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CONVOY GLOBAL HOLDINGS LIMITED

康宏環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1019)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

FINANCIAL HIGHLIGHTS

Key financial information/ financial ratios:	For the six months ended 30 June		Change %
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	
Revenue	484,456	372,556	30.0
Profit before tax	11,014	6,920	59.2
Profit margin before tax	2.3%	1.9%	0.4
EBITDA	51,436	38,184	34.7

The board (the “Board”) of directors (the “Directors”) of Convoy Global Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is pleased to present the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2016, together with the comparative amounts for the corresponding period of last year as follows. These interim results have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

		For the six months ended 30 June	
		2016	2015
	Notes	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
REVENUE	5	484,456	372,556
Other income and gains, net	5	3,113	518
Commission and advisory expenses		(209,976)	(187,588)
Staff costs		(94,795)	(40,855)
Depreciation		(16,182)	(13,897)
Reversal of commission clawback/(provision of commission clawback)		2,517	(1,024)
Other expenses		(130,783)	(102,703)
Profit attributable to non-controlling investors of investment funds		(2,294)	(3,246)
Finance costs	6	(23,968)	(17,095)
Share of profit/(loss) of an associate		(61)	254
Share of loss of a joint venture		(1,013)	–
PROFIT BEFORE TAX	7	11,014	6,920
Income tax credit/(expense)	8	(6,545)	29,253
PROFIT FOR THE PERIOD		<u>4,469</u>	<u>36,173</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2016

		For the six months ended 30 June	
	<i>Notes</i>	2016	2015
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of available-for-sale investments		(19,170)	–
Exchange differences on translation of foreign operations		(83)	1,119
		<u>(19,253)</u>	<u>1,119</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD			
		<u>(19,253)</u>	<u>1,119</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD			
		<u><u>(14,784)</u></u>	<u><u>37,292</u></u>
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		7,916	43,506
Non-controlling interests		(3,447)	(7,333)
		<u>4,469</u>	<u>36,173</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Owners of the Company		(11,360)	44,625
Non-controlling interests		(3,424)	(7,333)
		<u>(14,784)</u>	<u>37,292</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	<i>10</i>		
Basic (<i>HK cents</i>)		<u>0.05</u>	<u>3.84</u>
Diluted (<i>HK cents</i>)		<u>0.05</u>	<u>3.84</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

		30 June	31 December
		2016	2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
NON-CURRENT ASSETS			
Property, plant and equipment		65,603	53,010
Investment properties		184,694	63,922
Goodwill		33,992	12,820
Intangible assets		166	438
Investment in an associate		20,249	20,293
Investment in a joint venture		6,470	7,459
Held-to-maturity investments		227,184	229,324
Available-for-sale investments	<i>11</i>	711,837	367,005
Loans receivable	<i>12</i>	712,966	638,287
Prepayments, deposits and other receivables		61,096	57,541
Restricted cash		1,201	331
Deferred tax assets		35,844	27,169
		<hr/>	<hr/>
Total non-current assets		2,061,302	1,477,599
CURRENT ASSETS			
Accounts receivable	<i>13</i>	197,794	86,855
Loans receivable	<i>12</i>	1,507,466	1,550,239
Prepayments, deposits and other receivables		117,571	67,142
Held-to-maturity investments		35,000	30,000
Financial assets at fair value through profit or loss	<i>14</i>	711,618	644,722
Tax recoverable		28,269	21,200
Restricted cash		918	644
Cash held on behalf of clients		340,654	228,761
Pledged bank deposit		10,071	10,035
Cash and cash equivalents		1,358,055	2,113,521
		<hr/>	<hr/>
Total current assets		4,307,416	4,753,119

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 30 JUNE 2016

	<i>Notes</i>	30 June 2016	31 December 2015
		HK\$'000	HK\$'000
		(unaudited)	(audited)
CURRENT LIABILITIES			
Accounts payable	15	539,993	397,349
Other payables and accruals		91,761	143,394
Interest-bearing bank and other borrowings		19,752	13,495
Net assets attributable to redeemable participation rights		24,839	34,598
Financial liabilities at fair value through profit or loss	14	37,606	25,586
Bond payables	16	400	6,389
Tax payable		45,239	35,743
Commission clawback		1,424	3,940
Total current liabilities		<u>761,014</u>	<u>660,494</u>
NET CURRENT ASSETS		<u>3,546,402</u>	<u>4,092,625</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,607,704</u>	<u>5,570,224</u>
NON-CURRENT LIABILITIES			
Other payables and accruals		7,943	8,605
Interest-bearing bank and other borrowings		40,640	–
Bond payables	16	613,309	601,023
Total non-current liabilities		<u>661,892</u>	<u>609,628</u>
Net assets		<u>4,945,812</u>	<u>4,960,596</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		1,493,890	1,493,890
Reserves		3,469,643	3,481,003
Non-controlling interests		<u>4,963,533</u>	<u>4,974,893</u>
		<u>(17,721)</u>	<u>(14,297)</u>
Total equity		<u>4,945,812</u>	<u>4,960,596</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. CORPORATE AND GROUP INFORMATION

Convoy Global Holdings Limited (the “Company”) (formerly known as Convoy Financial Holdings Limited) 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.

