



SHENWAN HONGYUAN (H.K.) LIMITED
申萬宏源（香港）有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 218)



Interim Report
2016

RESULTS

The board of directors (the “Board”) of Shenwan Hongyuan (H.K.) Limited (the “Company”) are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016 together with comparative figures for the corresponding period of last year.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
	Notes		
REVENUE	3	202,723	429,430
Other gains, net	3	2,499	4,453
Commission expenses		(31,189)	(96,881)
Employee benefit expenses		(60,923)	(109,416)
Depreciation expenses		(2,506)	(2,627)
Interest expenses for financial service operations		(2,466)	(11,656)
Other expenses, net		(55,991)	(73,938)
PROFIT BEFORE TAX		52,147	139,365
Income tax expense	4	(4,404)	(14,949)
PROFIT		47,743	124,416
Attributable to:			
Ordinary equity holders of the Company		47,744	124,416
Non-controlling interests		(1)	-
		47,743	124,416
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (BASIC AND DILUTED)	5	6.00 cents	15.70 cents

Details of the proposed dividend (if any) for the period are disclosed in note 6 to the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
PROFIT	47,743	124,416
OTHER COMPREHENSIVE INCOME/(LOSS): Items that may be reclassified to profit or loss in subsequent periods:		
Disposal of an available-for-sale investment	-	(167)
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX	-	(167)
TOTAL COMPREHENSIVE INCOME	47,743	124,249
Attributable to:		
Ordinary equity holders of the Company	47,744	124,249
Non-controlling interests	(1)	-
	47,743	124,249

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		11,627	12,221
Stock and Futures Exchange trading rights		4,212	4,212
Other assets		26,657	26,006
Available-for-sale investments	7	2,470	2,470
Deferred tax assets		7,267	7,304
Total non-current assets		52,233	52,213
CURRENT ASSETS			
Investments at fair value through profit or loss	7	120,127	42,980
Accounts receivable	8	533,450	879,937
Loans and advances	9	1,910,769	2,053,818
Prepayments, deposits and other receivables		24,077	21,253
Tax recoverable		1,072	1,172
Bank balances held on behalf of clients	10	4,367,135	3,862,085
Cash and bank balances		342,451	511,804
Total current assets		7,299,081	7,373,049
CURRENT LIABILITIES			
Accounts payable	11	4,717,235	4,448,656
Other payables and accruals		72,062	127,599
Interest-bearing bank borrowings	12	482,340	749,680
Tax payable		22,148	17,889
Total current liabilities		5,293,785	5,343,824
NET CURRENT ASSETS		2,005,296	2,029,225
TOTAL ASSETS LESS CURRENT LIABILITIES		2,057,529	2,081,438
NON-CURRENT LIABILITY			
Deferred tax liability		266	266
NET ASSETS		2,057,263	2,081,172
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Share capital		1,200,457	1,200,457
Other reserves		854,177	878,085
Non-controlling interests		2,054,634	2,078,542
		2,629	2,630
TOTAL EQUITY		2,057,263	2,081,172

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to ordinary equity holders of the Company						
	Share capital HK\$'000	Capital reserve HK\$'000	Available- for-sale investment revaluation reserve HK\$'000	General reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000	Non- controlling interests HK\$'000
At 1 January 2015 (Audited)	580,120	15	167	138	733,425	1,313,865	2,631
Profit for the period	-	-	-	-	124,416	124,416	-
Other comprehensive income for the period: Disposal of an available-for-sale investment	-	-	(167)	-	-	(167)	-
Total comprehensive income for the period, net of tax	-	-	(167)	-	124,416	124,249	-
Final 2014 dividend declared and paid Issue of shares from rights issue	620,337	-	-	-	(39,807)	(39,807)	-
At 30 June 2015 (Unaudited)	1,200,457	15	-	138	818,034	2,018,644	2,631
						2,021,275	

Total comprehensive income for the period, net of tax: 124,249

Final 2014 dividend declared and paid: (39,807)

Issue of shares from rights issue: 620,337

At 30 June 2015 (Unaudited): 2,021,275

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

	Attributable to ordinary equity holders of the Company						
	Share capital HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2016 (Audited)	1,200,457	15	138	877,932	2,078,542	2,630	2,081,172
Total comprehensive income for the period, net of tax	-	-	-	47,744	47,744	(1)	47,743
Final 2015 dividend declared and paid	-	-	-	(71,652)	(71,652)	-	(71,652)
At 30 June 2016 (Unaudited)	1,200,457	15	138	854,024	2,064,634	2,629	2,057,263

