Non-current liabilities	601,023	260,810
Current liabilities	6,389	–
	607,412	260,810

At the end of the reporting period, the particulars of bonds issued by the Company are as follows:

Straight bond	Placing period	Maturity from issue date	Coupon rate	Effective interest rate	Principal outstanding 2015 HK$'000	Principal outstanding 2014 HK$'000
A	8 July 2014 – 7 July 2015	7th anniversary	6%	7.53%	50,000	50,000
B	16 September 2014 – 15 September 2015	7th anniversary	6%	7.53%	300,000	216,000
C	14 November 2014 – 2 July 2015	7th anniversary	9%	9.02%	16,000	16,000
D	14 January 2015 – 13 January 2016	7th anniversary	9%	9.02%	5,000	–
E	21 January 2015 – 20 January 2016	7th anniversary	6%	7.53%	275,500	–
F	21 January 2015 – 20 January 2016	1st anniversary	3.5%	4.02%	6,400	–
					652,900	282,000

All bonds are unsecured and contain no conversion feature.

33. 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 Company's Directors' best estimates of the expenditure required to settle the obligations. The estimation basis is reviewed on an ongoing basis and revised by the Company's directors where appropriate.

During the year, the Group's estimated commission clawback charged to profit or loss amounted to HK$1,418,000 (2014: HK$11,601,000).

34. SHARE CAPITAL

SHARES

	2015 **HK$'000**	2014 HK$'000
Authorised: 20,000,000,000 (2014: 1,000,000,000) ordinary shares of HK$0.10 each (note i and note ii)	**2,000,000**	100,000
Issued and fully paid: 14,938,896,000 (2014: 614,724,000) ordinary shares of HK$0.10 each	**1,493,890**	61,472

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) The authorised share capital of the Company was further increased from HK$400,000,000 divided into 4,000,000,000 shares of HK$0.1 each to HK$2,000,000,000 divided into 20,000,000,000 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 9 October 2015.

34. SHARE CAPITAL (CONTINUED)

SHARES (CONTINUED)

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

	Notes	Number of shares in issue	Issued capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 January 2014		463,000,000	46,300	249,340	295,640
Issue of new shares in March 2014	(i)	16,104,000	1,610	23,029	24,639
Issue of new shares in May 2014	(ii)	39,800,000	3,980	41,790	45,770
Issue of new shares in October 2014	(iii)	95,820,000	9,582	86,238	95,820
		151,724,000	15,172	151,057	166,229
Share issue expenses		–	–	(4,781)	(4,781)
At 31 December 2014 and 1 January 2015		614,724,000	61,472	395,616	457,088
Issue of new shares in May 2015	(iv)	1,844,172,000	184,418	276,625	461,043
Issue of new shares in September 2015	(v)	491,700,000	49,170	122,925	172,095
Issue of new shares in October 2015	(vi)	11,988,300,000	1,198,830	2,997,075	4,195,905
		14,324,172,000	1,432,418	3,396,625	4,829,043
Share issue expenses		–	–	(176,195)	(176,195)
At 31 December 2015		14,938,896,000	1,493,890	3,616,046	5,109,936

Notes:

(i) On 3 March 2014, the Company issued 16,050,000 and 54,000 ordinary shares of HK$0.1 each to Convoy Financial Group Limited ("CFG") and Convoy Inc., the former immediate holding company and ultimate holding company of the Company, respectively, on the completion of the acquisitions of CAM and Kerberos.

(ii) 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 a subscription price of HK$1.15 each, giving rise to an increase in share premium of approximately HK$41,790,000.

(iii) On 15 October 2014, the Company completed the allotment and issuance of 95,820,000 ordinary shares of HK$0.1 each to not less than six independent placees at HK$1.0 per share, giving rise to an increase in share premium of approximately HK$86,238,000.

34. SHARE CAPITAL (CONTINUED)

SHARES (CONTINUED)

Notes: (continued)

(iv) 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.

(v) On 10 September 2015, the Company completed the allotment and issuance of 491,700,000 ordinary shares of HK$0.1 each to the shareholders of the Company by way of general mandate placing at HK$0.35 each, giving rise to an increase in share premium of approximately HK$122,925,000.

(vi) On 29 October 2015, the Company completed the allotment and issuance of 11,988,300,000 ordinary shares of HK$0.1 each to the shareholders of the Company by way of specific mandate placing at HK$0.35 each, giving rise to an increase in share premium of approximately HK$2,997,075,000.

