



中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 1282

Interim 2016

Report 中期報告



公司簡介

中國金洋集團有限公司(「中國金洋」／「本集團」)成立於二零零九年，並於二零一零年十二月十五日在香港聯合交易所有限公司主板上市(股份代號：1282)，主要從事買賣自動化相關設備及提供相關服務、製造、證券投資及金融服務。

二零一五年，中國金洋全力推動業務向高增值及多元化轉型，淘汰低利潤、低附加值的電子製造業務，並以綜合金融服務、資產管理及新興產業為發展重點。現時，中國金洋正透過其持牌附屬公司於香港進行資產及財富管理、證券、期貨、貴金屬交易，以及信貸融資服務，並在中國經營私募投資基金。而新興產業方面，中國金洋亦積極發展新能源產業及發光二極體(LED)製造業務。

展望未來，中國金洋將繼續積極物色金融服務、保險與再保險行業、新能源與新科技行業的投資機會，進一步提升在中國提供綜合金融服務的能力，並推動新能源業務的發展。

Corporate Profile

China Goldjoy Group Limited (“China Goldjoy”/the “Group”) was established in 2009 and listed on the main board of The Stock Exchange of Hong Kong Limited on 15 December 2010 (Stock code: 1282). It is principally engaged in the trading and providing services with respect to automation related equipment; manufacturing; securities investment; and financial services.

In 2015, China Goldjoy devoted its full effort to push forward with its transformation into a high value-added and well-diversified business and eliminated its low-margin and low value-added electronic manufacturing business, with focuses on the development of comprehensive financial services, asset management and emerging industries. Currently, China Goldjoy, through its licensed subsidiaries, is carrying out asset and wealth management, securities, futures, precious metals trading, credit financing services in Hong Kong and operate private equity funds in the PRC. For emerging industries, China Goldjoy is also actively developing the new energy industry and light-emitting diode (LED) manufacturing business.

Looking forward, China Goldjoy will continue to actively identify investment opportunities in financial services, assurance and reinsurance industry, new energy and new scientific technology industry, further enhance its ability in providing comprehensive financial services in the PRC and drive the development of new energy business.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yao Jianhui — *Chairman and Chief Executive Officer*

Mr. Feng Huiming

Mr. Li Minbin

Non-Executive Director

Mr. Huang Wei

Independent Non-Executive Directors

Mr. Wong Chun Bong

Professor Lee Kwok On, Matthew

Mr. Lee Kwan Hung

AUDIT COMMITTEE

Mr. Wong Chun Bong — *Chairman*

Mr. Huang Wei

Professor Lee Kwok On, Matthew

NOMINATION COMMITTEE

Mr. Yao Jianhui — *Chairman*

Mr. Wong Chun Bong

Mr. Lee Kwan Hung

REMUNERATION COMMITTEE

Professor Lee Kwok On, Matthew — *Chairman*

Mr. Yao Jianhui

Mr. Wong Chun Bong

INVESTMENT AND FUND RAISING COMMITTEE

Mr. Yao Jianhui — *Chairman*

Mr. Feng Huiming

Mr. Li Minbin

STRATEGIC COMMITTEE

Mr. Yao Jianhui — *Chairman*

Mr. Feng Huiming

Mr. Li Minbin

Professor Lee Kwok On, Matthew

COMPANY SECRETARY

Ms. Kwok Ling Yee, Pearl Elizabeth

PRINCIPAL BANKERS

China CITIC Bank International Limited

The Hongkong Shanghai Banking Corporation Limited

LEGAL ADVISER

As to Hong Kong Law:

Sidley Austin

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

REGISTERED OFFICE

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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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New Territories, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited

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24 Shedden Road, George Town

Grand Cayman KY1-1110

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

LISTING VENUE

Main Board of The Stock Exchange of

Hong Kong Limited

STOCK CODE

1282

COMPANY WEBSITE

<http://www.hk1282.com>

Report on Review of Interim Financial Information



羅兵咸永道

TO THE BOARD OF DIRECTORS OF CHINA GOLDJOY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 5 to 38, which comprises the interim condensed consolidated statement of financial position of China Goldjoy Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2016 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the fair preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Report on Review of Interim Financial Information (continued)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material aspects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 August 2016

Condensed Consolidated Statement of Financial Position

As at 30 June 2016

	Note	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	7	3,314	1,051
Intangible assets	7	63,833	49,263
Investments in associates		66,864	7,771
Available-for-sale financial assets	8	1,019,150	287,129
Trade receivables	9	—	3,946
Prepayments and other receivables	10	10,063	—
		1,163,224	349,160
Current assets			
Inventories		30,836	16,030
Trade receivables	9	413,464	109,513
Prepayments, deposits and other receivables	10	14,314	6,435
Current income tax recoverables		—	2,271
Financial assets at fair value through profit or loss		562,301	343,905
Cash and cash equivalents		1,944,285	3,251,561
		2,965,200	3,729,715
Assets classified as held-for-sale	22(a)	125,754	253,125
		3,090,954	3,982,840
Total assets		4,254,178	4,332,000
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital	11	2,154,860	2,154,860
Share premium	11	2,054,151	2,054,151
Other reserves and accumulated deficits		(193,894)	(59,006)
		4,015,117	4,150,005
Non-controlling interests		6,375	—
Total equity		4,021,492	4,150,005

Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2016

	Note	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Liabilities			
Non-current liabilities			
Bank borrowings	12	—	12,500
Deferred income tax liabilities		17,973	11,900
		17,973	24,400
Current liabilities			
Trade and bills payables	13	99,895	45,043
Accruals and other payables	14	61,915	25,513
Bank borrowings	12	8,522	17,725
Current income tax liabilities		9,403	8,759
		179,735	97,040
Liabilities classified as held-for-sale	22(b)	34,978	60,555
		214,713	157,595
Total liabilities		232,686	181,995
Total equity and liabilities		4,254,178	4,332,000

The notes on pages 10 to 38 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	Note	Six months ended 30 June 2016 HK\$'000 (Unaudited)	Six months ended 30 June 2015 HK\$'000 (Unaudited)
Revenue	6	328,465	250,890
Cost of sales		(235,313)	(220,933)
Gross profit		93,152	29,957
Other gain — net	15	9,355	3,347
Other income	15	320	1,999
Distribution costs		(10,273)	(10,816)
Administrative expenses		(77,480)	(57,911)
Operating profit/(loss)	16	15,074	(33,424)
Finance income/(costs) — net	17	14,661	(2,108)
Share of losses of associates		(157)	(389)
Provision for impairment on investments in associates		—	(2,200)
Profit/(loss) before income tax		29,578	(38,121)
Income tax (expense)/credit	18	(14,613)	3,239
Profit/(loss) for the period		14,965	(34,882)
Profit/(loss) attributable to			
— owners of the Company		14,851	(34,882)
— non-controlling interests		114	—
		14,965	(34,882)
Other comprehensive(loss)/income			
<i>Items that may be reclassified to profit or loss</i>			
Fair value (loss)/gain on available-for-sale financial assets		(79,398)	87,813
Currency translation differences		(16,470)	—
Other comprehensive (loss)/income for the period		(95,868)	87,813
Total comprehensive (loss)/income for the period attributable to			
— owners of the Company		(81,017)	52,931
— non-controlling interests		114	—
		(80,903)	52,931
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company			
— basic (expressed in Hong Kong cents per share)	19	0.07	(1.19)
— diluted (expressed in Hong Kong cents per share)	19	0.07	(1.19)