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		52,147	139,365
Adjustments for:			
Fair value gain from an unlisted available-for-sale investment (transfer from equity on disposal)	3	-	(167)
Depreciation		2,506	2,627
Gain on disposal of items of property, plant and equipment		(15)	-
		54,638	141,825
Increase in other assets		(651)	(10,965)
Decrease in available-for-sale investments		-	5,140
(Increase)/decrease in investments at fair value through profit or loss		(77,147)	45,780
Decrease/(increase) in accounts receivable		346,487	(257,175)
Decrease/(increase) in loans and advances		143,049	(1,660,666)
Increase in prepayments, deposits and other receivables		(2,824)	(2,490)
Increase in bank balances held on behalf of clients		(505,050)	(1,019,235)
Increase in accounts payable		268,579	1,183,155
(Decrease)/increase in other payables and accruals		(55,537)	148,653
		171,544	(1,425,978)
Cash generated from/(used in) operations		100	-
Hong Kong profits tax refunded		(108)	(336)
Overseas taxes paid			
		171,536	(1,426,314)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(1,912)	(1,725)
Proceeds from disposal of items of property, plant and equipment		15	-
		(1,897)	(1,725)
Net cash flows used in investing activities			

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Cont'd)

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (payment to)/proceeds from bank loans	(267,340)	1,056,041
Net proceeds from issuance of shares upon rights issue	–	620,337
Dividend paid	(71,652)	(19,539)
Net cash flows (used in)/from financing activities	(338,992)	1,656,839
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	(169,353)	228,800
Cash and bank balances at beginning of period	511,804	272,195
CASH AND BANK BALANCES AT END OF PERIOD	342,451	500,995
<i>Net cash flows used in operating activities include:</i>		
<i>Interest received</i>	12,566	11,736
<i>Dividend received</i>	112	476

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES

General Information

These unaudited interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and are in compliance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“the HKICPA”).

The financial information relating to the year ended 31 December 2015 that is included in this interim report 2016 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements for the year ended 31 December 2015. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

1. GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

Principal Accounting Policies

The accounting policies and methods of computation adopted in the preparation of these unaudited interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2015, except that in the current period, the Group has adopted certain revised Hong Kong Financial Reporting Standards ("HKFRSs") and interpretation as detailed in note (a) below.

(a) Changes in accounting policy and disclosures

The Group has adopted the following revised HKFRSs and interpretation issued by the HKICPA. However, the adoption of these revised HKFRSs and interpretation has had no material effect on these financial statements.

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 Statement</i>
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

(b) Issued but not yet effective Hong Kong Financial Reporting Standards

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

HKFRS 9	<i>Financial Instrument¹</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale of Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
HKFRS 15	<i>Revenue from Contracts with Customers¹</i>
HKFRS 16	<i>Leases³</i>

¹ Effective for annual periods beginning on or after 1 January 2018

² No mandatory effective date yet determined but is available for adoption

³ Effective for annual periods beginning on or after 1 January 2019

1. GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

Principal Accounting Policies (Cont'd)

(b) Issued but not yet effective Hong Kong Financial Reporting Standards (Cont'd)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on classification and measurement of the Group's financial assets.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. For lessee accounting, the standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. For lessor accounting, the standard substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its lease as operating leases or finance leases, and to account for these two types of leases differently. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

2. OPERATING SEGMENT INFORMATION

The Group's unaudited segment results are as follows:

	Brokerage business HK\$'000	Corporate finance business HK\$'000	Asset management business HK\$'000	Financing and loans business HK\$'000	Investment business HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30 June 2016							
Segment revenue and other gains from external customers	102,459	25,902	1,117	73,033	212	2,499	205,222
Segment results and profit/(loss) before tax	10,727	5,474	(4,200)	39,248	(1,601)	2,499	52,147

	Brokerage business HK\$'000	Corporate finance business HK\$'000	Asset management business HK\$'000	Financing and loans business HK\$'000	Investment business HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30 June 2015							
Segment revenue and other gains from external customers	256,196	57,538	6,148	90,855	18,693	4,453	433,883
Segment results and profit before tax	58,381	15,454	836	43,415	16,826	4,453	139,365

3. REVENUE AND OTHER GAINS

An analysis of revenue and other gains are as follows:

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue:		
Brokerage business:		
Commission on securities dealing		
– Hong Kong securities	55,079	195,466
– Other than Hong Kong securities	13,006	27,688
Commission on futures and options contracts dealing	16,930	21,136
Handling fee income	10,116	2,545
Research fee income and others	7,328	9,361
	102,459	256,196
Corporate finance business:		
Initial public offering, placing, underwriting and sub-underwriting commission	13,914	43,939
Financial advisory, compliance advisory, sponsorship fee income and others	11,988	13,599
	25,902	57,538
Asset management business:		
Management fee and investment advisory fee income	1,117	6,148
Financing and loans business:		
Interest income from loans to cash clients and margin clients	60,366	74,524
Interest income from initial public offering loans	101	4,595
Interest income from banks and others	12,566	11,736
	73,033	90,855

3. REVENUE AND OTHER GAINS (Cont'd)

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue: (Cont'd)		
Investment business:		
Net realised and unrealised gains on financial assets:		
– Listed investments	(102)	822
– Unlisted investments	(1,450)	15,500
Dividend income and interest income:		
– Listed investments	40	53
– Unlisted investments	1,724	2,318
	212	18,693
	202,723	429,430
Other gains:		
Exchange gains, net	2,484	4,286
Gain on disposal of property, plant and equipment	15	–
Gain on disposal of an unlisted available-for-sale investment	–	167
	2,499	4,453

4. 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 jurisdiction in which the Group operates.

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Current – Hong Kong	4,300	14,800
Current – Elsewhere	67	104
Deferred	37	45
	4,404	14,949
Total tax charge for the period	4,404	14,949

5. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The Group had no potentially dilutive ordinary shares in issue during these periods. As at 30 June 2016, the total number of the issued ordinary shares was 796,138,689 shares.

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Earnings		
Profit for the period attributable to ordinary equity holders of the Company (HK\$'000)	47,744	124,416
Number of shares		
Weighted average number of ordinary shares in issue (in thousands) (note (a))	796,139	792,313
Earnings per share, basic and diluted (HK cents per share)	6.00	15.70

Note:

- (a) During the period ended 30 June 2015, the Group issued 265,379,563 new shares and raised approximately HK\$621.5 million by way of rights issue on the basis of one rights share for every two existing shares held by shareholders of the Company at the price of HK\$2.342, which represent a discount to the prevailing fair value at the date of rights issue of the existing shares. After deducting the expense in connection with this rights issue amounting to HK\$1.2 million, the net proceeds of HK\$620.3 million were credited to the Company's share capital account. The effect of the bonus element resulting from the rights issue has been included in the calculation of basic and diluted earnings per share.

6. DIVIDEND

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interim – Nil (2015: Nil) per ordinary share	–	–

7. INVESTMENTS

	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Available-for-sale investments, at fair value:		
Unlisted club debentures	2,470	2,470
Investments at fair value through profit or loss:		
Listed investment funds, at fair value	23,889	–
Unlisted investment funds, at fair value	22,939	–
Unlisted debt investments, at fair value	73,299	42,980
	120,127	42,980
Total	122,597	45,450

7. INVESTMENTS (Cont'd)

Fair value hierarchy

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

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

Level 2: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
As at 30 June 2016 – (Unaudited)			
Available-for-sale investments, at fair value:			
Unlisted club debentures	–	2,470	2,470
Investments at fair value through profit or loss:			
Listed investment funds, at fair value	23,889	–	23,889
Unlisted investment funds, at fair value	–	22,930	22,930
Unlisted debt investments, at fair value	–	73,229	73,229
	23,889	98,629	122,518

7. INVESTMENTS (Cont'd)

Fair value hierarchy (Cont'd)

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
As at 31 December 2015 – (Audited)			
Available-for-sale investments, at fair value:			
Unlisted club debentures	–	2,470	2,470
Investments at fair value through profit or loss:			
Unlisted debt investments, at fair value	–	42,980	42,980
	–	45,450	45,450

During the six months ended 30 June 2016 and year ended 31 December 2015, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

8. ACCOUNTS RECEIVABLE

	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Accounts receivable	533,450	879,937

There was no provision for impairment of accounts receivable at 30 June 2016 (31 December 2015: nil).

Save for the credit period allowed by the Group, the accounts receivable shall be due on the settlement date of the respective securities and futures contracts transactions.

8. ACCOUNTS RECEIVABLE (Cont'd)

An aged analysis of accounts receivable based on the trade date is as follows:

	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Within 1 month	504,100	828,936
1 to 2 months	3,134	6,687
2 to 3 months	2,986	3,165
Over 3 months	23,230	41,149
	533,450	879,937

9. LOANS AND ADVANCES

	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Loans and advances to customers:		
Secured	1,910,769	2,053,818

The Group's loans and advances to customers were repayable on demand at the end of these periods.

There was no provision for impairment of loans and advances at 30 June 2016 (31 December 2015: nil).

10. BANK BALANCES HELD ON BEHALF OF CLIENTS

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits for varying periods of less than one year.