WARRANTS

During the year ended 31 December 2013, the Company entered into a warrant placing agreement in connection with the warrant placing, pursuant to which the placing agents conditionally agreed to place, on a best effort basis, up to 80,000,000 warrants conferring rights to subscribe for 80,000,000 warrant shares at the exercise price of HK$1.41 per warrant to not less than six warrant placees who, and their respective ultimate beneficial owners are independent third parties. The warrants were to be placed at a warrant placing price of HK$0.01 each. The proceeds from warrant placing of HK$776,000, net of warrant placing expenses of HK$24,000, were recorded as a component of shareholders' equity in warrant reserve.

On 11 May 2015, the Company completed the allotment and issuance of 1,844,172,000 ordinary shares by way of an open offer and the exercise price of 80,000,000 warrant shares was adjusted to HK$0.632 per warrant.

Further on 29 October 2015, the Company completed the allotment and issuance of 11,988,300,000 ordinary shares to the shareholders of the Company by way of specific mandate placing at HK$0.35 each and the exercise price of 80,000,000 warrant shares was adjusted to HK$0.479 per warrant accordingly.

During the years ended 31 December 2015 and 2014, no warrants were exercised.

At the end of the reporting period, the Company had 80,000,000 warrants outstanding. The exercise in full of such warrant would, under the present capital structure of the Company, result in the issue of 80,000,000 additional shares.

35. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

CAPITAL RESERVE

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

MERGER RESERVE

Merger reserve relates to business combination under common control and represents the difference in the fair value of the consideration paid to CFG and the share capital of the Prosper Ocean Investments Limited and its subsidiary acquired during the year ended 31 December 2011 and CCL acquired during the year ended 31 December 2013.

AVAILABLE-FOR-SALE INVESTMENT REVALUATION RESERVE

Available-for-sale investment revaluation reserve represents unrealised fair value changes, net of any impairment, of the Group's available-for-sale financial investments.

RESERVE FUNDS

Pursuant to the relevant laws and regulations in 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.

LEGAL RESERVE

Pursuant to the provisions of the Macao Commercial Code, the Group's subsidiaries established in Macau are required to transfer a minimum of 25% of the annual profit after tax to a legal reserve until the reserve equals half of the share capital. Such a transfer has to approved by the shareholders of those subsidiaries. This reserve is not distributable to shareholders of those subsidiaries.

OTHER RESERVES

Other reserves represent (i) the net gain in deemed disposal of interests in subsidiaries amounting to HK$40,250,000 (ii) the net loss on acquisition of additional interests in subsidiaries amounting to HK$4,648,000; and (iii) the waiver of amounts due to CFG amounting to HK$839,000 in prior years.

36. SHARE AWARD SCHEME

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

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

Pursuant to the rules governing the operation of the Award Scheme (the "Scheme Rules"), the board of directors of the Company (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 year ended 31 December 2015, an aggregate number of 584,815 (2014: 1,605,326) Awarded Shares were awarded, fully vested at the grant dates, to certain consultants and employees of the Group, which were transferred to the consultants and employees 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$421,000 (2014: HK$1,863,000) for the year with a corresponding credit to the shares held for the share award scheme account of the Company with the same amount.

The fair value of the Awarded Shares awarded was based on the market value of the Shares on the grant date.

During the year, the Trustee acquired under the Award Scheme 60,000 (2014: Nil) ordinary shares of the Company through purchases on the open market at a total cost (including related transaction costs) of HK$36,000 which was charged to the shares held for the share award scheme account of the Company as an equity component of the Company.

37. BUSINESS COMBINATION

Year ended 31 December 2015

(A) ACQUISITION OF CONVOY SECURITIES LIMITED

On 31 July 2015, the Group completed the acquisition of the entire interests in Cheer Pearl Investment Limited (currently known as Convoy Securities Limited ("CSL") with effect from 10 August 2015), a company incorporated in Hong Kong with limited liability on 15 September 1992 and licensed by the Securities and Futures Commission ("SFC") to carry out Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance, from independent third parties at a cash consideration of HK$16,000,000.

The acquisition was made as part of the Group's strategy to expand into and develop its securities dealing business which is crucial to building an all-rounded financial services platform.

The fair values of the identifiable assets and liabilities of CSL as at date of acquisition were as follows:

	Notes	HK$'000
Property, plant and equipment	12	42
Accounts receivable		12,921
Prepayment, deposit and other receivables		1,224
Cash held on behalf of clients		4,893
Cash and bank balances		11,135
Accounts payable		(11,370)
Other payables and accruals		(5,743)
Total identifiable net assets at fair value		13,102
Goodwill on acquisition	14	2,898
Satisfied by cash consideration		16,000

An analysis of the cash flows in respect of the acquisitions of CSL is as follows:

	HK$'000
Cash consideration	(16,000)
Cash and bank balances acquired	11,135
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(4,865)

In the opinion of the directors of the Company, the goodwill recognised represents the expected synergy from combining operations of the Group and the CSL.