The notes on pages 10 to 38 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to the equity holders of the Company										
	Share capital	Share premium	Merger reserve	Capital reserve	Share option reserve	Statutory reserve	Available-for-sale financial assets	Exchange reserve	Retained earnings/ (Accumulated deficits)	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)											
For the six months ended 30 June 2016											
At 1 January 2016	2,154,860	2,054,151	(215,150)	12,411	370	33,987	54,304	(14,798)	69,870	—	4,150,005
Profit for the period	—	—	—	—	—	—	—	—	14,851	114	14,965
Other comprehensive loss:											
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	(79,398)	—	—	—	(79,398)
Currency translation differences	—	—	—	—	—	—	—	(16,470)	—	—	(16,470)
Total other comprehensive loss	—	—	—	—	—	—	(79,398)	(16,470)	—	—	(95,868)
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	6,261	6,261
Total comprehensive (loss)/ income	—	—	—	—	—	—	(79,398)	(16,470)	14,851	6,375	(74,642)
Dividend relating to 2015 paid during the period	—	—	—	—	—	—	—	—	(53,871)	—	(53,871)
At 30 June 2016	2,154,860	2,054,151	(215,150)	12,411	370	33,987	(25,094)	(31,268)	30,850	6,375	4,021,492
(Unaudited)											
For the six months ended 30 June 2015											
At 1 January 2015	292,708	565,489	(215,150)	12,411	2,224	33,987	(88,215)	(387)	(111,909)	—	491,158
Loss for the period	—	—	—	—	—	—	—	—	(34,882)	—	(34,882)
Other comprehensive income:											
Fair value gain on available-for-sale financial assets	—	—	—	—	—	—	87,813	—	—	—	87,813
Total other comprehensive income	—	—	—	—	—	—	87,813	—	—	—	87,813
Total comprehensive income/ (loss)	—	—	—	—	—	—	87,813	—	(34,882)	—	52,931
At 30 June 2015	292,708	565,489	(215,150)	12,411	2,224	33,987	(402)	(387)	(146,791)	—	544,089

The notes on pages 10 to 38 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June 2016 HK\$'000 (Unaudited)	Six months ended 30 June 2015 HK\$'000 (Unaudited)
Cash flows from operating activities		
Cash (used in)/generated from operations	(422,893)	15,993
Interest paid	(470)	(4,085)
Profits tax paid	(523)	(590)
Net cash (used in)/generated from operating activities	(423,886)	11,318
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,065)	(660)
Additions of intangible assets	—	(3,062)
Purchase of available-for-sale financial assets	(831,020)	—
Proceeds received on disposal of property, plant and equipment	4	51
Proceeds received on disposal of available-for-sale financial assets	30,786	4,731
Interest received	15,131	2,067
Prepayment for purchase of property, plant and equipment	(5,617)	(503)
Acquisition of an associate	(59,250)	—
Acquisition of a subsidiary, net of cash acquired	(14,100)	—
Net cash (used in)/generated from investing activities	(867,131)	2,624
Cash flows from financing activities		
Draw down of bank borrowings	8,522	169,285
Repayments of bank borrowings	(47,270)	(204,236)
Dividends paid	(53,871)	—
Net cash used in financing activities	(92,619)	(34,951)
Net decrease in cash and cash equivalents	(1,383,636)	(21,009)
Cash and cash equivalents at beginning of the period	3,344,391	239,792
Exchange (losses)/gains on cash and cash equivalents	(16,470)	28
Cash and cash equivalents at end of the period	1,994,285	218,811

The notes on pages 10 to 38 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2016

1 GENERAL INFORMATION

China Goldjoy Group Limited (the “Company”) was incorporated in the Cayman Islands on 17 July 2009 as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively the “Group”) are principally engaged in the manufacturing of a range of high-technology products, and the trading of and provision of services with respect to automation-related equipment, securities investments and financial services.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 15 December 2010.

This condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue on 26 August 2016.

This condensed consolidated interim financial information has been reviewed, not audited.

Key events

On 22 March 2016, the Group has subscribed for 207,760,000 shares of China Zheshang Bank Co., Ltd. (“China Zheshang Bank”) at a consideration of HK\$831,020,000, representing 6.30% and 1.19% of the total H shares and total issued shares of China Zheshang Bank, respectively. As at 30 June 2016, the investment in China Zheshang Bank was classified as available-for-sale financial assets at its fair value of approximately HK\$799,876,000.

On 30 March 2016, the Group entered into an agreement with China Yinsheng Capital Group Limited (“China Yinsheng”) to acquire 70% equity interests in six of its wholly-owned subsidiaries, namely KB Credit Limited, China Yinsheng Asset Management Limited, China Yinsheng Securities Limited, China Yinsheng Wealth Management Limited, KB Investment Limited and KB Bullion Limited (“Target Group”). On 3 May 2016, the Group completed the acquisition of 70% equity interests in one entity within the Target Group, KB Credit Limited, a company incorporated in Hong Kong with limited liability principally engaged in providing loan and credit financing services in Hong Kong. Upon completion of the acquisition, KB Credit Limited became a subsidiary of the Group. For the period from 4 May 2016 to 30 June 2016, the Group recognised revenue amounting to approximately HK\$422,000. Subsequent to the six months ended 30 June 2016, the Group completed acquisition of the remaining entities within the Target Group on 4 July 2016 and 1 August 2016.

On 1 April 2016, the Group completed the acquisition of 33.21% equity interests in 湛江集付通金融服務股份有限公司 (for identification only, Zhanjiang Jifutong Financial Services Joint Stock Company Limited) (“Zhanjiang JFT”), a company established in the People’s Republic of China (the “PRC”) with limited liability, at a consideration of approximately RMB50,000,000. Upon completion of the acquisition, Zhanjiang JFT became an associate of the Group. For the period from 2 April 2016 to 30 June 2016, the Group recognised share of profit amounting to approximately HK\$210,000.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

The following amendments and interpretations to existing standards that have been issued and effective for annual periods beginning on or after 1 January 2016 with no material impact on the Group’s result of operations and financial positions:

HKFRSs (Amendment)	Annual improvements to HKFRSs 2012–2014 cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations
HKAS 16 and 38 (Amendment)	Clarification of acceptance methods of depreciation and amortisation
HKAS 16 and 41 (Amendment)	Agriculture: bearer plants
HKAS 27 (Amendment)	Equity method in separate financial statements
HKAS 1 (Amendment)	Disclosure initiative
HKFRS 14	Regulatory deferred accounts

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six months ended 30 June 2016

3 ACCOUNTING POLICIES (continued)

The following new and amended standards and interpretations to the existing standards that have been issued but are not effective for the financial year beginning 1 January 2015 with no early adoption:

		Effective for annual periods beginning on or after
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Management is in the process of making an assessment of the impact of these standards, amendments and interpretations to existing standards and is not yet in a position to state whether they will have a significant impact on the Group's result of operations and financial position.

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange, price risk and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

There have been no changes in the risk management policies since the year end.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

5.2 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group. Due to the dynamic nature of the underlying businesses, senior management of the Group aims to maintain flexibility in funding by keeping committed credit lines available. Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities except bank borrowings.