11. ACCOUNTS PAYABLE

An aged analysis of accounts payable, based on the trade date is as follows:

	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Within 1 month	4,717,235	4,448,656

12. INTEREST-BEARING BANK BORROWINGS

As at the end of the period, the Group's interest-bearing bank borrowings had different maturities of less than three months.

13. COMMITMENTS

(a) Capital commitments

	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Contracted, but not provided for the purchases of furniture, fixtures and equipment	250	377

(b) Operating lease commitments as a lessee

As at the end of the period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Within one year	25,510	26,674
In the second to fifth years, inclusive	31,027	41,169
	56,537	67,843

14. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties during these periods:

	Notes	For the six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Commission expenses for brokerage services in relation to the PRC capital markets paid to a wholly-owned subsidiary of the ultimate holding company	(i)	631	2,704
Research fee for supporting services in relation to research paid to a subsidiary of the ultimate holding company	(ii)	3,000	7,000
Consultancy fee for supporting services in relation to PRC market paid to the subsidiaries of the ultimate holding company	(iii)	1,500	4,300
Consultancy fee for supporting services in relation to Hong Kong and overseas markets paid by a wholly-owned subsidiary of the ultimate holding company	(iv)	5,897	8,171

Notes:

- (i) The commission expenses paid to a wholly-owned subsidiary of the ultimate holding company were calculated based on the prescribed percentage stated in the signed cooperation agreement for clients' transaction amount in Shenzhen and Shanghai B shares.
- (ii) The research fee paid to a subsidiary of the ultimate holding company was charged at a fixed amount in accordance with the signed agreement with reference to actual cost incurred.

14. RELATED PARTY TRANSACTIONS *(Cont'd)*

(a) The Group had the following material transactions with related parties during these periods: *(Cont'd)*

Notes: (Cont'd)

- (iii) The consultancy fee for supporting service in relation to PRC market paid to the subsidiaries of the ultimate holding company was charged at a fixed amount in accordance with the signed agreement with reference to actual cost incurred.
- (iv) The consultancy fee for supporting services in relation to Hong Kong and overseas markets paid by a wholly-owned subsidiary of the ultimate holding company was calculated based on a fixed percentage of the relevant commission earned by the wholly-owned subsidiary of the ultimate holding company.
- (v) Included in the accounts receivable balance as at 30 June 2016 was a receivable due from a wholly-owned subsidiary of the ultimate holding company of HK\$11,184,000 (31 December 2015: HK\$65,870,000) arising from brokerage services relating to the PRC capital markets. This balance is unsecured, interest-free and repayable on the settlement date of the relevant transactions.
- (vi) Included in the accounts receivables balance as at 30 June 2016 was a brokerage consultancy fee receivable due from a wholly-owned subsidiary of the ultimate holding company of HK\$5,897,000 (31 December 2015: HK\$4,323,000) arising from supporting services relating to Hong Kong and overseas markets. This balance is unsecured, interest-free and repayable on settlement date of the relevant transactions.
- (vii) Included in the accounts payable balance as at 30 June 2016 was a brokerage payable to a wholly-owned subsidiary of the ultimate holding company of the Company of HK\$5,515,000 (31 December 2015: HK\$14,357,000) arising from brokerage services relating to the PRC capital markets. This balance is unsecured, interest-free and payable on the settlement date of the relevant transactions.
- (viii) Included in the accounts payable balance as at 30 June 2016 was the amount of segregated client money held on behalf of an intermediate holding company of the Company of HK\$164,850,000 (31 December 2015: HK\$163,182,000). This balance is unsecured, bears interest at the bank deposit rate and is payable on demand.

14. RELATED PARTY TRANSACTIONS (Cont'd)

- (a) The Group had the following material transactions with related parties during these periods: (Cont'd)

Notes: (Cont'd)

- (ix) Included in the other payables and accruals balance as at 30 June 2016 was a payable to a subsidiary of the ultimate holding company of HK\$3,000,000 (31 December 2015: Nil) arising from supporting services in relation to research. This balance is unsecured, interest-free and payable on settlement date of the relevant transactions.
- (x) Included in the other payables and accruals balance as at 30 June 2016 was a consultancy fee payable to wholly-owned subsidiaries of the ultimate holding company of the Company of HK\$1,500,000 (31 December 2015: HK\$1,500,000) arising from supporting services for PRC market. This balance is unsecured, interest-free and payable on demand.