Since the acquisition, CSL contributed HK$24,535,000 to the Group's revenue and profit of HK$15,541,000 to the consolidated loss for the year ended 31 December 2015.

Had the acquisition taken place at the beginning of the year, the revenue of the Group and loss of the Group for the year would have been HK$609,850,000 and HK$485,100,000, respectively.

37. BUSINESS COMBINATION (CONTINUED)

Year ended 31 December 2014

(B) ACQUISITIONS OF CAM AND KERBEROS

On 3 March 2014, the Group completed the acquisitions of entire equity interests in CAM and Kerberos from CFG and Convoy Inc., the former immediate holding company and ultimate holding company of the Company, at a consideration of HK$30,000,000 and HK$101,000, respectively. The purchase consideration for the acquisitions were satisfied by allotment and issue of 16,050,000 and 54,000 new ordinary shares of the Company.

CAM is principally engaged in the provision of investment advisory, funds dealing, introducing broker and asset management services, which are licensed activities under SFC of Hong Kong. Kerberos is involved in the provision of nominee services on behalf of CAM.

The acquisitions were made as part of the Group's strategy to expand into and develop its asset management business which is essential for building an all-rounded financial services platform.

	Notes	HK$'000
Property, plant and equipment	12	249
Available-for-sale investment		35
Accounts receivable		1,799
Prepayment, deposits and other receivables		561
Amount due from a fellow subsidiary		115
Cash and bank balances		32,047
Cash held on behalf of clients		138,000
Accounts payable		(9,144)
Account payables to clients		(138,000)
Other payables and accruals		(8,281)
Tax payable		(1,241)
Deferred tax liabilities	23	(31)
Total identifiable net assets at fair value		16,109
Goodwill on acquisition	14	8,530
Satisfied by allotment and issue of 16,104,000 new shares of the Company at HK$1.53 each at the date of completion based on market quotation	34(i)	24,639

An analysis of the cash flows in respect of the acquisitions of CAM and Kerberos is as follows:

	HK$'000
Cash and bank balances acquired and net inflow of cash and cash equivalents included in cash flows from investing activities	32,047

In the opinion of the directors of the Company, the goodwill recognised represents the expected synergy from combining operations of the Group, CAM and Kerberos.

Since the acquisition, CAM and Kerberos contributed HK$92,632,000 to the Group's revenue and profit of HK$10,337,000 to the consolidated profit for the year ended 31 December 2014.

Had the acquisition taken place at the beginning of 2014, the revenue of the Group and the profit of the Group for the year ended 31 December 2014 would have been HK$1,604,634,000 and HK$241,401,000, respectively.

37. BUSINESS COMBINATION (CONTINUED)

(C) ACQUISITION OF WONDERFUL JOB LIMITED ("WONDERFUL")

On 30 May 2014, the Group entered into a sale and purchase agreement with an independent third party pursuant to which the Group would acquire the entire equity interests in Wonderful and its wholly-owned subsidiaries ("Wonderful Group"), at an aggregate consideration of HK$1,965,000.

Wonderful Group are principally engaged in provision of the corporate finance advisory services, which are licensed activities under SFO.

The acquisition was made as part of the Group's strategy to expand into and develop the corporate finance advisory services which is essential for building an all-rounded financial services platform.

The fair values of the identifiable assets and liabilities of the Wonderful Group as at date of acquisition were as follows:

	Notes	HK$'000
Property, plant and equipment	12	240
Accounts receivable		247
Prepayment, deposits and other receivables		242
Cash and bank balances		192
Other payables and accruals		(348)
Amount due to former shareholder		(3,887)
Total identifiable net liabilities		(3,314)
Waiver on amount due to former shareholder		3,887
Adjusted identifiable net assets		573
Goodwill on acquisition	14	1,392
Satisfied by cash consideration		1,965

An analysis of the cash flows in respect of the acquisition of the Wonderful Group is as follows:

	HK$'000
Cash consideration	(1,965)
Cash and bank balances acquired	192
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(1,773)

37. BUSINESS COMBINATION (CONTINUED)

(C) ACQUISITION OF WONDERFUL JOB LIMITED ("WONDERFUL") (CONTINUED)

In the opinion of the directors of the Company, the goodwill recognised represented the expected synergy from combining operations of the Group and the Wonderful Group.

Since the acquisition, the Wonderful Group contributed HK$60,000 to the Group's revenue and loss of HK$1,138,000 to the consolidated profit for the year ended 31 December 2014.

Had the acquisition taken place at the beginning of 2014, the revenue of the Group and the profit of the Group for the year ended 31 December 2014 would have been HK$1,591,508,000 and HK$244,195,000, respectively.