The table below analyses the Group's bank borrowings and interest payables into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand HK\$'000	Within one year HK\$'000	Between one and two years HK\$'000	Between two and five years HK\$'000	Total HK\$'000
At 30 June 2016					
Bank borrowings and interest payables (note i)	8,522	—	—	—	8,522
	8,522	—	—	—	8,522
At 31 December 2015					
Bank borrowings and interest payables (note i)	22,270	13,002	12,675	—	47,947
Less: Liabilities classified as held-for-sale	(17,045)	—	—	—	(17,045)
	5,225	13,002	12,675	—	30,902

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six months ended 30 June 2016

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.2 Liquidity risk (continued)

Note i:

Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment. Based on the internal information provided by management, it is expected that the lender will not exercise its rights to demand repayment. The expected cash flows with reference to the schedule of repayments set out in the loan agreements are as follows:

	On demand HK\$'000	Within one year HK\$'000	Between one and two years HK\$'000	Between two and five years HK\$'000	Total HK\$'000
At 30 June 2016					
Bank borrowings and interest payables	—	8,551	—	—	8,551
	—	8,551	—	—	8,551
At 31 December 2015					
Bank borrowings and interest payables	—	35,311	12,675	—	47,986
Less: Liabilities classified as held-for-sale	—	(17,076)	—	—	(17,076)
	—	18,235	12,675	—	30,910

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

5.3 Fair value estimation *(continued)*

The following table presents the Group's financial assets that are measured at fair value at 30 June 2016 and 31 December 2015:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2016				
Assets				
Financial assets at fair value through profit or loss	514,021	48,280	—	562,301
Available-for-sale financial assets	932,041	—	87,109	1,019,150
	1,446,062	48,280	87,109	1,581,451
At 31 December 2015				
Assets				
Financial assets at fair value through profit or loss	296,597	48,280	—	344,877
Available-for-sale financial assets	200,579	—	87,109	287,688
Less: Assets classified as held-for-sale	(972)	—	(559)	(1,531)
	496,204	48,280	86,550	631,034

In 2016, there were no transfers of financial assets between Level 1, Level 2 and Level 3.

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six months ended 30 June 2016

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.4 Valuation techniques used to derive Level 2 fair values

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible an entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments included in level 2 comprise unlisted securities classified as financial assets at fair value through profit of loss.

5.5 Fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 30 June 2016 (HK\$'000)	Valuation technique(s)	Unobservable inputs	Unobservable inputs	Relationship of unobservable inputs to fair value
Equity security	30,565	Market comparable approach using equity allocation method	Volatility	45%	The higher the volatility, the higher the fair value
Equity security	27,026	Discounted cash flow using equity allocation method	Weighted average cost of capital	35%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
			Volatility	65%	The higher the volatility, the higher the fair value
Equity security	29,518	Market comparable approach using equity allocation method	Volatility	40%	The higher the volatility, the higher the fair value

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

5.6 Group's valuation processes

The Group's finance department performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. The finance department reports directly to the chief financial officer ("CFO") and the audit committee ("AC"). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every month, in line with the Group's monthly reporting dates.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the monthly valuation discussions between the CFO, AC and the valuation team. As part of that discussion, the team presents a report that explains the reasons for the fair value movements.

5.7 Fair value of financial assets/(liabilities) measured at amortised cost

The fair value of financial assets/(liabilities) measured at amortised cost approximate their carrying amount.

6 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer of the Company (the "CEO") that are used to make strategic decisions.

The former CEO used to consider the business from a perspective of different product categories. Due to the business transformation of the Group and change of management personnel during the year ended 31 December 2015, management has changed its internal organisation structure to align more closely with the Group's strategic decision and market dynamics to better serve customers, in which the previous operating segments of Life Energy, Life Security, Life Touch and Others were changed to one operating segment, namely Manufacturing. The comparative segment information has been restated to reflect the current organisation structure. The Group will continue to engage in manufacturing business subsequent to the sale of assets and liabilities related to Charming Lion Limited, World Fair International Limited and Heshan World Fair Electronics Technology Limited (collectively known as "Charming Lion Group"), wholly-owned subsidiaries of the Group (Note 22).

In addition, pursuant to an announcement made by the Company on 11 November 2015, the Group has adopted securities investment ("Securities Investment") as a new business segment as a result of a change in the Group's strategy. Revenue in relation to the investment transactions of financial assets at fair value through profit or loss has been recognised in this business segment for the six months ended 30 June 2016.

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six months ended 30 June 2016

6 SEGMENT INFORMATION (continued)

In order to broaden the source of income and offer better returns to Shareholders, the Board has adopted financial services (“Financial Services”) as one of the principal business activities of the Group. The Directors will seek potential business opportunities in the financial services market so as to better utilise the existing resources to maximise return to the Shareholders, broaden the income source and improve the financial position of the Group.

The reportable segments were classified as Automation, Manufacturing, Securities Investment and Financial Services.

The revenue from external parties reported to the CEO is measured in a manner consistent with that in the condensed consolidated interim financial information.

The CEO assesses the performance of the operating segments based on a measure of operating profit, which is in a manner consistent with that of the condensed consolidated interim financial information.

Sales between segments are carried out at arm’s length. The Group’s revenue by segment is as follows:

	Six months ended 30 June 2016			Six months ended 30 June 2015		
	Total segment revenue	Inter segment revenue	Revenue from external customers	Total segment revenue	Inter segment revenue	Revenue from external customers
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
				(Restated)	(Restated)	(Restated)
Automation	264,124	—	264,124	155,003	(45)	154,958
Manufacturing	21,698	—	21,698	95,932	—	95,932
Securities investment	41,444	—	41,444	—	—	—
Financial Services	1,199	—	1,199	—	—	—
Total	328,465	—	328,465	250,935	(45)	250,890

6 SEGMENT INFORMATION *(continued)*

Reportable segment information is reconciled to profit/(loss) before income tax as follows:

	Six months ended 30 June 2016 HK\$'000 (Unaudited)	Six months ended 30 June 2015 HK\$'000 (Unaudited) (Restated)
Operating profit/(loss)		
Automation	11,053	408
Manufacturing	(23,985)	(29,618)
Securities investment	32,565	—
Financial services	1,010	—
Total	20,643	(29,210)
Unallocated		
Other gain — net	10,855	3,347
Other income	3	1,999
Administrative expenses	(16,427)	(9,560)
Finance income/(costs) — net	14,661	(2,108)
Share of losses of associates	(157)	(389)
Provision for impairment on investments in associates	—	(2,200)
Profit/(loss) before income tax	29,578	(38,121)

Certain other gain — net, other income and administrative expenses are not allocated to segments, as they are inseparable and not attributable to particular reportable segments. Finance income/(costs) — net and share of losses and impairment provision of associates are not allocated to segments, as these type of activities are managed by the central finance and accounting function, which manages the working capital of the Group.

During the period ended 30 June 2016, no provision for impairment of inventories was recorded (2015: HK\$1,000,000) in the segment results of manufacturing segment. No provision for impairment of inventories has been made for automation segment (2015: Nil).

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six months ended 30 June 2016

6 SEGMENT INFORMATION (continued)

The assets attributable to different reportable segments are reconciled to total assets as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Segment assets		
Automation	282,279	206,313
Manufacturing	141,856	6,514
Securities investment	869,818	473,326
Financial services	239,168	—
Segment assets for reportable and other segments	1,533,121	686,153
Unallocated		
Property, plant and equipment	341	634
Available-for-sale financial assets	1,019,150	287,129
Investments in associates	66,864	7,771
Prepayments, deposits and other receivables	6,670	4,248
Cash and cash equivalents	1,502,278	3,092,940
	2,595,303	3,392,722
Assets classified as held-for-sale (Note 22)	125,754	253,125
Total assets	4,254,178	4,332,000

The information provided to the CEO with respect to total assets are measured in a manner consistent with that of the annual consolidated financial statements for the year ended 31 December 2015. Segment assets represented property, plant and equipment, intangible assets, trade receivables, prepayments, deposits and other receivables, cash and cash equivalents, goodwill and inventories attributable to various reportable segments.

Unallocated segment assets comprise property, plant and equipment, prepayments, deposits and other receivables, cash and cash equivalents, investments in associates, available-for-sale financial assets and assets classified as held-for-sale which are inseparable and are not attributable to particular reportable segments.

7 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current interim period, the Group incurred expenditures of approximately HK\$3,113,000 (six months ended 30 June 2015: HK\$660,000) for property, plant and equipment and no expenditures used for intangible assets (six months ended 30 June 2015: HK\$3,062,000).