Pursuant to the special resolution of the Company passed at the extraordinary general meeting held on 22 June 2016, the Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands on 22 June 2016 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 4 August 2016, the English name of the Company was changed from “Convoy Financial Holdings Limited” to “Convoy Global Holdings Limited” and the Chinese name of the Company was changed from “康宏金融控股有限公司” to “康宏環球控股有限公司” as its dual foreign name.

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

The condensed consolidated financial statements have not been audited.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2016 (the “Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The unaudited Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2015.

The unaudited Interim Financial Statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousands except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which are effective for the first time for the annual periods beginning on or after 1 January 2016:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
Annual Improvements 2012-2014 Cycle	<i>Amendments to a number of HKFRSs</i>

The application of these new and revised HKFRSs has had no significant financial effect on the Group's results of operations and financial positions.

4. 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.

4. SEGMENT INFORMATION (continued)

The securities dealing segment is a new business segment of the Group for the year ended 31 December 2015 through acquisition of a subsidiary during the second half of that year.

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

For the six months ended 30 June 2016

	IFA segment <i>HK\$'000</i>	Money lending segment <i>HK\$'000</i>	Proprietary investment segment <i>HK\$'000</i>	Asset management segment <i>HK\$'000</i>	Corporate finance segment <i>HK\$'000</i>	Securities dealing segment <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i> (unaudited)
Revenue								
External	267,082	85,971	35,803	19,091	20,014	56,495	-	484,456
Inter-segment	-	728	-	2,099	100	-	(2,927)	-
Segment revenue	<u>267,082</u>	<u>86,699</u>	<u>35,803</u>	<u>21,190</u>	<u>20,114</u>	<u>56,495</u>	<u>(2,927)</u>	<u>484,456</u>
Results								
Segment results	(83,709)	32,399	25,564	3,515	3,294	44,407	-	25,470
Unallocated income								3,113
Unallocated corporate expenses								<u>(17,569)</u>
Profit before tax								<u>11,014</u>

4. SEGMENT INFORMATION (continued)

Revenue and results (continued)

For the six months ended 30 June 2015

	IFA segment <i>HK\$'000</i>	Money lending segment <i>HK\$'000</i>	Proprietary investment segment <i>HK\$'000</i>	Asset management segment <i>HK\$'000</i>	Corporate finance segment <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i> (unaudited)
Revenue							
Segment revenue	<u>276,751</u>	<u>32,527</u>	<u>17,221</u>	<u>13,809</u>	<u>32,248</u>	<u>-</u>	<u>372,556</u>
Results							
Segment results	(48,783)	11,157	32,766	4,174	10,576	-	9,890
Unallocated income							518
Unallocated corporate expenses							<u>(3,488)</u>
Profit before tax							<u>6,920</u>

Segment assets and liabilities

As at 30 June 2016 and 31 December 2015

	30 June 2016 <i>HK\$'000</i> (unaudited)	31 December 2015 <i>HK\$'000</i> (audited)
Segment assets		
IFA segment	191,797	196,435
Money lending segment	1,434,106	1,833,964
Proprietary investment segment	1,713,841	1,312,513
Asset management segment	333,561	192,958
Corporate finance segment	9,062	7,063
Securities dealing segment	1,068,335	418,568
Total segment assets	4,750,702	3,961,501
Unallocated assets	1,618,016	2,269,217
Total assets	6,368,718	6,230,718

4. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

As at 30 June 2016 and 31 December 2015 (continued)

	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Segment liabilities		
IFA segment	148,985	255,402
Money lending segment	618,008	607,547
Proprietary investment segment	78,102	88,458
Asset management segment	275,644	176,796
Corporate finance segment	978	2,677
Securities dealing segment	210,748	97,752
	<hr/>	<hr/>
Total segment liabilities	1,332,465	1,228,632
Unallocated liabilities	90,441	41,490
	<hr/>	<hr/>
Total liabilities	<u>1,422,906</u>	<u>1,270,122</u>

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

- (a) all assets are allocated to operating segments other than unallocated assets, investment properties, 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 and other head office and corporate liabilities as these liabilities are managed on a group basis.

5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the aggregate of (i) commission and advisory income from IFA, securities dealing and corporate finance services; (ii) interest income from loan financing and margin financing; (iii) net fair value changes on financial investments at fair value through profit or loss, dividend and distribution income and interest income from the proprietary investment business; and (iv) the value of services rendered from asset management and corporate finance businesses, earned during the period.