(D) ACQUISITION OF DRL CAPITAL

DRL Capital is an open-ended investment fund incorporated in the Cayman Islands on 6 March 2013 under the laws of the Cayman Islands as an exempted company with limited liability. DRL Capital is not a regulated mutual fund for the purposes of the Mutual Funds Law (Revised) of the Cayman Islands.

DRL Capital has appointed DRL Capital Investment Management Limited, a 70%-owned subsidiary of the Group, to act as the manager pursuant to the management agreement whose then appointed CAM as a submanager to make investment decisions and manage the assets of DRL Capital on a discretionary basis.

On 3 October 2014, the Group through its wholly-owned subsidiary subscribed 3,002,325 redeemable participating shares of DRL Capital at a cash consideration of HK$30,000,000, representing 55.06% of the outstanding redeemable participating shares of DRL Capital on the subscription date. In the opinion of the directors of the Company, the Group has the ability to control through its representatives on the board of DRL Capital and acting as its fund manager immediately following the completion of subscription, and accordingly, the results of DRL capital were consolidated to the Group's profit or loss thereafter.

The subscription for shares of DRL Capital is considered as a strategy to diversify the Group's investment portfolio.

37. BUSINESS COMBINATION (CONTINUED)

(D) ACQUISITION OF DRL CAPITAL (CONTINUED)

The fair values of the identifiable assets and liabilities of DRL Capital as at date of subscription were as follows:

	Note	HK$'000
Financial assets at fair value through profit or loss		58,961
Dividend receivables		843
Prepayment and other receivables		50
Amount due from broker		2,609
Cash and bank balances		23,144
Financial liabilities at fair value through profit or loss		(501)
Amount due to broker		(364)
Management fee and other payables		(30,307)
Net assets attributable to redeemable participation rights	31	(24,435)
Total identifiable net assets and satisfied by cash consideration		30,000

An analysis of the cash flows in respect of the acquisition of DRL Capital is as follows:

	HK$'000
Cash consideration	(30,000)
Cash and bank balances acquired	23,144
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(6,856)

Since the acquisition, DRL Capital contributed HK$1,538,000 to the Group's revenue and profit of HK$1,023,000 to the consolidated profit for the year ended 31 December 2014.

Had the acquisition taken place at the beginning of 2014, the revenue of the Group and the profit of the Group for the year ended 31 December 2014 would have been HK$1,583,202,000 and HK$234,921,000, respectively.

38. DISPOSAL OF A SUBSIDIARY

On 8 July 2015, the Group disposed of its entire equity interest in Aviate Beijing Corporate Services Limited ("ABCS") to an independent third party for a cash consideration of HK$300,000, resulting in a gain on disposal of HK$2,000 for the year.

The net assets of ABCS at the date of disposal were as follows:

	Note	HK$'000
Prepayments, deposits and other receivables		225
Cash and bank balances		73
Net assets disposed of		298
Gain on disposal	4	2
Satisfied by cash consideration		300

An analysis of the net cash flows in respect of the disposal of ABCS is as follows:

	HK$'000
Cash consideration received	300
Cash and bank balances disposed of	(73)
Net cash inflow arising on disposal	227

39. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

MAJOR NON-CASH TRANSACTION

The Group entered into rental agreements in respect of its office premises located in Hong Kong and Beijing under operating leases. Pursuant to the terms and conditions of the rental agreements, the Group is required to restore the office premises to the conditions as stipulated in the rental agreements. During the year, the Group has accrued and capitalised the estimated restoration cost of HK$340,000 (2014: Nil) for this obligation.

40. CONTINGENT LIABILITIES

At the end of each reporting period, the Group had no significant contingent liabilities.

41. OPERATING LEASE ARRANGEMENTS

(A) AS LESSOR

The Group leases its investment property (note 13) to a third party under an operating lease arrangement for a term of three years. The terms of the lease also require the tenant to pay a security deposit and provide for periodic adjustments according to the prevailing market conditions.

At 31 December 2015, the Group had total future minimum lease receivables under a non-cancellable operating lease with its tenant falling due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	985	–

(B) AS LESSEE

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

At 31 December 2015, the Group had commitments for the total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	61,295	54,604
In the second to fifth years, inclusive	87,848	111,319
	149,143	165,923

42. COMMITMENTS

In addition to the operating lease commitments detailed in note 41(B) above, the Group had the following capital commitments at the end of the reporting period:

	2015 HK$'000	2014 HK$'000
Contracted, but not provided for:		
Capital investments in available-for-sale investments	159,053	6,278
Acquisition of property, plant and equipment and a property	99,931	–
	258,984	6,278

43. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

(A) TRANSACTIONS WITH RELATED PARTIES IN THE ORDINARY COURSE OF BUSINESS:

	Notes	**2015 HK$'000**	2014 HK$'000
Commission expenses paid by CFS to:			
Spouse of Mr. Shin Kin Man	(i)	**1,067**	758
Brother of Mr. Shin Kin Man	(i)	**1,670**	1,065
Cousin of Mr. Shin Kin Man	(i)	**6,371**	5,568
Commission expenses paid by CAM to:			
Spouse of Mr. Shin Kin Man	(ii)	**419**	291
Brother of Mr. Shin Kin Man	(ii)	**114**	90
Cousin of Mr. Shin Kin Man	(ii)	**489**	341
Commission and brokerage fee from securities dealings paid to Convoy Investment Services Limited ("CIS")	(iii)	**–**	62

Notes:

(i) The commission expenses were paid to three close family members of Mr. Shin Kin Man, who are related parties of the Company and also the consultants of CFS, an operating subsidiary of the Group. The commission expenses were determined based on the volume of insurance and Mandatory Provident Fund brokerage transactions executed by them for the account of CFS. The commissions offered are substantially in line with those offered to other consultants CFS.

(ii) The commission expenses were paid to three close family members of Mr. Shin Kin Man, who are related parties of the Company and also licensed representatives of CAM, an operating subsidiary of the Group. The commission expenses were determined based on the volume of funds dealing and securities brokerage transactions executed by them for the account of CAM. The commission offered are substantially in line with those offered to other licensed representatives of CAM.

(iii) The commission and brokerage fees were paid to CIS, a fellow subsidiary then an associate of a connected person (as defined in the Listing Rules) (but no longer a related party) of the Company upon disposal of all ordinary shares of the Company by CFG and Convoy Inc. on 21 November 2014 for securities brokerage services rendered during the year ended 31 December 2014. The terms and conditions associated with the dealing of securities were made according to the terms and conditions offered to external customers of CIS.

(B) OTHER TRANSACTIONS WITH RELATED PARTIES:

(i) 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.

(ii) On 31 August 2015, the Group acquired a 30% equity interest of DRL Capital Investment Management Limited (currently known as CFM) from the minority shareholder, being a director of CFM, at a cash consideration of HK$2,023,000, resulting in a debit of HK$1,118,000 to other reserve and decrease in non-controlling interest of HK$3,141,000. Upon completion of this acquisition, CFM and its wholly-owned subsidiary became indirectly wholly-owned subsidiaries of the Company.

43. RELATED PARTY TRANSACTIONS (CONTINUED)

(C) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP:

	2015 **HK$'000**	2014 HK$'000
Fees, salaries, allowances, bonuses and benefits in kind	**18,439**	15,275
Pension scheme contributions	**895**	1,001
Total compensation paid to key management personnel	**19,334**	16,276

Further details of directors' remuneration are included in note 7 to the consolidated financial statements.

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of the Group's financial instruments by each category as at the end of the reporting period are as follows:

FINANCIAL ASSETS

	Financial asset at fair value through profit or loss				Loans and receivables		Available-for-sale investments		Held-to-maturity investments		Total	
	2015		2014		**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	Designated as such upon initial recognition HK$'000	**Held-for-trading HK$'000**	Designated as such upon initial recognition HK$'000	Held-for-trading HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Available-for-sale investments	**–**	**–**	–	–	**–**	–	**367,005**	40,136	**–**	–	**367,005**	40,136
Loans receivable	**–**	**–**	–	–	**2,188,526**	434,215	**–**	–	**–**	–	**2,188,526**	434,215
Held-to-maturity investments	**–**	**–**	–	–	**–**	–	**–**	–	**259,324**	–	**259,324**	–
Accounts receivable	**–**	**–**	–	–	**86,855**	260,250	**–**	–	**–**	–	**86,855**	260,250
Deposits and other receivables	**–**	**–**	–	–	**48,622**	31,560	**–**	–	**–**	–	**48,622**	31,560
Financial assets at fair value through profit or loss	**45,000**	**599,722**	–	483,559	**–**	–	**–**	–	**–**	–	**644,722**	483,559
Restricted cash	**–**	**–**	–	–	**975**	2,049	**–**	–	**–**	–	**975**	2,049
Pledged bank deposits	**–**	**–**	–	–	**10,035**	–	**–**	–	**–**	–	**10,035**	–
Cash and cash equivalents	**–**	**–**	–	–	**2,113,521**	366,803	**–**	–	**–**	–	**2,113,521**	366,803
Cash held on behalf of clients	**–**	**–**	–	–	**228,761**	159,186	**–**	–	**–**	–	**228,761**	159,186
	45,000	**599,722**	–	483,559	**4,677,295**	1,254,063	**367,005**	40,136	**259,324**	–	**5,948,346**	1,777,758