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Listed shares	932,041	200,579
Unlisted shares	87,109	86,550
	1,019,150	287,129

Certain unlisted shares of aggregated carrying amount of HK\$87,109,000 (2015: HK\$86,550,000) are measured at fair value determined by using discounted cash flow approaches which are not based on observable inputs.

The fair values of listed shares are determined on the basis of their quoted market prices at the end of reporting period.

At the end of reporting period, the Group's available-for-sale financial assets were individually reviewed for impairment by management. There was no provision for impairment recognised in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2016 and 2015. The Group does not hold any collateral over these balances.

No available-for-sale financial assets were pledged as security for bank borrowings of the Group at the end of the reporting period.

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six months ended 30 June 2016

9 TRADE RECEIVABLES

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Trade receivables	417,384	113,849
Less: Provision for impairment of receivables	(3,920)	(390)
Trade receivables — net	413,464	113,459
Less: non-current portion	—	(3,946)
Current portion	413,464	109,513

As at 30 June 2016, trade receivables of HK\$3,920,000 (2015: HK\$390,000) were impaired and provided for amounts due from these customers were aged over 120 days.

The Group generally grants a credit period of 30 days to 90 days to its customers. For customers of automation products, a credit period ranging from 30 days to 60 days after acceptance is granted. For customers of financial services, loan agreements are signed and contain a repayable on demand clause which gives the Group the unconditional right to call the loan at any time. The amounts receivable are classified as on demand. The ageing analysis of trade receivables based on invoice date is as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
On demand	221,385	—
0 to 30 days	109,836	51,906
31 to 60 days	32,890	17,203
61 to 90 days	9,641	13,040
91 to 120 days	10,758	21,560
Over 120 days	32,874	10,140
	417,384	113,849

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Non-current		
Prepayments for purchase of property, plant and equipment	5,617	—
Prepaid insurance for a director	4,446	—
	10,063	—
Current		
Prepayment for purchase of inventories	7,010	—
Utility and other deposits	2,948	1,537
Value-added tax recoverable	1,332	—
Escrow account receivable	86	1,166
Other	2,938	3,732
	14,314	6,435

11 SHARE CAPITAL AND PREMIUM

	Number of shares (thousands)	Share capital HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 January 2015	2,927,084	292,708	565,489	858,197
Shares issued (Note)	18,621,514	1,862,152	1,488,662	3,350,814
At 31 December 2015, 1 January 2016 and 30 June 2016	21,548,598	2,154,860	2,054,151	4,209,011

Note: On 9 May 2015, the Group entered into a subscription agreement with, among others, eight investors pursuant to which the investors agreed to subscribe for 18,611,994,000 new shares ("Share Subscription"). The Share Subscription was completed on 3 August 2015. The shares were issued at a price of HK\$0.18 per share for a total cash consideration of HK\$3,350,159,000. The net proceeds was HK\$3,345,054,000 (net of transaction costs of HK\$5,105,000).

In addition, the Group's employees exercised share option of 9,520,000 shares for a total cash consideration of HK\$3,998,000.

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six months ended 30 June 2016

12 BANK BORROWINGS

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Non-current		
Bank loans, secured	—	12,500
Current		
Bank loans, secured	—	12,500
Trust receipts loans, secured	8,522	5,225
	8,522	17,725
Total bank borrowings	8,522	30,225

The Group's borrowings at the end of reporting period were repayable as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Within one year	8,522	17,725
Between one and two years	—	12,500
Between two and five years	—	—
	8,522	30,225

Bank borrowings are secured by corporate guarantees provided by the Company and certain of its subsidiaries.

As at 30 June 2016 and 31 December 2015, the Group has not breached any of the banking facilities.

13 TRADE AND BILLS PAYABLES

The ageing analysis of the trade and bills payables based on invoice date is as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
0 to 30 days	51,636	24,512
31 to 60 days	31,160	15,704
61 to 90 days	1,742	2,278
91 to 120 days	1,069	—
Over 120 days	14,288	2,549
	99,895	45,043

14 ACCRUALS AND OTHER PAYABLES

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Salary and wages payable	5,538	1,437
Accrued operating expenses	2,035	554
Advance receipts from customers	14,053	6,357
Provision for value-added tax and other taxes in the People's Republic of China ("PRC")	2,831	3,923
Consideration in relation to acquisition of a subsidiary (Note 21)	17,292	—
Commission payables	2,039	1,092
Accrued professional fee	10,742	3,753
Withholding tax	4,602	4,602
Other accruals and other payables	2,783	3,795
	61,915	25,513

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six months ended 30 June 2016

15 OTHER GAIN — NET AND OTHER INCOME

	Six months ended 30 June 2016 HK\$'000 (Unaudited)	Six months ended 30 June 2015 HK\$'000 (Unaudited)
Other gain — net		
Fair value loss on financial asset at fair value through profit or loss	—	(60)
Gains on disposal of available-for-sale financial assets	10,629	3,407
Impairment loss on goodwill	(1,500)	—
Others	226	—
	9,355	3,347
Other income		
Written off of other payables	—	1,051
Other	320	948
	320	1,999

16 OPERATING PROFIT/(LOSS)

The following items have been charged to the operating profit/(loss) during the period:

	Six months ended 30 June 2016 HK\$'000 (Unaudited)	Six months ended 30 June 2015 HK\$'000 (Unaudited)
Amortisation of intangible assets	1,532	8,256
Amortisation of land use right	—	57
Depreciation of property, plant and equipment	279	7,976
Loss on disposal of property, plant and equipment	289	295
Provision for impairment on inventories	—	1,000
Provision for impairment on trade receivables	—	3,042
Transaction cost in relation to acquisition of a subsidiary (Note 21)	660	—

For the six months ended 30 June 2016, no raw materials, work in progress and finished goods are considered as obsolete (for the six months ended 30 June 2015: HK\$1,000,000). The amount of provision for impairment has been included in “cost of sales” in the condensed consolidated statement of comprehensive income.

17 FINANCIAL INCOME/(COSTS) — NET

	Six months ended 30 June 2016 HK\$'000 (Unaudited)	Six months ended 30 June 2015 HK\$'000 (Unaudited)
Finance income		
— interest income on bank deposits	8,244	1,915
— interest income on loan to an independent third party	6,887	—
	15,131	1,915
Finance costs		
— Bank loans	(451)	(2,983)
— Trust receipt loans	(19)	(701)
— Notional accretion of interest on contingent consideration payable (Note)	—	(339)
	(470)	(4,023)
Finance cost — net	14,661	(2,108)

Note: On 16 January 2012, the Group acquired 100% of the issued shares in Gallant Tech Limited. Total consideration includes a contingent consideration at fair value of approximately HK\$21.2 million which was measured based on the estimated net profit of Gallant Tech Limited and its subsidiaries (collectively “Gallant Tech Group”) for the years ended 31 December 2012, 31 December 2013 and 31 December 2014.

For the six months ended 30 June 2015, the final settlement of HK\$10,011,000 was made to the former owner of Gallant Tech Group based on the net profit of Gallant Tech Group for the year ended 31 December 2014 and an accretion of interest of HK\$339,000 at an effective interest rate has been recognised in profit or loss for the contingent consideration arrangement. The contingent consideration was fully settled as at 30 June 2015.

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six months ended 30 June 2016

18 INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 June 2016 HK\$'000 (Unaudited)	Six months ended 30 June 2015 HK\$'000 (Unaudited)
Current income tax		
— Hong Kong profit tax	(3,136)	(158)
— Overseas and PRC income tax	(313)	(392)
	(3,449)	(550)
Deferred income tax	(11,164)	3,789
	(14,613)	3,239

Provision for income tax

Hong Kong profit tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 June 2016 (for the six months ended 30 June 2015: 16.5%).

The statutory income tax rate applicable to entities operating in the PRC is 25% (for the six months ended 30 June 2015: 25%).