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

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
<i>IFA</i>		
IFA commission income	267,082	276,558
Advisory income	–	193
	<u>267,082</u>	<u>276,751</u>
<i>Money lending</i>		
Interest income from loan financing	<u>85,971</u>	<u>32,527</u>
<i>Proprietary investment</i>		
Fair value changes on financial investments		
at fair value through profit or loss, net	(15,967)	13,421
Interest income from debt investments	13,691	2,132
Dividend and distribution income	<u>38,079</u>	<u>1,668</u>
	<u>35,803</u>	<u>17,221</u>
<i>Asset management</i>		
Asset management service income	<u>19,091</u>	<u>13,809</u>
<i>Corporate finance</i>		
Bond placing commission income	12,758	27,832
Corporate finance service income	<u>7,256</u>	<u>4,416</u>
	<u>20,014</u>	<u>32,248</u>

5. REVENUE, OTHER INCOME AND GAINS, NET (continued)

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Securities dealing		
Interest income from margin financing	28,220	–
Share placing commission income	18,658	–
Securities dealing commission income	9,617	–
	<u>56,495</u>	<u>–</u>
	<u>484,456</u>	<u>372,556</u>
Other income and gains, net		
Bank interest income	402	125
Gross rental income	838	–
Others	1,873	393
	<u>3,113</u>	<u>518</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest on:		
Bond payables	23,043	16,777
Bank borrowings	394	–
Other borrowing	531	318
	<u>23,968</u>	<u>17,095</u>

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Equity-settled share-based payment	–	419
Amortisation of intangible assets	272	272
Impairment of loans receivable	10,000	–
Write off of loans receivable	2,100	–
Impairment of other receivables	3,972	2,594
Loss on disposal of items of property, plant and equipment	224	1
Foreign exchange differences, net	262	(200)

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

	For the six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current – Hong Kong		
Charge for the period	15,317	7,401
Under/(over)provision in prior years	(228)	131
Current – Elsewhere	131	–
Deferred	<u>(8,675)</u>	<u>(36,785)</u>
Total tax charge/(credit) for the period	<u><u>6,545</u></u>	<u><u>(29,253)</u></u>

9. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 14,938,896,000 (2015: 1,134,352,575) in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the period ended 30 June 2016 in respect of a dilution as the impact of the warrants of the Company outstanding had an anti-dilutive effective on the basic earnings per share amount presented.

The exercise price of the warrants of the Company outstanding during the six months period ended 30 June 2015 and 2016 was higher than the average market price of the ordinary shares of the Company and, accordingly, they had no dilutive effect of basic earnings per ordinary share.

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

The calculations of the basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>7,916</u>	<u>43,506</u>
Number of shares		
	2016	2015
	(unaudited)	(unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<u>14,938,896,000</u>	<u>1,134,352,575</u>

11. AVAILABLE-FOR-SALE INVESTMENTS

	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Listed equity investments, at market value	64,199	–
Unlisted fund investments, at fair value	362,111	338,705
Unlisted equity investments, at cost	273,287	28,180
Unlisted debt investments, at cost	120	120
Club debentures, at fair value	<u>12,120</u>	<u>–</u>
	<u>711,837</u>	<u>367,005</u>

11. AVAILABLE-FOR-SALE INVESTMENTS (continued)

As at 30 June 2016, unlisted equity and debt investments with an aggregate carrying amount of HK\$273,407,000 (31 December 2015: HK\$28,300,000) were stated as cost less impairment because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that the fair value cannot be measured reliably. The Group does not intend to dispose of these investments in the near future.

12. LOANS RECEIVABLE

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Loans receivable from:		
– Money lending business	1,408,644	1,878,505
– Securities dealing business – margin financing	<u>837,857</u>	<u>356,090</u>
	2,246,501	2,234,595
Less: impairment	<u>(26,069)</u>	<u>(46,069)</u>
	<u>2,220,432</u>	<u>2,188,526</u>
Analysed into:		
Non-current assets	712,966	638,287
Current assets	<u>1,507,466</u>	<u>1,550,239</u>
	<u>2,220,432</u>	<u>2,188,526</u>

Loans receivable arising from the money lending business of the Group bear interest at rates ranging from 1% to 22% (31 December 2015: 1% to 20%) per annum. The grants of these loans were approved and monitored by the Group's management. As at 30 June 2016, certain loans receivable with an aggregate carrying amount of HK\$266,384,000 (31 December 2015: HK\$397,527,000) were secured by the pledge of collateral and HK\$234,251,000 (31 December 2015: HK\$635,161,000) were with personal guarantees provided by certain independent third parties.

12. LOANS RECEIVABLE (continued)

Loans receivable arising from the margin financing business in the securities dealing segment by the pledge of the customers' securities as collateral. As at 30 June 2016, the total value of securities pledged as collateral in respect of the margin receivables was approximately HK\$3,437,244,000 (31 December 2015: 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:

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Neither past due nor impaired	2,185,523	2,053,395
1 to 3 months past due	4,658	16,824
Over 3 months past due	5,251	12,937
	<u>2,195,432</u>	<u>2,083,156</u>

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

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
At beginning of the reporting period	46,069	1,069
Impairment during the period	10,000	45,000
Provision written off during the period as uncollectible	(30,000)	–
At end of the reporting period	<u>26,069</u>	<u>46,069</u>

Included in the above provision for impairment of loans receivable was a provision for individually impaired loans receivable of HK\$26,069,000 (31 December 2015: HK\$46,069,000) with an aggregate carrying amount of HK\$51,069,000 (31 December 2015: HK\$151,439,000). The individually impaired loans receivable relate to borrowers that were in default and were not expected to be recoverable.