- (b) Key management personnel compensation

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Short term employee benefits	16,936	14,514
Post-employment benefits	851	775
	17,787	15,289

15. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group currently has a legally enforceable right to set off the Continuous Net Settlement (“CNS”) money obligations receivable and trade payables with Hong Kong Securities Clearing Company Limited (“HKSCC”), which are included in “accounts receivable” and “accounts payable” as presented in the consolidated statement of financial position, respectively. It intends to settle on a net basis as accounts receivable from or accounts payable to the Stock Exchange. The net amount of CNS money obligations receivable or payable with HKSCC and guarantee fund placed in HKSCC do not meet the criteria for offsetting against each other in the financial statements and the Group does not intend to settle the balances on a net basis.

As at 30 June 2016 (Unaudited)						
Gross amounts of recognised financial assets	Gross off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount	
			Financial instruments	Cash collateral received		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Assets						
Accounts receivable	724,836	(191,386)	533,450	-	-	533,450

As at 30 June 2016 (Unaudited)						
Gross amounts of recognised financial liabilities	Gross off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount	
			Financial instruments	Cash collateral pledged		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Liabilities						
Accounts payable	4,908,621	(191,386)	4,717,235	-	-	4,717,235

15. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont'd)

As at 31 December 2015 (Audited)

	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position		Net amounts of financial assets presented in the consolidated statement of financial position		Related amounts not set off in the consolidated statement of financial position		Cash collateral received	Net amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Financial instruments	HK\$'000		
Assets								
Accounts receivable	1,102,775	(222,838)	879,937	-	-	-	-	879,937

As at 31 December 2015 (Audited)

	Gross amounts of recognised financial assets set off in the consolidated statement of financial position		Net amounts of financial liabilities presented in the consolidated statement of financial position		Related amounts not set off in the consolidated statement of financial position		Cash collateral pledged	Net amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Financial instruments	HK\$'000		
Liabilities								
Accounts payable	4,671,494	(222,838)	4,448,656	-	-	-	-	4,448,656

16. REVIEW OF ACCOUNTS

The audit committee has reviewed the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016.

INTERIM DIVIDEND

The Board of Directors (the “Board”) resolved not to declare the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Market

In the first half of 2016, there were certain fluctuations in the global economy and financial market. Capital flight to safe-haven assets are popular due to a series of risk events such as Brexit. However, the pace of raising interest rate by the U.S. Federal Reserve is expected to slacken compared with the end of last year due to the weak recovery of the U.S. economy and the fluctuations in global market. The probability of raising interest rate by the U.S. Federal Reserve during the year continues to decrease due to Brexit. The European market is strongly influenced by Brexit, and the banking industry, which was severely impacted, has been under much pressure. The non-performing loan ratios for some of European banks currently become the main focus of the market. The marginal utility of the easy monetary policy implemented by Japanese government in the first half of 2016 is limited, and Bank of Japan is likely to try new way to expand the scale of quantitative easing because of Japanese yen appreciation and limited upside inflation caused by risk-averse behaviour. The emerging economies saw their recovery along with the delay in raising interest rate by the U.S. Federal Reserve and a general pickup in bulk commodities.

The economy in Chinese Mainland also witnessed certain fluctuations in the first half of 2016. We noted that the credit was expanded in the first quarter, with the newly increased credit of RMB4.6 trillion, which has driven the investment trend in fixed assets in the market. Besides, the foreign exchange reserve slipped in early 2016, dropping by US\$99.4 billion in January as compared with a decrease of US\$87.2 billion in November 2015 and US\$107.9 billion in December 2015, and narrowed to a decrease of US\$28.5 billion until February 2016. The Exchange rate volatility is one of the dominant factors in the first quarter, and Hang Seng China Enterprise Index fell from 9,661.03 points to 9,003.25 points under the influence of RMB exchange rate, and hit a 7-year low of 7,498.81 points on 12 February 2016 under the influence of HKD exchange rate fluctuation. The market was unsteady with many factors

interweaved in the second quarter. On the positive side, the risk margin of the banking system in Chinese Mainland is under control, and the slowdown in raising interest rate by the U.S. Federal Reserve moderated the capital market to some extent; on the negative side, the macro data weakened at the end of second quarter, and the date of launching The Shenzhen-Hong Kong Stock Connect is later than that of the market was expected. Moreover, Brexit beyond expectation also put pressure on the market at that point.