19 EARNINGS/(LOSS) PER SHARE

(a) Basic

The basic earnings/(loss) per share for the period is calculated by dividing the profit/(loss) attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue.

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)
Profit/(loss) attributable to equity holders of the Company (HK\$'000)	14,851	(34,882)
Weighted average number of ordinary shares in issue (thousands)	21,548,598	2,927,084
Basic earnings/(loss) per share (expressed in Hong Kong cents per share)	0.07	(1.19)

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six months ended 30 June 2016

19 EARNINGS/(LOSS) PER SHARE (continued)

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June 2016 HK\$'000 (Unaudited)	Six months ended 30 June 2015 HK\$'000 (Unaudited)
Earnings/(loss)		
Profit/(loss) attributable to equity holders of the Company (HK\$'000)	14,851	(34,882)
Weighted average number of ordinary shares in issue (thousands)	21,548,598	2,927,084
Adjustments for:		
— Share options (thousands)	1,007	—
Weighted average number of ordinary shares for diluted earnings per share (thousands)	21,549,605	2,927,084
Diluted earnings/(loss) per share (expressed in Hong Kong cents per share)	0.07	(1.19)

20 DIVIDENDS

	Six months ended 30 June 2016 HK\$'000 (Unaudited)	Six months ended 30 June 2015 HK\$'000 (Unaudited)
2015 final dividend paid — HK\$0.25 cents per share	53,871	—

No interim dividend was declared by the board of directors for the six months ended 30 June 2016 (for the six months ended 30 June 2015: Nil).

21 BUSINESS COMBINATIONS

On 3 May 2016, the Group acquired 70% of the issued shares in KB Credit Limited (“KB Credit”), a company that is principally engaged in the money lending business, for consideration of HK\$31.7 million. The acquisition is expected to broaden the source of income for the Group and provide an opportunity for the Group to enter into the financial and money lending market in Hong Kong. None of the goodwill recognised is expected to be deductible for income tax purposes.

As at 30 June 2016, the fair value of identifiable assets and liabilities was determined provisionally. Based on the preliminary purchase price allocation, the provisional goodwill amounted to HK\$17.1 million and arises mainly from expected synergies through combining a highly skilled workforce and obtaining immediate access to the financial and money lending market in Hong Kong from the acquisitions of KB Credit and five other companies, which were completed on 4 July 2016 and 1 August 2016, respectively (collectively the “China Yinsheng Group”) (Note 27); and unrecognised assets such as the workforce.

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six months ended 30 June 2016

21 BUSINESS COMBINATIONS (continued)

The following table summarises the consideration paid for KB Credit, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	3 May 2016 HK\$'000
Purchase consideration	
— Cash paid	14,411
— Amount payable (Note 14)	17,292
Total purchase consideration	31,703
Recognised amounts of identifiable assets acquired and liabilities assumed	
Provisional fair value	
Cash and cash equivalents	311
Trade receivables	20,147
Fixed assets	48
Intangible assets	432
Accruals and other payables	(145)
Total identifiable net assets	20,793
Non-controlling interest	(6,238)
Provisional goodwill	17,148
	31,703
Acquisition-related costs (included in administrative expenses)	660
Outflow of cash to acquire business, net of cash acquired	
— cash consideration	14,411
— cash and cash equivalents in subsidiary acquired	(311)
Cash outflow on acquisition	14,100

21 BUSINESS COMBINATIONS *(continued)*

(a) **Acquired receivables**

The fair value of trade receivables is HK\$20,147,000 and is stated at fair value. The gross contractual amount for trade receivables due is HK\$20,147,000 and no amount is expected to be uncollectible.

(b) **Provisional fair value of identified assets acquired and liabilities assumed**

The fair value of identified assets acquired and liabilities assumed is provisional pending the finalisation of valuations for those assets and liabilities.

(c) **Non-controlling interest**

The non-controlling interest is measured at the proportion of net assets value for this acquisition.

(d) **Revenue and profit contribution**

The acquired business contributed revenues of HK\$1,199,000 and net profit of HK\$422,000 to the Group for the period from 4 May 2016 to 30 June 2016. If the acquisition had occurred on 1 January 2016, revenue and profit for the half year ended 30 June 2016 attributable by KB credit would have been HK\$1,533,000 and HK\$597,000, respectively.

22 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

As at 31 December 2015, the assets and liabilities related to Charming Lion Limited, World Fair International Limited and Heshan World Fair Electronics Technology Limited (collectively known as “Charming Lion Group”), wholly-owned subsidiaries of the Group, have been presented as held-for-sale following the approval of the Group’s management to sell Charming Lion Group.

During the six months ended 30 June 2016, the Group’s management has refined the disposal plan and identified the specified assets and liabilities to be classified as held-for-sale as disclosed below. As a result, certain assets had been reclassified from “assets of disposal group classified as held-for-sale” back to the Group.

The Group will continue to engage in manufacturing business subsequent to the sale of Charming Lion Group.

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six months ended 30 June 2016

22 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (continued)

(a) Assets of disposal group classified as held-for-sale

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Property, plant and equipment	66,291	66,013
Land use right	4,575	4,575
Deferred income tax assets	3,926	8,992
Trade receivables	—	16,834
Prepayments, deposits and other receivables	2,913	9,112
Inventories	48,049	53,238
Cash and cash equivalents	—	92,830
Available-for-sale financial asset	—	559
Financial assets at fair value through profit or loss	—	972
Total	125,754	253,125

(b) Liabilities of disposal group classified as held-for-sale

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Bank borrowings	—	17,045
Trade payables	13,552	17,200
Accruals and other payables	8,477	13,396
Deferred income tax liabilities	180	156
Current income tax liabilities	12,769	12,758
Total	34,978	60,555

23 OPERATING LEASE COMMITMENTS

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases of the Group were as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
No later than one year	5,209	5,516
Later than one year and not later than five years	10,176	1,875
	15,385	7,391

24 CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment of the Group were as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Not later than one year	1,588	—
Later than one year and not later than five years	158	—
	1,746	—

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six months ended 30 June 2016

25 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) The Group has renewed a three-year residential premises lease agreement with Mr. Wong Kwok Fong (former controlling shareholder) on 15 December 2013, pursuant to which Heshan World Fair Electronics Technology Limited agreed to lease from Mr. Wong Kwok Fong certain residential premises in Jiangmen, the PRC, at an annual rental of RMB1,200,000 as residences for the Group's senior management ("Existing Lease Agreement"). The Existing Lease Agreement was early terminated on 31 December 2015 and a new lease agreement was entered to renew the Existing Lease Agreement for a term of three years commencing from 1 January 2015 at an annual rental of RMB408,000.

(b) **Key management compensation**

Key management includes only the board of directors, and their compensation disclosed as follows:

	Six months ended 30 June 2016 HK\$'000 (Unaudited)	Six months ended 30 June 2015 HK\$'000 (Unaudited)
Directors' fees	1,054	1,053
Basic salaries, housing allowances, other allowances and benefits in kind	1,107	1,042
Contributions to pension plans	9	9
	2,170	2,104

(c) Mr. Wong Kwok Fong and Ms. Ching Pui Yi, former controlling shareholders, have agreed to fully indemnify the Group and hold the Group harmless for all costs and expenses in relation to the Group's failure to obtain the requisite licences and permits and any demolish costs for certain properties of the Group.

26 SHARE-BASED PAYMENTS

Share options were granted to directors, certain members of the senior management and employees of the Company on 17 June 2013 (the “Date of Grant”). The exercise price of the granted options is HK\$0.42, which represents the highest of (i) the official closing price of HK\$0.41 per Company’s share as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the Date of Grant; (ii) the average closing price of HK\$0.42 per Company’s share as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the Date of Grant; and (iii) the nominal value of the Company’s share. Options are granted unconditionally and vested immediately on the Date of Grant. The options are exercisable in ten years starting from the Date of Grant. The Group has no legal or constructive obligation to repurchase or settle options in cash.