12. LOANS RECEIVABLE (continued)

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 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 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.

Included in the Group's loans receivable is an amount due from the Group's joint venture of HK\$4,601,000 (31 December 2015: Nil), which is repayable on terms similar to those offered to other borrowers of the Group.

13. ACCOUNTS RECEIVABLE

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Accounts receivable from:		
Cash clients	160,171	4,802
Products issuers, customers, brokers, dealers and clearing houses	<u>37,623</u>	<u>82,053</u>
	<u>197,794</u>	<u>86,855</u>

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

Credit terms with customers of investment advisory, funds dealing, asset management 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 proprietary investments and securities dealing businesses are repayable on demand subsequent to settlement date. The normal settlement terms of the said accounts receivable are, in general, within 2 days after trade date.

13. 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:

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Within 1 month	196,197	78,980
1 to 2 months	752	6,141
2 to 3 months	130	329
Over 3 months	715	1,405
	<u>197,794</u>	<u>86,855</u>

14. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss:

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Long position		
Listed equity investments, at market value	580,337	493,947
Listed debt investments, at market value	66,735	–
Unlisted debt investments, at market value	8,939	46,972
Fund investments, at market value	43,367	46,553
Fund investments, at fair value	6,565	6,575
Private equity investments, at fair value	5,675	50,675
	<u>711,618</u>	<u>644,722</u>

14. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Financial liabilities at fair value through profit or loss:

	30 June	31 December
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Short position		
Listed equity investments, at market value	<u>37,606</u>	<u>25,586</u>

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

15. ACCOUNTS PAYABLE

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\$275,370,000 (31 December 2015: HK\$176,536,000) representing cash held on behalf of clients from asset management business. No aging analysis is disclosed as in the opinion of the Directors, the aging analysis does not give additional value in view of the nature of this business.

15. ACCOUNTS PAYABLE (continued)

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

	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Accounts payable (other than cash held on behalf of clients from asset management)		
Within 1 month/repayable on demand	242,662	194,302
1 to 2 months	15,599	15,987
2 to 3 months	821	4,445
Over 3 months	5,541	6,079
	264,623	220,813
Accounts payable arising from cash held on behalf of clients from asset management	275,370	176,536
	539,993	397,349

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 subsidiary who are consultants of the Group, totalling HK\$408,000 (31 December 2015: HK\$1,062,000), which are payable on similar terms to other consultants of the Group.

16. BOND PAYABLES

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Unsecured unlisted bonds, at nominal value:		
– repayable within five years	400	6,400
– repayable after five years	<u>656,500</u>	<u>646,500</u>
	656,900	652,900
Discount and issue costs	<u>(43,191)</u>	<u>(45,488)</u>
	<u>613,709</u>	<u>607,412</u>
Analysed into:		
Non-current liabilities	613,309	601,023
Current liabilities	<u>400</u>	<u>6,389</u>
	<u>613,709</u>	<u>607,412</u>

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	
					30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
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	300,000
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	5,000
E	21 January 2015 – 20 January 2016	7th anniversary	6%	7.53%	285,500	275,500
F	21 January 2015 – 20 January 2016	1st anniversary	3.5%	4.02%	<u>400</u>	<u>6,400</u>
					<u>656,900</u>	<u>652,900</u>

All bonds are unsecured and contain no conversion feature.

17. BUSINESS COMBINATIONS

(a) Acquisition of Maxthree Limited

On 22 January 2016, the Group entered into an agreement with an Independent Third Party to acquire the entire interests in Maxthree Limited (“MAX”) and its wholly-owned subsidiaries, Artley Finance (HK) Limited and HKCC (collectively, the “MAX Group”) at a cash consideration of HK\$24,630,000. On the same date, the Group also entered into an agreement with the MAX Group to assume the loan to director of HK\$11,790,000. The goodwill on acquisition, which is a provisional amount subject to the finalisation of the fair value estimation of identifiable assets and liabilities at the date of acquisition, amounted to approximately HK\$17,319,000.

The acquisition of MAX Group was part of the Group’s strategy to expand its existing money lending business.

(b) Acquisition of Zeed Asia Technology Limited

On 31 March 2016, the Group completed the acquisition of the entire interests in Zeed Asia Technology Limited (“ZAT”) and assumed its shareholder’s loan from an Independent Third Party at an aggregate consideration of HK\$6,200,000. The goodwill on acquisition, which is a provisional amount subject to the finalisation of the fair value estimation of identifiable assets and liabilities at the date of acquisition, amounted to approximately HK\$3,853,000.