Review of Operations

In the first half of 2016, the overall operation of the Group recorded a decline with a turnover of HK\$203 million (the first half of 2015: HK\$429 million), representing a year-on-year decrease of 53%. The unaudited profit before tax decreased by 63% to HK\$52 million (the first half of 2015: HK\$139 million). Revenue from brokerage business, financing and loans business and corporate finance business recorded a decline following the decrease in market turnover. For brokerage business, with the sharply decrease in market turnover, revenue from brokerage business decreased by approximately HK\$154 million or 60% as compared with the same period last year. For financing and loans business, the average margin balance in the first half of 2016 reached approximately HK\$1.845 billion, achieved a revenue of HK\$73.03 million, representing a decrease of HK\$17.83 million or 20% as compared with the same period last year. For corporate finance business, in the first half year, the number of lead underwriting, placing and financial advisory projects amounted to 2, 5 and 7 respectively, of which the sole sponsor/lead underwriting projects successfully completed the listing of Huajin International Holdings Limited (2738) on the Main Board and Future Data Group Limited (8229) on the GEM. In the first half of 2016, revenue from corporate finance business amounted to HK\$25.90 million, representing a decrease of approximately HK\$31.64 million or 55% as compared with the same period last year. In the first half of 2016, revenue from asset management business amounted to HK\$1.12 million, representing a decrease of approximately HK\$5.03 million or 82% as compared with the same period last year. In the first half of 2016, revenue from investment business amounted to HK\$0.21 million, representing a decrease of HK\$18.48 million or 99% as compared with the same period last year.

The brokerage business of the Group focuses on the stock and futures markets in Hong Kong, the B-Share market in Chinese Mainland, overseas stock markets and global futures markets. The global financial market in 2016 is plagued by a series of uncertainties including the economic slowdown in Chinese Mainland is worse than expected; the possibility of RMB depreciation still exists; the continued decline in the oil price triggers financial problems for oil companies and financial institutions holding crude oil related products; the possible interest rate raising in the U.S. may trigger again the capital outflow in the emerging market; the local property market may be affected by the hike of dollar interests; and Brexit may give rise to the global economic recession, etc. Global investors are all very cautious about entering the market, which is clearly evidenced by the fact that the proportion of cash on hand in fund has hit a new record. In the first half of 2016, Hong Kong Stock Exchange recorded an average daily turnover of HK\$67.5 billion, representing a decrease of 46% as compared with HK\$125.3 billion in the corresponding period of 2015. To weaken the impact of the decrease in the turnover of the Hong Kong stock market, the Group actively induces clients to participate in overseas stock markets and global futures markets, thus to reduce our reliance on a single market. In addition to expanding overseas stock markets and global futures markets, the Group continues to actively expand the domestic market to increase the number of new account opened for Hong Kong stocks. The Group had closely cooperated with the International Business Division of Shenwan Hongyuan Securities Co., Ltd. from January to June this year to vigorously explore cross-border products, invested in overseas markets through QDII, satisfying domestic clients' demands to invest overseas. As of the end of June 2016, the total fund size reached US\$400 million, including domestic institutional and individual clients invested in overseas markets such as Hong Kong, U.S., by using QDII channel.

Due to the continuous low Hang Seng Index and Hang Seng China Enterprises Index, and the extended downturn of average daily turnover in the first half of this year, clients' willingness to borrow is adversely affected. Under this circumstance, the Group has taken timely measures to meet client's demand for loans for the purpose of reducing the decline in interest income. In addition, the Group succeeded in reaching agreements with a number of banks on reducing the interest rate of borrowed funds so as to lower the interest expense. The average margin balance reached approximately HK\$1.845 billion in the first half of this year, representing a decrease of 23% as compared with HK\$2.4 billion in the same period last year. Interest income amounted to HK\$73.03 million, representing a decrease of 20% as compared with HK\$90.86 million in the same period last year.

The corporate finance business of the Group mainly comprises the sponsor, financial advisory and securities underwriting businesses, etc. The Group acted as the Sole Sponsor and the Sole Global Coordinator, the Sole Bookrunner and the Sole Lead Manager of Huajin International Holdings Limited (2738); the Sole Sponsor and the Joint Bookrunner, and the Joint Lead Manager of Future Data Group Limited (8229). Shares of the above two companies have already successfully listed on the Main Board and GEM of the Hong Kong Stock Exchange in April and July 2016, respectively. In the first half of 2016, the Group also provided various advisory services for numbers of listed companies, including compliance advisory/independent financial advisory/financial advisory services for clients including China Energy Engineering Corporation Limited (3996), Fuyao Glass Industry Group Co., Ltd. (3606) and EGL Holdings Company Limited (6882). In addition, the Group has completed placing for five companies including China Digital Culture (Group) Limited (8175), Silk Road Energy Services Group Limited (8250) and China City Construction Group Holdings Limited (0711).