Movements in the number of share options outstanding and their related exercise prices are as follows:

	Exercise price in HK\$ per share option	Options (thousands)
At 1 January and 30 June 2016	0.42	2,000

All outstanding options were exercisable upon the Date of Grant. No option was exercised during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

The fair value of options granted during the period ended 30 June 2015 determined using Binomial-Model was HK\$0.185 per option. The significant inputs into the model was share price of HK\$0.41 at the Date of Grant, exercise price shown above, volatility of 65%, dividend yield of 2%, an expected option life of ten years and an annual risk-free interest rate of 1.59%. The volatility is assumed based on the daily share price volatility of the Company and comparable companies for a historical observation period equal to the life of the options. Since the Company has a trading history shorter than the life of the options, volatility was calculated with reference to comparable companies listed in Hong Kong and in the same industry as the Company.

No share option expenses were recognised in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2016 (Six months ended 30 June 2015: Nil).

Notes to the Condensed Consolidated Interim Financial Information (continued)

For the six months ended 30 June 2016

27 SUBSEQUENT EVENTS

- (1) On 13 June 2016, the Group entered into the sale and purchase agreement with Shenzhen Dahua Construction Engineering Co., Ltd. ("Shenzhen Dahua"), pursuant to which, the Group has conditionally agreed to purchase, the Shenzhen Dahua has conditionally agreed to sell, all the equity interests of 深圳鴻勝節能科技有限公司 (for identification only, Shenzhen Hongsheng Energy-saving Technology Co., Ltd.) ("Hongsheng"), at a consideration of RMB380,000,000. The transaction was completed where upon in July 2016, Hongsheng and its subsidiaries became subsidiaries of the Group and their result will be consolidated into the financial statements of the Group.
- (2) On 4 July 2016, the Group completed the acquisition of 70% interests in China Yinsheng Asset Management Limited, China Yinsheng Securities Limited, China Yinsheng Wealth Management Limited and KB Investment Limited. Subsequent to the transaction, these entities became the indirect subsidiaries of the Group, the results of which will be consolidated into the financial statements of the Group.
- (3) On 1 August 2016, the Group completed the acquisition of 70% interests in KB Bullion Limited. Subsequent to the transaction, KB Bullion Limited became an indirect subsidiary of the Group, the results of which will be consolidated into the financial statements of the Group.
- (4) Furthermore, on 12 August 2016, the Group made additional investment into Target Group, leading to an increase in equity interests from 70% to 80%.

Management Discussion and Analysis

BUSINESS REVIEW

Automation

During the first half of 2016, the automation business, recorded a significant increase in revenue to HK\$264.1 million (first half of 2015: HK\$155.0 million), accounting for 80.4% (first half of 2015: 61.8%) of the Group's total revenue. The significant increase in revenue was mainly attributable to the securing of various wholesale orders and the increase in sales of well-profitated automatic optical inspection (AOI) equipment in the period.

Manufacturing Business

Given the increasingly narrow margin of electronic manufacturing services, the Group continued to eliminate its low-margin and low value-added electronic manufacturing business. During the first half of 2016, total revenue from this segment amounted to HK\$21.7 million, a decrease of 77.4% as compared with the corresponding period in 2015. The business included HK\$18.9 million (first half of 2015: HK\$96.0 million) from the electronic manufacturing services and HK\$2.8 million (first half of 2015: N/A) from the new energy industry and light-emitting diode ("LED") manufacturing business.

Securities Investment

Aiming at broadening the source of revenue and offering a better return to its shareholders, the Group included securities investment in its main business portfolio. During the first half of 2016, the Group recorded an increase in profit mainly due to the income from listed securities investment of approximately HK\$41.4 million (first half of 2015: N/A).

Financial Services

During the first half of 2016, total revenue from the new segment of financial services was HK\$1.2 million (first half of 2015: N/A), which was mainly generated from KB Credit Limited, a company acquired and owned as to 70% interests by the Group.

On 30 March 2016, the Group entered into an agreement with China Yinsheng, pursuant to which, the Group has conditionally agreed to purchase, and China Yinsheng has conditionally agreed to sell 70% interests of the Target Group, at a consideration of HK\$255,738,962. Upon completion, the Group will hold 70% interests of the Target Group. The Group completed the acquisition of KB Credit Limited on 3 May 2016, and thereafter all the other acquisitions on 4 July and 1 August 2016, reflecting China Goldjoy entering into the financial service market in Hong Kong and adopting financial services as one of its main businesses. Given that completion of these acquisitions did not take place until after the period under review, such businesses had no significant contribution to the result of the Group for the period under review but are expected to bring notable revenue to the Group in the second half of the year.

On 1 April 2016, the Group completed the acquisition of 33.21% interests in Zhanjiang JFT, a financial institution in the PRC. As a result, Zhanjiang JFT becomes an associate of the Group. Zhanjiang JFT provides comprehensive financial services, including but not limited to industrial merger & acquisition funds, private equity funds, crowd-funding, third-party payments (pre-paid card and internet payments) and petty loans. The acquisition enables the blueprint for the Group to provide internet financial services and enhance the value of financial services.

Management Discussion and Analysis (continued)

Investment and Partnership

To enhance the level of technology and to develop partnerships with various top-notch technology companies, the Group invests in a number of industry-leading technology companies specialising in biometric security, wireless data transmission and communication technologies which may be divided into two major categories, listed and unlisted companies. Besides, the Group also invest in financial institution which is in line with the Group's investment strategy to capture development opportunities in financial services enterprises in the PRC.

Listed Companies

As at 30 June 2016, the Group holds shares in the following listed technology companies: 1) BIO-key (a U.S. public company that is listed and traded on the OTCQB, primarily engaged in advanced biometric solutions); 2) IDEX ASA (a Norwegian public company listed on the Oslo Axess market of the Oslo Stock Exchange, primarily engaged in the development and sales of information technology products).

As at 30 June 2016, the Group holds 5.47% equity interests in China Zhesang Bank to further expand the Group's securities investment business.

Unlisted Companies

As at 30 June 2016, the Group holds shares in the following unlisted companies: 1) Kili Corporation ("Kili", a private technology company primarily engaged in authentication in civilian markets and secure payment software technology. It holds interests in Square, Inc. ("Square", a mobile payment and retail technology company listed in New York stock exchange), through which, the Group also indirectly holds the equity interests in Square); 2) Keyssa Inc. (a U.S. privately-held company whose engaged in developing wireless technology for data transfer); and 3) Powermat Technologies Ltd. ("Powermat", a U.S. privately-held company providing wireless power solutions for consumers, OEM and public venues).

FINANCIAL REVIEW

Revenue

The total revenue of the Group during the first half of 2016 amounted to HK\$328.4 million, an increase of 30.9% as compared with the corresponding period last year.

The following table shows an analysis of the Group's revenue for the period by business segment:

	30 June 2016		30 June 2015		Change
	HK\$ million	Proportion to total revenue	HK\$ million	Proportion to total revenue	
Automation	264.1	80.4%	155.0	61.8%	70.4%
Manufacturing	21.7	6.6%	96.0	38.2%	(77.4)%
Securities Investment	41.4	12.6%	—	—	—
Financial Services	1.2	0.4%	—	—	—
Total	328.4	100.0%	251.0	100.0%	

During the period under review, the increase in revenue was mainly attributable to increased revenue from the (i) automation business, (ii) securities investment business and (iii) financial services, offset by the decreased of revenue from manufacturing business. During such period, the automation business continued to be the major source of revenue of the Group, accounting for 80.4% of the total revenue. Due to further elimination of its low-margin and low value-added electronic manufacturing business, while the new energy industry and LED manufacturing business has just started at the second quarter of 2016, the contribution to the Group's revenue from the manufacturing business decreased to 6.6%.