ZAT was primarily engaged in the provision of internet financial platform and solutions. The acquisition was made as part of the Group’s strategy to develop the existing assets management business through the provision of internet financial platform and solutions.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Group performance

Profit before tax was approximately HK\$11.0 million for the period ended 30 June 2016, representing an increase of approximately 59.2% compared with that for the period ended 30 June 2015 of approximately HK\$6.9 million. Profit margin before tax increased from approximately 1.9% for the period ended 30 June 2015 to approximately 2.3% for the period ended 30 June 2016.

Group financial position

Total consolidated assets of the Group slightly increased by approximately 2.2% from approximately HK\$6,230.7 million as at 31 December 2015 to approximately HK\$6,368.7 million as at 30 June 2016. Total consolidated current assets of the Group decreased by approximately 9.4% from approximately HK\$4,753.1 million as at 31 December 2015 to approximately HK\$4,307.4 million as at 30 June 2016.

Group revenue

Group revenue increased by approximately 30.0% from approximately HK\$372.6 million for the period ended 30 June 2015 to approximately HK\$484.5 million for the period ended 30 June 2016. The increase in group revenue is contributed by the increase in revenue from money lending segment, proprietary investment segment, asset management segment and securities dealing segment, offset by the decrease in revenue from IFA segment and corporate finance segment.

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

Revenue by reportable segments:	For the six months ended 30 June		Increase/ (decrease) HK\$'000	Change %
	2016	2015		
	HK\$'000	HK\$'000		
IFA segment	267,082	276,751	(9,669)	-3.5
Money lending segment	85,971	32,527	53,444	164.3
Proprietary investment segment	35,803	17,221	18,582	107.9
Asset management segment	19,091	13,809	5,282	38.3
Corporate finance segment	20,014	32,248	(12,234)	-37.9
Securities dealing segment	56,495	–	56,495	n/a
Total	<u>484,456</u>	<u>372,556</u>	<u>111,900</u>	30.0

Group operating expenses

Group operating expenses increased by approximately 30.2% from approximately HK\$366.2 million for the period ended 30 June 2015 to approximately HK\$476.6 million for the period ended 30 June 2016. The overall increase in group operating expenses was roughly in line with the overall increase in group revenue.

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

Operating expenses by reportable segments:	For the six months ended 30 June		Increase/ (decrease) HK\$'000	Change %
	2016	2015		
	HK\$'000	HK\$'000		
IFA segment	350,791	325,534	25,257	7.8
Money lending segment	53,572	21,370	32,202	150.7
Proprietary investment segment	10,239	(15,545)	25,784	165.9
Asset management segment	15,576	9,635	5,941	61.7
Corporate finance segment	16,720	21,672	(4,952)	-22.8
Securities dealing segment	12,088	–	12,088	n/a
Sub-total	<u>458,986</u>	<u>362,666</u>	<u>96,320</u>	26.6
Corporate head office	<u>17,569</u>	<u>3,488</u>	<u>14,081</u>	403.7
Total	<u>476,555</u>	<u>366,154</u>	<u>110,401</u>	30.2

Group segment results

Group segment profit increased by approximately 157.5% from approximately HK\$9.9 million for the period ended 30 June 2015 to approximately HK\$25.5 million for the period ended 30 June 2016. The increase in group segment profit is contributed by the increase in profit from money lending segment and securities dealing segment, offset by increase in loss from IFA segment and decrease in profit from proprietary investment segment, asset management and corporate finance segment.

An analysis of group segment results is as follows:

Segment results:	For the six months		Increase/ (decrease) HK\$'000	Change %
	ended 30 June 2016 HK\$'000	2015 HK\$'000		
IFA segment	(83,709)	(48,783)	(34,926)	71.6
Money lending segment	32,399	11,157	21,242	190.4
Proprietary investment segment	25,564	32,766	(7,202)	-22.0
Asset management segment	3,515	4,174	(659)	-15.8
Corporate finance segment	3,294	10,576	(7,282)	-68.9
Securities dealing segment	44,407	–	44,407	n/a
Total	<u>25,470</u>	<u>9,890</u>	<u>15,580</u>	157.5
Comprise of:				
Total segment revenue	484,456	372,556	111,900	30.0
Total segment operating expenses	<u>(458,986)</u>	<u>(362,666)</u>	<u>(96,320)</u>	26.6
	<u>25,470</u>	<u>9,890</u>	<u>15,580</u>	157.5

Please refer to “SEGMENT PERFORMANCE” for further discussion regarding the results for individual segment.

SEGMENT PERFORMANCE

IFA business

Revenue from IFA business decreased by approximately 3.5% from approximately HK\$276.8 million for the period ended 30 June 2015 to approximately HK\$267.1 million for the period ended 30 June 2016.