For the asset management business of the Group, the total asset management size amounted to approximately HK\$4.4 billion by the end of June 2016, and revenue from asset management business amounted to HK\$1.12 million. In the first half of 2016, the Group newly launched the first equity RQFII Fund invested in A-Share market in Chinese Mainland. The item was listed into the product list of Standard Life for sale upon being assessed and recognised, which marks the first time for asset management products of the Group entering into the insurance sector. The Group set up a seed fund special account, injected self-owned funding of HK\$100 million, developed globally configurable assets management products so as to satisfy domestic clients' diversified investment demand in overseas markets.

Our securities trading and brokerage businesses are professionally supported by a securities research team of the Group. With the support of our parent company, which is one of the leading securities companies in Chinese Mainland, the Group has become a research specialist in Chinese Mainland securities and publishes regular reports on Chinese Mainland securities. These reports also cover macroeconomics, market strategy and analyses, as well as the key companies from Chinese Mainland listed on the Hong Kong, Shanghai and Shenzhen stock exchanges. The securities research team of the Group also prepares

detailed company analytical reports for circulation to our clients. During the first half of 2016, the securities research team of the Group published a total of nearly 5,000 research reports, covering macroeconomics, market strategy and different industries, providing thorough and incisive analysis of Hong Kong stock and A-Share in Chinese Mainland for clients. After developing Shanghai-Hong Kong Stock Connect, client's needs for the Group's research service further increased. In the first half of 2016, 29 analysts were organised to complete 42 roadshows totally. 14 roadshows were held in Hong Kong, Taiwan, the United Kingdom, the United States, Singapore and other places by A-Share listed companies and Hong Kong listed companies. About 80 persons from 50 institutions participate the meeting held by listed companies in April.

In the first half of 2016, a Qualified Foreign Limited Partner ("QFLP") project, led by the Group with the initial amount of RMB420 million, was implemented successfully through cooperation with other players in the industry. It is not only the first QFLP project successfully implemented among peer companies in Hong Kong, but also the first Public-Private-Partnership ("PPP") project directly funded by overseas capital in Chinese Mainland. The successful implementation of this project demonstrates that the Group has made a breakthrough in developing cross-border business, deepening its cooperation with domestic market players and providing comprehensive financial services. The Group has set up an overseas USD fund specializing in the investment in domestic infrastructure, renders specialised policy consultation and investment enhancement services, provides all-round exchange rate risk hedging solutions for clients through financial instruments so as to construct a channel to clients' investment in the free trade zone, and draws high quality overseas investment capital to invest in domestic infrastructure and thus to effectively support the development of the domestic real economy. With no precedence for QFLP business, the Group has found a way out of the regulatory and commercial difficulties, and it plays a major guiding role in the continuous development of this innovative business activity. The Group will, by leveraging on its own cross-border investment advantages, render its clients high quality and one-stop services integrating cross-border investment, assets management, risk hedging, merger and acquisition financing and be committed to build a leading brand in cross-border business sector.

Prospects

We remain cautiously optimistic regarding the Hong Kong market and the results of Chinese institutions, mainly based on the following reasons. First of all, we are of the opinion that the risks from Chinese Mainland banking industry are under control and remain marginal improvement, mainly because the exposure of banks' assets to the excess capacity has decreased, and the credit is expanded and the central bank has continuously added liquidity to mitigate the current banking liquidity risk. Secondly, the U.S. Federal Reserve may postpone interest rate raising in considering Brexit and the weak recovery of the U.S. economy this year, thus to mitigate global liquidity to some extent, while Bank of Japan, European Central Bank and Bank of England may strengthen easing policies to inject more liquidity to the market. Furthermore, the Hong Kong market benefits from the influx of southbound fund flow. We noted that Shanghai-Hong Kong Stock Connect has remained a net inflow since 22 April. As of 14 July, the total remaining balance of southbound fund flow is less than 20%. In the second half year, the launch of Shenzhen-Hong Kong Stock Connect may become one of the largest themes in the Hong Kong market. We anticipate that the launch of the Shenzhen-Hong Kong Stock Connect will bring more inflows for Hong Kong market. Compared with the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect may provide a rare opportunity in terms of liquidity and financing for high quality small and medium-sized enterprises in Hong Kong. Lastly, domestic funds, especially domestic enterprise funds have increasingly strong demand for merger and acquisitions of overseas assets, and this demand is driven by RMB exchange rate factor and more assets with high quality and low valuation in overseas. The increasing scale of overseas mergers and acquisitions will help Chinese institutions improve their performance.

Capital Structure

As at 30 June 2016, the total number of the issued ordinary shares was 796,138,689 shares and total equity attributable to ordinary equity holders was approximately HK\$2.05 billion.