FINANCIAL LIABILITIES

	Financial liabilities at fair value		Financial liabilities at amortised cost		Total	
	2015 **HK$'000**	2014 HK$'000	**2015** **HK$'000**	2014 HK$'000	**2015** **HK$'000**	2014 HK$'000
Accounts payable	**–**	–	**397,349**	515,245	**397,349**	515,245
Financial liabilities included in other payables and accruals	**–**	–	**120,972**	137,232	**120,972**	137,232
Interest-bearing other borrowing	**–**	–	**13,495**	–	**13,495**	–
Financial liabilities at fair value through profit or loss	**25,586**	19,822	**–**	–	**25,586**	19,822
Bond payables	**–**	–	**607,412**	260,810	**607,412**	260,810
	25,586	19,822	**1,139,228**	913,287	**1,164,814**	933,109

45. 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 approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, restricted cash, loans receivables, accounts receivable, accounts payable, an interest-bearing other borrowing, available-for-sale investments, held-to-maturity investments, financial investments at fair value through profit or loss, deposits and other receivables and financial liabilities included in other payables and accruals 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 with 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, available-for-sale investments, non-current held-to-maturity 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 with similar terms, credit risk and remaining maturities.

The fair value of the listed financial investments is based on quoted market prices.

Financial instruments that trade in markets that are not considered to be active and are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or subject to transfer restrictions, valuation may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The fair value of private equity being classified in Level 3 was determined by reference to the acquisition price of such investment with the net asset value changed between the investment date and year end date as there was no material changes between the investment date and year end date for the business which the purchase price and the changes of net asset value to provide good indication of fair value.

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

ASSETS MEASURED AT FAIR VALUE:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2)** HK$'000	**Significant unobservable inputs (Level 3)** HK$'000	**Total** HK$'000
At 31 December 2015				
Available-for-sale investments	**–**	**9,153**	**329,552**	**338,705**
Financial investments at fair value through profit or loss	**532,136**	**48,775**	**63,811**	**644,722**
	532,136	**57,928**	**393,363**	**983,427**
At 31 December 2014				
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

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

ASSETS MEASURED AT FAIR VALUE: (CONTINUED)

During the year, there were no transfers of the Group's fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the Group's financial assets (2014: Nil).

The movements in fair value measurements within Level 3 during the year are as follows:

	2015 HK$'000	2014 HK$'000
Available-for-sale investments – unlisted:		
At 1 January	**–**	–
Investments made during the year	**393,363**	–
At 31 December	**393,363**	–

LIABILITIES MEASURED AT FAIR VALUE:

		Fair value measurement using		
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2)** HK$'000	**Significant unobservable inputs (Level 3)** HK$'000	**Total** HK$'000
At 31 December 2015				
Financial liabilities at fair value through profit or loss	**25,586**	**–**	**–**	**25,586**
At 31 December 2014				
Financial liabilities at fair value through profit or loss	19,822	–	–	19,822

During the year, there were no transfers of the Group's fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the Group's financial liabilities (2014: Nil).

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and bond payables. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as available-for-sale investments, loans receivable, held-to-maturity investments, financial investments at fair value through profit or loss, accounts receivable, deposits and other receivables, restricted cash, pledged bank deposit, accounts payable, financial liabilities included in other payables and accruals and an interest-bearing other borrowing, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity, debt and investment fund price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

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 was denominated in the units' functional currencies and as a result, the Group does not anticipate significant transactional currency exposures. The Group has not used any derivative to hedge its exposure to foreign currency risk.

CREDIT RISK

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

The credit risk of the Group's financial assets, which comprise loans receivable, accounts receivable, deposits and other receivables, cash held on behalf of clients, restricted cash, pledged bank deposits and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

At the end of the reporting period, the Group had certain concentrations of credit risk of accounts receivable as 16% (2014: 53%) and 60% (2014: 89%) of the Group's accounts receivable were due from the Group's largest product issuer and the five largest product issuers, respectively. In addition, 17% (2014: 37%) and 55% (2014: 57%) of the Group's revenue from IFA business were derived from the Group's largest product issuer and the five largest product issuers, respectively.

At the end of the reporting period, the Group had certain concentrations of credit risk of loans receivable as 9% (2014: 22%) and 39% (2014: 54%) of the Group's loans receivable were due from the Group's largest loan borrower and the five largest loan borrowers, respectively.

All cash held on behalf of clients is located in Hong Kong and deposited with a financial institution. Since the corporate finance team regularly reviews the cash position and the financial institution is financially solid, in the opinion of the directors, the concentration risk of cash held on behalf of clients is manageable.