An analysis of revenue mix of IFA business is as follows:

Revenue mix analysis of IFA business:	For the six months ended 30 June		Increase/ (decrease) HK\$'000	Change %
	2016 HK\$'000	2015 HK\$'000		
<i>Hong Kong</i>				
Investment brokerage commission income	82,093	63,219	18,874	29.9
Insurance brokerage commission income	132,578	137,508	(4,930)	-3.6
Pension scheme commission income	3,088	5,416	(2,328)	-43.0
	<u>217,759</u>	<u>206,143</u>	<u>11,616</u>	5.6
<i>Mainland China</i>				
Investment brokerage commission income	9,978	14,583	(4,605)	-31.6
Insurance brokerage commission income	33,246	38,762	(5,516)	-14.2
Advisory income	–	193	(193)	-100.0
	<u>43,224</u>	<u>53,538</u>	<u>(10,314)</u>	-19.3
<i>Macau</i>				
Investment brokerage commission income	6,099	17,070	(10,971)	-64.3
Total	<u>267,082</u>	<u>276,751</u>	<u>(9,669)</u>	-3.5

For the period ended 30 June 2016, investment brokerage commission income from IFA Hong Kong operations increased by approximately 29.9% and investment brokerage commission income from IFA Macau operations decreased by approximately 64.3% compared with that for the period ended 30 June 2015. This was partially due to the major insurance providers gradually launched new ILAS products since late 2015 meeting new requirements under the Guidance Note published by the Office of the Commissioner of Insurance and ILAS clients shifted their regional investment preference from Macau back to Hong Kong. Besides, more internal sales incentive schemes were launched in Hong Kong office for consultants to increased their selling effort and the overall market shares expanded.

For the period ended 30 June 2016, insurance brokerage commission income from IFA Hong Kong operations recorded a stable revenue of approximately HK\$132.6 million which represented only a decrease of approximately 3.6% compared with that for the period ended 30 June 2015. On the other hand, pension scheme commission income from IFA Hong Kong operations decreased by approximately 43.0% compared with that for the period ended 30 June 2015 and the decrease was mainly attributable to the launch of ECA in late 2012 for over 3 years, the market is saturated and does not have any special products or promotion launched related to MPF in current period to attract new customers.

For the period ended 30 June 2016, total revenue from IFA Mainland China operations decreased by approximately 19.3% compared with that for the period ended 30 June 2015, which was mainly due to the several unfavorable factors including slower economic growth, rapid regulatory changes and continuing market reforms adversely affect the financial performance of our business in Mainland China.

Operating expenses of IFA business increased by approximately 7.8% from approximately HK\$325.5 million for the period ended 30 June 2015 to approximately HK\$350.8 million for the period ended 30 June 2016. This resulted in an increase of operating loss margin of approximately 13.7% from approximately 17.6% for the period ended 30 June 2015 to approximately 31.3% for the period ended 30 June 2016. The key factor contributing to the increase in operating expenses of IFA segment of approximately HK\$25.3 million was the increase in commission expenses of approximately HK\$25.0 million which is mainly derived from additional commission expenses incurred in current period for more internal sales incentive schemes launched in Hong Kong office and a higher payout ratio for commission was offered to consultants in current period for consultants to increase their incentive to boost up the IFA business.

Money lending business

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

Interest income from money lending business increased by approximately 164.3% from approximately HK\$32.5 million for the period ended 30 June 2015 to approximately HK\$86.0 million for the period ended 30 June 2016. Operating profit margin improved by approximately 3.4% from approximately 34.3% for the period ended 30 June 2015 to approximately 37.7% for the period ended 30 June 2016. During the period, the Group continued to adopt stringent credit policies to mitigate the credit risk arising from the money lending business.

Proprietary investment business

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

Revenue from proprietary investment business increased by approximately 107.9% from approximately HK\$17.2 million for the period ended 30 June 2015 to approximately HK\$35.8 million for the period ended 30 June 2016, which was due to the increase in interest income from debt investments of approximately HK\$11.6 million and increase in distribution and dividend income from financial investments of approximately HK\$36.4 million, offset by the decrease in fair value changes on financial investments of approximately HK\$29.4 million. For the period ended 30 June 2015, a reversal of incentive related bonus overprovided in prior years was done by our Group. This led to the significant increase in operating expenses and decrease in operating profit margin by approximately 118.9% from approximately 190.3% for the period ended 30 June 2015 to approximately 71.4% for the period ended 30 June 2016.

Asset management business

Upon the establishment of strategic investment team and the acquisition of CAM in 2014, the Group developed its asset management business and reinforced its promotion of investment portfolio management service “iCON” on its fund distribution platform. During the period, we expanded our business scale by developing and managing several new investment funds for professional investors and high net-worth individual clients.

Revenue from asset management business increased by approximately 38.3% from approximately HK\$13.8 million for the period ended 30 June 2015 to approximately HK\$19.1 million for the period ended 30 June 2016 while the operating profit decreased by approximately 15.8% from approximately HK\$4.2 million for the period ended 30 June 2015 to approximately HK\$3.5 million for the period ended 30 June 2016. The decrease in operating profit and operating profit margin by approximately 11.8% from approximately 30.2% for the period ended 30 June 2015 to approximately 18.4% for the period ended 30 June 2016 was mainly attributable to the increased staff costs for the significant expansion of our strategic investment team in late 2015. We believe that CAM will continue to create substantial value for our shareholders by means of generating stable and recurring income for our Group.