Gross Profit and Margin

As of 30 June 2016, the gross profit was HK\$93.2 million, the gross profit margin was 28.4%, reflecting a significant improvement as compared to a gross profit of HK\$30.0 million, gross profit margin of 11.9% for the corresponding period in 2015. The change was mainly due to the improved performance in automation business and the gain reported in the Group's investment in listed securities.

Other Gains — Net

Net other gains increased by HK\$6.0 million as compared with the corresponding period in 2015 mainly due to the increase in gain on disposal of available-for-sale financial assets of approximately HK\$10.6 million, which was partly offset by the impairment on goodwill of approximately HK\$1.5 million.

Distribution Costs

Distribution costs were HK\$10.3 million, accounting for 3.1% of total revenue, representing a decrease of 5.0% as compared with the corresponding period in 2015. The decrease was mainly caused by the reduction in advertising, promotion and exhibition expenses.

Administrative Expenses

Administrative expenses were HK\$77.5 million, accounting for 23.6% of total revenue, representing an increase of 33.8% with corresponding period in 2015. The increase was mainly due to the (i) increase in exchange loss by HK\$9.4 million caused by the depreciation of Renminbi, (ii) increase in legal and professional fee by HK\$7.0 million and increase in staff salaries and director's emolument by HK\$5.3 million caused by business expansion.

Finance Income/(Costs) — net

Net finance income was HK\$14.7 million, as compared to net finance costs of HK\$2.1 million during the corresponding period in 2015. The change was primarily resulted from more interest income from deposits and interest income from a loan borrowed to an independent third party.

Income Tax (Expenses)/Credit

Income tax expenses increased by 556.2% to HK\$14.6 million, as compared to income tax credit of HK\$3.2 million during the corresponding period in 2015. The change was mainly due to an increase in profit.

Profit/(Loss) for the Period

Profit for the period was HK\$15.0 million, as compared to a loss of HK\$34.9 million during the corresponding period in 2015.

Management Discussion and Analysis (continued)

FINANCIAL RESOURCES REVIEW

Liquidity Financial Resources and Debt Structure

Adhering to a conservative financial management system, the Group continued to maintain a healthy and solid liquidity position. As of 30 June 2016, the Group's cash and cash equivalents totaled HK\$1,944.3 million (31 December 2015: HK\$3,251.6 million). Working capital represented by net current assets amounted to HK\$2,876.2 million (31 December 2015: HK\$3,825.2 million). The current ratio was 14.4 (31 December 2015: 25.3).

Bank borrowings included trust receipt loans of HK\$8.5 million (31 December 2015: HK\$5.3 million) and no bank loans (31 December 2015: HK\$25.0 million). These bank borrowings were secured by corporate guarantees provided by the Company and certain of its subsidiaries. As at 30 June 2016, the Group was in a net cash position of HK\$1,935.8 million (31 December 2015: HK\$3,221.3 million).

Capital Commitments

As of 30 June 2016, the Group had contracted but not provided for capital commitments HK\$1.7 million (31 December 2015: Nil), and did not have any authorised but not contracted for capital commitments (31 December 2015: Nil).

Currency Exposure and Management

During the period, the Group's receipts were mainly denominated in US dollars and Hong Kong dollars. The Group's payments were mainly made in US dollars, Hong Kong dollars and Renminbi.

In respect of Renminbi, as the Group's production plants are located in the PRC, most of the labour costs and manufacturing overheads were denominated in Renminbi. Therefore, the fluctuation of Renminbi will have an impact to the Group's profitability. The Group will closely monitor the trend of Renminbi and, if necessary, consider entering into foreign exchange forward contracts with reputable financial institutions to reduce potential exposure to currency fluctuations. During the period under review, the Group has not entered into any foreign exchange forward contracts.

Future plans for capital investments and expected source of funding

The Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and to an extent by bank borrowings. The Group has sufficient resources of funding and unutilised banking facilities to meet its capital expenditure and working capital requirement.

EMPLOYEES

As of 30 June 2016, the Group employed approximately 400 (31 December 2015: 500) full-time staff principally in Hong Kong and Mainland China.

The Group remunerates and provides benefits for its employees based on current industry practice. Discretionary bonuses are awarded to staff based on the financial performance of the Group and performance of individual staff.

In addition, share options are granted to eligible employees in accordance with the terms of the Company's share option scheme adopted on 24 November 2010.

BUSINESS OUTLOOK

Going forward, the Group will maintain its key strategy to develop high value-added and well diversified businesses. In the past year, the Group managed to eliminate its low-margin and low value-added electronic manufacturing business in an effort to continuously optimise its business performance. The Group will pursue its strategy of steady growth for the benefits of its shareholders and proactively identify suitable investment opportunities in areas like comprehensive financial services, asset management and emerging industry for the facilitation of business transformation.

During the period under review, the Group entered into sale and purchase agreement with China Yinsheng to acquire 70% equity interests of the Target Group engaged in providing financial services. Such acquisitions were completed on 3rd May, 4th July and 1st August 2016. The Group also acquired 33.21% equity interest in a company engaged in internet financial services during the same period. Furthermore, on 12 August 2016, the Group made additional investment into Target Group, leading to an increase of interest to 80%. The Group will obtain relevant licenses through members under it to enter into asset and wealth management, securities, futures and precious metals trading, and credit financing services in Hong Kong and develop private equity funds in the PRC. Through acquisition and development of various financial institutions will enable the Group to provide more comprehensive financial services to its clients and generate better synergies by way of cross-selling and building a comprehensive client platform for different financial services. Given the considerable growth potential in the financial services sector, the Group will proactively identify potential business opportunities in the financial services market and make more effective use of existing resources to execute its diversified development strategies for the purpose of maximising its source of revenue and improvement of shareholders' return.

During the first half of 2016, the Group developed its new energy industry and LED manufacturing business. In the future, the Group will focus on the introduction of advanced techniques and high-caliber personnel to improve its core competitiveness with industry-leading product research and development capability and manufacturing strength in such area, facilitating the launch of its products into domestic and international markets. Meanwhile, the management team will look for excellent enterprises in the market in line with the business position of the Group, and, by means of cooperation or merger and acquisition, integrate with its existing businesses so as to improve its competitiveness in scientific research and development, equipment manufacturing, application and promotion and industry services in the new energy industry. Such investments are expected to bring significant benefits to the long-term development of the Group.

On 13 June 2016, the Group announced the acquisition of the 100% equity interests in Hongsheng and by way of the acquisition, the Group would obtain 50% equity interests and control of 深圳邦凱新能源股份有限公司 (for identification only, Shenzhen B&K New Energy Co., Ltd.) ("Shenzhen B&K"). The acquisition was completed in July 2016. Shenzhen B&K is principally engaged in the production and operation of machinery and electronic products and the development of new energy technologies. Shenzhen B&K holds a piece of land of approximately 120,000 square meters at the core area of Guangming New District in Shenzhen. Currently, construction of properties of approximately 100,000 square meters has been completed and the remaining undeveloped land is reserved for the purpose of development and construction upon completion of local government planning. The acquisition was targeted to support the Group to develop its own new energy industry and LED manufacturing business as well as related research and development, and to develop and operate the land it holds in accordance with local government planning.

Management Discussion and Analysis (continued)

As for automated production equipment, to further improve business and meet customer needs, Gallant Tech plans to expand its product lines to peripheral auxiliary equipment, aside from the existing SMT assembly and testing equipment and semiconductor packaging equipment. Besides, Gallant Tech is expected to strengthen its after-sale and maintenance services to consolidate its customer base and broaden its source of revenue and accordingly reinforce its competitiveness in the industry. The Group is optimistic toward the long-term development of the automation business.