Further quantitative data in respect of the Group's exposure to credit risk arising from loans receivable, prepayments, deposits and other receivables and accounts receivable are disclosed in notes 20, 21 and 24 to the consolidated financial statements, respectively.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

LIQUIDITY RISK

In order to manage liquidity risk, the Group monitors and maintains a 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.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 December 2015

	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Accounts payable	176,536	214,734	6,079	–	–	397,349
Bond payables	–	12,960	33,084	157,680	670,410	874,134
Financial liabilities included in other payables and accruals	–	120,972	–	–	–	120,972
Interest-bearing other borrowing	13,495	–	–	–	–	13,495
Financial liabilities at fair value through profit or loss	25,586	–	–	–	–	25,586
	215,617	348,666	39,163	157,680	670,410	1,431,536

As at 31 December 2014

	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Accounts payable	159,186	308,516	47,543	–	–	515,245
Bond payables	–	4,350	13,050	69,600	299,400	386,400
Financial liabilities included in other payables and accruals	–	137,232	–	–	–	137,232
Financial liabilities at fair value through profit or loss	19,822	–	–	–	–	19,822
	179,008	450,098	60,593	69,600	299,400	1,058,699

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

EQUITY, DEBT AND INVESTMENT FUND PRICE RISK

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of underlying individual securities. The Company is exposed to equity price risk arising from individual equity classified as trading investments (note 25) as at 31 December 2015.

Debt and investment fund risk is the risk that the fair value or future cash flows of debt and investment funds will fluctuate due to changes in the interest rates or prices of underlying securities. The maximum risk resulting from debt and investment funds equals their fair values. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group has a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The following table demonstrates the sensitivity to every 30% (2014: 30%) change in the fair values of the equity investments, debt investments and investment funds to which the Group has significant exposure at the end of the reporting period, with all other variables held constant and before any impact on tax. For the purpose of this analysis, in regards of the available-for-sale investments, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact the profit or loss.

As at 31 December 2015

	Carrying amount of investments HK$'000	Change in loss before tax HK$'000	Change in equity* HK$'000
Financial assets			
Equity investments listed in:			
Hong Kong – held-for-trading	456,066	136,820	–
Overseas – held-for-trading	37,881	11,364	–
Unlisted debt investments	46,972	14,092	–
Overseas fund investments:			
– held-for-trading	53,128	15,938	–
– available-for-sale	338,705	–	101,612
Private equity investments	50,675	15,203	–
Financial liabilities			
Equity investments listed in:			
Hong Kong – held-for-trading	13,319	3,996	–
Overseas – held-for-trading	12,267	3,680	–

* Excluding accumulated loss

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

EQUITY, DEBT AND INVESTMENT FUND PRICE RISK (CONTINUED)

As at 31 December 2014

	Carrying amount of investments HK$'000	Change in profit before tax HK$'000	Change in equity* HK$'000
Financial assets			
Equity investments listed in:			
Hong Kong – held-for-trading	380,194	114,058	–
Overseas – held-for-trading	4,247	1,274	–
Unlisted debt investments	58,695	17,609	–
Overseas fund investments:			
– held-for-trading	40,463	12,139	–
– available-for-sale	4,949	–	1,485
Financial liabilities			
Equity investments listed in:			
Hong Kong – held-for-trading	15,645	4,694	–
Overseas – held-for-trading	4,122	1,237	–
Derivative instruments	55	17	–

* Excluding retained profits

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group is not subject to any externally imposed capital requirements except for (i) subsidiaries registered under the Insurance Companies Ordinance of Hong Kong which are subject to the relevant minimum capital requirement; and (ii) three subsidiaries, including CAM, CCHK and CSL which are regulated entities under the SFO of Hong Kong and subject to the relevant minimum capital and minimum liquid capital requirements. Liquid capital is defined as the amounts by which liquid assets exceed ranking liabilities as stated in the Hong Kong Securities and Futures (Financial Resources) Rules.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

CAPITAL MANAGEMENT (CONTINUED)

During the year, all subsidiaries at all times complied with the externally imposed capital requirements, including (i) maintaining both minimum paid-up share capital and minimum net assets of HK$100,000 by CFS, Convoy Solutions and CWM; and (ii) maintaining minimum paid-up share capital of HK$5,000,000, HK$10,000,000 and HK$10,000,000 by CAM, CCHK and CSL respectively and reviewing the excess of liquid assets over ranking liabilities against their required liquid capital on a daily basis.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 31 December 2014.

Capital of the Group comprises all components of shareholders' equity.

47. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) On 18 February 2016, the Board proposed to change the name of the Company from "Convoy Financial Holdings Limited" to "Convoy Global Holdings Limited" and to adopt "康宏環球控股有限公司" as the dual foreign name of the Company to replace the existing Chinese name of the Company "康宏金融控股有限公司". As at the date of this annual report, the change of name of the Company is yet to effect.