Corporate finance business

Following the completed acquisition of CAM and CCHK in 2014, the Group commenced its corporate finance business in late 2014 to provide various corporate finance advisory services on bond placing and underwriting, IPO sponsorship and other related services to our clients.

Revenue from corporate finance business decreased by approximately 37.9% from approximately HK\$32.2 million for the period ended 30 June 2015 to approximately HK\$20.0 million for the period ended 30 June 2016. The decrease in revenue was mainly due to the unfavourable economic market and more stringent regulatory requirements for bond placing in current period. Operating profit margin decreased by approximately 16.3% from approximately 32.8% for the period ended 30 June 2015 to approximately 16.5% for the period ended 30 June 2016, which was mainly attributable to the increase in staff costs for the significant expansion of corporate finance team in late 2015.

Securities dealing business

In July 2015, upon completion of acquisition of Convoy Securities Limited (currently known as CSL Securities Limited) (“CSL”), the Group further ventured into the securities dealing business to provide a variety of securities related services including securities brokerage, trading, placing and underwriting to our clients and hence the securities dealing segment was newly presented during the period.

The Group recorded a total revenue of approximately HK\$56.5 million from securities dealing business for the period ended 30 June 2016, which comprised interest income from margin financing of approximately HK\$28.2 million, share placing commission income of approximately HK\$18.7 million and securities brokerage commission income of approximately HK\$9.6 million. An operating profit of approximately HK\$44.4 million and an operating profit margin of approximately 78.6% were achieved for the period ended 30 June 2016.

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 period by issuing unlisted bonds of approximately HK\$370.9 million and HK\$10.0 million in 2015 and 2016 respectively 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 our Group.

IFA business

Hong Kong

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 IFA business in Hong Kong. While Mandatory Provident Fund Schemes Authority 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.

The Group intends to further expand the IFA business by recruiting more consultants in the coming future. Due to business needs, additional space is required for the Group’s businesses and operations. In July 2016, the Group entered into a tenancy agreement to lease a property in Causeway Bay for use as the Group’s financial centre. It is intended by the Group that the financial centre will be used by the Group’s consultants to meet their customers and to understand the customers’ financial needs so that the consultants can conduct financial analysis for the customers and promote the Group’s businesses. We believed that we can further enlarge our revenue and increase our brand awareness after the launch of the new financial centre in the coming months.

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, although Macau operations recorded a decrease in revenue during the period, 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.

Money lending business

The Group will continue to promote its brand name and expand its loan portfolio 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 segment, while at the same time maintaining strong credit quality and credit risk management accumulate a stable income stream for the Group.

The Group further expanded its money lending business through acquisition of HKCC in January 2016, which was targeted to expand its market shares of retail mortgage lending business in Hong Kong.

Proprietary investment business

Apart from investing in a diversified portfolio of listed and unlisted equities, we also allocate a portion of capital to fixed income products to achieve stable income and invest a suitable amount of seed capital to some private equity funds with high potential. Our strategic 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 asset under management 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.

In March 2016, the Group successfully acquired Zeed Asia Technology Limited which was engaged in the provision of internet financial platform and solutions as part of the Group’s strategy to develop the existing asset management business through the provision of internet financial platform and solutions.

Corporate finance business

Following the completed acquisition of CAM and CCHK in 2014, 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 the corporate finance business should further strengthen our institutional client base and open up a new income stream for our Group.

Securities dealing business

Following the completed acquisition of CSL in 2015, 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 to 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 period, 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 30 June 2016, the Group had cash and cash equivalents of approximately HK\$1,358.1 million (31 December 2015: HK\$2,113.5 million), bond payables of approximately HK\$613.7 million (31 December 2015: HK\$607.4 million) and interest-bearing bank and other borrowings of approximately HK\$60.4 million (31 December 2015: HK\$13.5 million). The gross gearing ratio, calculated on the basis of the aggregate of the Group's bond payables and interest-bearing bank and other borrowings divided by equity attributable to owners of the Company was approximately 13.6% (31 December 2015: 12.5%). As at 30 June 2016, the net current assets of the Group amounted to approximately HK\$3,546.4 million (31 December 2015: HK\$4,092.6 million) and the current ratio (current assets/current liabilities) was approximately 5.7 (31 December 2015: 7.2).

CAPITAL STRUCTURE

As at 30 June 2016 and 31 December 2015, the authorised share capital of the Company was HK\$2,000.0 million divided into 20,000,000,000 shares of HK\$0.1 each, and the issued share capital of the Company was approximately HK\$1,493.9 million divided into 14,938,896,000 shares of HK\$0.1 each.

There was no change on the Company's overall share capital structure for the six months ended 30 June 2016.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2016, the Group employed 476 (30 June 2015: 442) supporting staff and 7 (30 June 2015: 2) salary-based trainees. The total remuneration of the employees (including the Directors' remuneration) was approximately HK\$94.8 million for the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$40.9 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, debt and investment fund 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 and liabilities. Cash at banks earns interest at floating rates based on daily bank deposit rates, and bank borrowings bear interest at floating rates based on bank loan interest rates offered by banks.