Going forward, the Group will continue to actively focus on investment opportunities in financial services, assurance and reinsurance industry, new energy and new scientific technology industry. Keeping in steps with market trends, the Group will also develop a business blueprint, which is wider than the Great China market, in Hong Kong, Macau and the PRC, aligned with the building of financial services platform progressively in other key economies across the world so as to attract and utilise global capitals and financial resources to boost the ability of the Group in providing comprehensive financial services to its clients across the PRC area. Leveraging its competitive edges, the Group will also drive the development of the biometric security technology and new energies and endeavor to generate optimal returns for its shareholders.

Other Information

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: HK\$Nil cents per share).

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

On 21 March 2016, the Company announced the placing up to 585,416,800 new shares under the general mandate (the "Proposed Placing"). The Proposed Placing was not completed. Save for the Proposed Placing, neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2016.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 30 June 2016, the interests and short positions of the Directors and chief executives of the Company or their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name of director	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Yao Jianhui ^(Note)	Interest in controlled corporation	10,771,835,600	49.99%
	Beneficial owner	15,852,000	0.07%

Note:

Mr. Yao Jianhui holds 100% of Tinmark Development Limited, which is the beneficial owner of 10,771,835,600 shares in the Company. Mr. Yao also holds 15,852,000 shares in the Company.

Save as disclosed above, as of 30 June 2016, none of the Directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information (continued)

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Scheme (as defined in the section headed "Share Option Scheme" below), at no time during the six months ended 30 June 2016 was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save for the disclosed, none of the Directors or chief executives of the Company or their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right during the six months ended 30 June 2016.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur in or sustain or about the execution of the duties of their office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 30 June 2016, the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in the shares and underlying shares of the Company

Name of substantial shareholders	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Tinmark Development Limited	Beneficial owner	10,771,835,600	49.99%
前海人壽保險股份有限公司	Beneficial owner	4,219,560,000	19.58%
Taiping Assets Management (HK) Company Limited ^(Note 1)	Investment Manager	4,219,560,000	19.58%

Note 1:

Taiping Assets Management (HK) Company Limited as the investment manager of these shares is also deemed to be interested in such Shares.

Save as disclosed above, as of 30 June 2016, the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”), which was adopted pursuant to a resolution in writing passed by the shareholders of the Company on 24 November 2010, for the purpose of providing incentive or reward to eligible participants for their contributions to, and continuing efforts to promote the interests of, the Company and to enable the Group to recruit and retain employees of high calibre. The Scheme became effective on 24 November 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Eligible participants of the Scheme include the following:

- (i) Full-time or part-time employees; and
- (ii) Full-time or part-time executive directors and independent non-executive directors of any member of the Group.

As of the date of this report, the total number of shares of the Company available for issue under the Scheme is 275,480,000, representing approximately 1.28% of the issued share capital of the Company as of the date of this report.

The total number of shares issued and which may fall to be issued upon exercise of the options granted and to be granted under the Scheme (including exercised, cancelled and outstanding options) to each eligible person, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting with such eligible persons and his associates abstaining from voting and other requirements prescribed under the Listing Rules from time to time.

Any grant of options to a Director, chief executive or to a substantial shareholder of the Company or any of their respective associates is required to be approved by the Independent Non-Executive Directors (excluding the Independent Non-Executive Director who is the grantee of the options). Where any grant of options to a substantial shareholder or an Independent Non-Executive Director or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant:

- (i) representing in aggregate over 0.1% of the shares in issue on the date of the offer; and
- (ii) having an aggregate value in excess of HK\$5 million, based on the closing price of the Company's shares at the date of such grant,

Other Information (continued)

such further grant of options will be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting in favour at such meeting and other requirements prescribed under the Listing Rules from time to time.

The offer of a grant of share options may be accepted by the date specified in the offer letter, upon payment of a nominal consideration of HK\$1 by the grantee.

There is no general 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 particular option.

Upon acceptance, the date of grant of any particular option is deemed to be the date of the Board resolution approving the grant in accordance with the Scheme. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant. No option may be granted more than 10 years after the date of approval of the Scheme. Subject to earlier termination in accordance with the terms of the Scheme, the Scheme shall be valid and effective for a period of 10 years from the date of adoption of the Scheme by the shareholders.

Details of the share options as at 30 June 2016 which have been granted under the scheme are as follows:

	Number of options (in thousands)				Held at 30 June 2016	Exercise price per share HK\$	Exercisable period
	Held at 1 January 2016	Granted during the year	Cancelled/ lapsed during the year	Exercised during the year			
Employees	2,000	—	—	—	2,000	0.420	17 June 2013 to 16 June 2023
Total	2,000	—	—	—	2,000		

Save as disclosed above, no share options of the Company were granted, exercised, cancelled or lapsed during the period.

CORPORATE GOVERNANCE

The Company is maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well preserving the interests of the shareholders as a whole. The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) in Appendix 14 to the Listing Rules, except that there is no separation of the roles of Chairman and Chief Executive Officer as stipulated in the code provision A2.1 of the CG code. Mr. Yao Jianhui (“Mr. Yao”) currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. Mr. Yao has extensive experience in a wide range of industries, including food, construction materials, real estate, commerce, agricultural and forestry, logistics, technology and finance. The Board believes that by holding both roles, Mr. Yao will be able to provide the Group with strong and consistent leadership and more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group. Furthermore, the Company’s present management structure comprises sufficient number of Independent Non-Executive Directors, and thus the Board believes that a balance of power and authority has been and will be maintained.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding securities transactions of the directors of the Company. All directors of the Company have confirmed that throughout the six months ended 30 June 2016, they have complied with the provisions of the Model Code.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee was established on 28 November 2009 with written terms of reference set out in the CG Code. The principal duties of the audit committee includes the review of the Group’s financial reporting matters, risk management and internal control procedures.

At present, the Audit Committee comprises one non-executive Director, namely Mr. Huang Wei and two Independent Non-Executive Directors, namely Mr. Wong Chun Bong and Professor Lee Kwok On, Matthew, of which Mr. Wong Chun Bong is the chairman.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters, including the review of the financial statements of the Group for the six months ended 30 June 2016. The consolidated financial statements for the six months ended 30 June 2016 have been reviewed by the Company’s independent auditor, PricewaterhouseCoopers.

Other Information (continued)

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

- (1) On 13 June 2016, the Group entered into the sale and purchase agreement with Shenzhen Dahua, pursuant to which, the Group has conditionally agreed to purchase, the Shenzhen Dahua has conditionally agreed to sell, all the equity interests of Hongsheng, at a consideration of RMB380,000,000. The transaction was completed where upon in July 2016, Hongsheng and its subsidiaries became subsidiaries of the Group and their result will be consolidated into the financial statements of the Group.
- (2) On 4 July 2016, the Group completed the acquisition of 70% interests in China Yinsheng Asset Management Limited, China Yinsheng Securities Limited, China Yinsheng Wealth Management Limited and KB Investment Limited. Subsequent to the transaction, these entities became the indirect subsidiaries of the Group, the results of which will be consolidated into the financial statements of the Group.
- (3) On 1 August 2016, the Group completed the acquisition of 70% interests in KB Bullion Limited. Subsequent to the transaction, KB Bullion Limited became an indirect subsidiary of the Group, the results of which will be consolidated into the financial statements of the Group.
- (4) Furthermore, on 12 August 2016, the Group made additional investment into Target Group, leading to an increase in equity interests from 70% to 80%.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the management team and staff of the Group for their contribution during the period and also to give our sincere gratitude to all our shareholders and business partners for their continuous support.

By order of the Board
China Goldjoy Group Limited
Yao Jianhui
Chairman and Chief Executive Officer

Hong Kong, 26 August 2016



中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED

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