(b) On 29 February 2016, the Board announced that with effect from 31 March 2016 (subsequent to the year ended 31 December 2015 and the date of this annual report), Mr. Mak Kwong Yiu will resign as the executive director of the Company and the chief executive officer of the Company due to his personal commitments to his other business.

48. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the consolidated financial statements, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the consolidated financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**66,435**	66,435
CURRENT ASSETS		
Due from subsidiaries	**4,364,712**	719,742
Prepayments	**6,837**	2,920
Cash and cash equivalents	**1,139,540**	29,634
Total current assets	**5,511,089**	752,296
CURRENT LIABILITIES		
Due to subsidiaries	**5,638**	92,380
Other payables and accruals	**4,911**	9,478
Bond payables	**6,389**	–
Total current liabilities	**16,938**	101,858
NET CURRENT ASSETS	**5,494,151**	650,438
TOTAL ASSETS LESS CURRENT LIABILITIES	**5,560,586**	716,873
NON-CURRENT LIABILITIES		
Bond payables	**601,023**	260,810
Net assets	**4,959,563**	456,063
EQUITY		
Issued capital	**1,493,890**	61,472
Reserves (note)	**3,465,673**	394,591
Total equity	**4,959,563**	456,063

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company' reserves is as follows:

	Share premium account HK$'000	Shares held for share award scheme HK$'000	Warrant reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000
At 1 January 2014	249,340	(2,971)	776	(6,636)	240,509
Profit for the year and total comprehensive income for the year	–	–	–	16,321	16,321
Equity-settled share-based payment	–	1,863	–	–	1,863
Issue of new shares, net of issue expenses	146,276	–	–	–	146,276
2013 final dividend	–	–	–	(10,378)	(10,378)
At 31 December 2014 and 1 January 2015	395,616	(1,108)	776	(693)	394,591
Loss for the year and total comprehensive loss for the year	–	–	–	(149,733)	(149,733)
Shares purchased for the share award scheme	–	(36)	–	–	(36)
Equity-settled share-based payment	–	421	–	–	421
Issue of new shares, net of issue expenses	3,220,430	–	–	–	3,220,430
At 31 December 2015	3,616,046	(723)	776	(150,426)	3,465,673

50. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 24 March 2016.

Five Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the respective published audited financial statements, is set out below.

RESULTS

	Year ended 31 December				
	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
REVENUE	**604,624**	1,590,601	1,018,983	703,812	652,958
Other income and gains, net	**3,202**	1,340	6,924	2,100	2,186
Commission and advisory expenses	**(479,441)**	(838,206)	(622,691)	(423,333)	(390,608)
Staff costs	**(165,659)**	(165,218)	(104,185)	(79,204)	(60,369)
Depreciation	**(28,136)**	(20,924)	(18,737)	(14,728)	(15,515)
Commission clawback	**(1,418)**	(11,601)	(8,412)	(6,694)	(6,332)
Other expenses	**(388,045)**	(244,002)	(160,479)	(174,659)	(117,867)
Profit attributable to non-controlling investors of investment funds	**(1,510)**	(461)	–	–	–
Finance costs	**(43,077)**	(3,086)	–	–	–
Share of profit of an associate	**129**	–	–	–	–
Share of loss of a joint venture	**(372)**	–	–	–	–
PROFIT/(LOSS) BEFORE TAX	**(499,703)**	308,443	111,403	7,294	64,453
Income tax credit/(expense)	**15,563**	(66,965)	(19,825)	(14,387)	(15,056)
PROFIT/(LOSS) FOR THE YEAR	**(484,140)**	241,478	91,578	(7,093)	49,397
OTHER COMPREHENSIVE INCOME/(LOSS)	**(6,564)**	66	(179)	49	78
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(490,704)**	241,544	91,399	(7,044)	49,475

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
TOTAL ASSETS	**6,230,718**	1,877,281	716,024	402,268	371,041
TOTAL LIABILITIES	**(1,270,122)**	(1,077,191)	(310,411)	(218,265)	(148,728)
NON-CONTROLLING INTERESTS	**(14,297)**	(43,096)	(1,572)	7,957	(254)

Particulars of an Investment Property

Location	Existing use	Tenure	Attributable interest of the Group
15th Floor, Kaiseng Commercial Centre, 4-6 Hankow Road, Tsim Sha Tsui, Kowloon	Commercial	Medium-term lease	100%

Definitions

In this annual 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 annual 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
"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)
"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 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
"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 our Company
"ECA"	means the Employee Choice Arrangement of MPF
"Group", "we", "us" or "Convoy"	means the Company and its subsidiaries
"HK$"	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 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
"Kerberos"	means Kerberos (Nominee) Limited, a company incorporated in Hong Kong with limited liability on 20 April 2007
"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
"Renminbi" or "RMB"	means Renminbi, the lawful currency of the PRC
"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