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, debt and investment fund price risk

The Group is exposed to equity price risk through its investments in listed and unlisted equity securities, debt and investment funds. 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 AND DISPOSAL OF SUBSIDIARIES

On 22 January 2016, the Group entered into an agreement with an Independent Third Party to acquire the entire interests in the MAX Group at a cash consideration of HK\$24,630,000. On the same date, the Group also entered into an agreement with the MAX Group to assume the loan to director of HK\$11,790,000.

The acquisition of MAX Group was part of the Group's strategy to expand its existing money lending business.

On 31 March 2016, the Group completed the acquisition of the entire interests in ZAT and assumed its shareholder's loan from an Independent Third Party at an aggregate consideration of HK\$6,200,000.

ZAT was primarily engaged in the provision of internet financial platform and solutions. The acquisition was made as part of the Group's strategy to develop the existing assets management business through the provision of internet financial platform and solutions.

Save as the acquisition of MAX Group and ZAT (further details as disclosed in note 17 to the condensed consolidated financial statements), there was no other material acquisition and disposal of subsidiaries for the six months ended 30 June 2016.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2016, significant investments held by the Group are as follows:

	30 June 2016	31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Held-to-maturity investments	262,184	259,324
Available-for-sale investments	711,837	367,005
Financial assets at fair value through profit or loss	711,618	644,722
Financial liabilities at fair value through profit or loss	(37,606)	(25,586)
Investment in an associate	20,249	20,293
Investment in a joint venture	6,470	7,459
	<u>1,674,752</u>	<u>1,273,217</u>
Total		

Save as disclosed above, the Group did not hold any other significant investment as at 30 June 2016.

FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET

As at 30 June 2016, the Group did not have any capital commitments related to acquisition of property, plant and equipment (31 December 2015: approximately HK\$14.0 million) and acquisition of an investment property (31 December 2015: approximately HK\$85.9 million).

As at 30 June 2016, the Group's capital commitments related to the capital investments of available-for-sale investments amounted to approximately HK\$236.6 million (31 December 2015: HK\$159.1 million).

Save as disclosed above, 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 announcement.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2016 (31 December 2015: Nil).

PLEDGE OF ASSETS

As at 30 June 2016, assets pledged to banks to secure banking facilities (including bank borrowings and bank overdraft) granted to the Group are as follows:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Investment property	120,772	–
Building	14,568	–
Bank deposit	10,071	10,035
	<hr/>	<hr/>
Total	145,411	10,035
	<hr/> <hr/>	<hr/> <hr/>

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of good corporate governance in the management of the Group. During the six months ended 30 June 2016, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard as set out in the Model Code and its code of conduct regarding directors' securities transactions by the Directors adopted by the Company throughout the six months ended 30 June 2016.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") on 23 June 2010 with written terms of reference in compliance with the Listing Rules. The Audit Committee which comprises three independent non-executive Directors of the Company, namely Mr. Ma Yiu Ho, Peter (the chairman of the Audit Committee), Mr. Chan Ngai Sang, Kenny and Mr. Pun Tit Shan, has reviewed with the management of the Company the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2016 and discussed with the management of the Company the internal control and financial reporting matters including the review of the interim report of the Group for the six months ended 30 June 2016.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2016 (2015: Nil).

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.convoy.com.hk) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2016 will be dispatched to shareholders of the Company and available on the above websites in due course.

DEFINITIONS

In this announcement, 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 announcement
“CAM”	means Convoy Asset Management Limited, a company incorporated in Hong Kong with limited liability on 24 November 1999 and is licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“CCHK”	means Convoy Capital Hong Kong Limited, a company incorporated in Hong Kong with limited liability on 11 October 2011 and is licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

“Company” or “our Company”	means Convoy Global 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
“EBITDA”	means earnings before interest, tax, depreciation and amortisation
“ECA”	means the Employee Choice Arrangement of MPF
“Group” or “we”	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
“HKCC”	means Hong Kong Credit Corporation Limited, a company incorporated in Hong Kong with limited liability on 16 March 1982
“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

“ICO”	means the Insurance Companies Ordinance (Chapter 41 of the Laws of Hong Kong) as amended and supplemented from time to time
“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
“MPF”	means Mandatory Provident Fund
“PRC”	means the People’s Republic of China
“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
“%”	means per cent.

On behalf of the Board
CONVOY GLOBAL HOLDINGS LIMITED
Wong Lee Man
Chairman

25 August 2016

As at the date of this announcement, the executive Directors are Mr. Wong Lee Man (Chairman), Ms. Fong Sut Sam, Mr. Tan Ye Kai, Byron and Mr. Ng Wing Fai; and the independent non-executive Directors are Mr. Ma Yiu Ho, Peter, Mr. Chan Ngai Sang, Kenny and Mr. Pun Tit Shan.