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2016, the Group had cash and bank balances of HK\$342.5 million (31 December 2015: HK\$511.8 million) and short-term marketable securities of HK\$120.1 million (31 December 2015: HK\$43.0 million). As at 30 June 2016, the Group's total unutilised banking facilities amounted to HK\$4,028.7 million (31 December 2015: HK\$2,911.3 million), of which HK\$2,146.0 million (31 December 2015: HK\$1,346.3 million) could be drawn down without the need of notice nor completion of condition precedent.

As at 30 June 2016, the Group had outstanding short-term bank borrowings amounting to HK\$482.3 million. (31 December 2015: HK\$749.7 million). The liquidity ratio (current assets to current liabilities) and gearing ratio (bank borrowings to net asset value) were 138% (31 December 2015: 138%) and 23% (31 December 2015: 36%) respectively.

The Group has sufficient financial resources for its day to day operations as well as spare capacity to take advantage of any investment opportunities when they arise.

Significant Investment Held, Material Acquisition and Disposal

During the period, the Group did not hold any significant investment and did not have any material acquisition or disposal.

Charges on the Group's Asset

No asset of the Group was subject to any charge as at 30 June 2016.

Risk Management

The Group has properly put in place credit management policies which cover the examination of the approval of clients' trading and credit limits, regular reviews of facilities granted, monitoring of credit exposures and the follow up of credit risks associated with overdue debts. The policies are reviewed and updated regularly.

The management closely monitors the market condition so that precautionary measures will be taken to mitigate any risk that the Group may encounter. As at 30 June 2016, the advances to customers were overdue accounts receivable from cash clients and margin financing. The balance of overdue accounts receivable from cash client amounted to HK\$40.1 million (31 December 2015: HK\$69.0 million). The balance of margin financing amounted to HK\$1,910.8 million (31 December 2015: HK\$2,053.8 million), of which 27% (31 December 2015: 19%) was attributable to corporate customers with the rest attributable to individual customers.

Exposure to Fluctuations in Exchange Rates and Any Related Hedges

The Group's exposure to fluctuations in exchange rates arises from its dealings in overseas share markets. Such dealings are entered into on behalf of clients of the Group and accounted for a small portion of the Group's revenue. A material portion of such overseas transactions is denominated in United States dollars and Renminbi. The pegged exchange rate between United States dollars and Hong Kong dollars kept the Group's exchange risk exposure to a minimum and thus, no hedging was required. Exchange gains and/or losses are dealt with in the income statement. The Group has endeavored to closely monitor its foreign currency positions and takes necessary measures when the situations so justify.

Contingent Liabilities

There were no material contingent liabilities as at 30 June 2016.

Future Plans for Material Investments or Capital Assets

Except the future plans as disclosed in the paragraph of "Prospects", the Group had no other future plans for material investments or capital assets as at 30 June 2016.

Employees and Training

As at 30 June 2016, the total number of full-time employees was 263 (2015: 249). The total staff costs for the period amounted to approximately HK\$60.9 million (2015: HK\$109.4 million).

The Group is committed to professional training for its employees. In compliance with the relevant requirement of the Securities and Futures Commission, the Group has organised a total of 8 (2015: 7) Continuous Professional Training seminars for all licensed staff members during the six months ended 30 June 2016.

OTHER INFORMATION

Director's Interests in Shares

As at 30 June 2016, none of the directors and the chief executive of the Company was taken to be interested or deemed to have any interest or short position 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 pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Directors' Rights to Acquire Shares or Debentures

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Substantial Shareholders' Interests in Shares

As at 30 June 2016, the interests of substantial shareholders, other than directors or chief executive of the Company, who had interests or short positions of 5% or more of the issued shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company, were as follows:

Long positions in the ordinary shares of the Company

Name	Capacity and nature of interests	Number of ordinary shares held (Notes)	Percentage of the Company's issued shares
Shenwan Hongyuan Holdings (B.V.I.) Limited ("SWHYHBVI")	Directly beneficially owned	402,502,312 ⁽¹⁾	50.56
Venture-Some Investments Limited ("VSI")	Through controlled corporation	402,502,312 ⁽¹⁾	50.56
Shenwan Hongyuan (International) Holdings Limited	Through controlled corporation	402,502,312 ⁽¹⁾	50.56
	Directly beneficially owned	3,306,257 ⁽²⁾	0.42
Shenwan Hongyuan Group Co., Ltd.	Through controlled corporation	405,808,569 ⁽¹⁾⁽²⁾	50.98

Notes:

- (1) SWHYHBVI is held directly as to 60.82% by VSI. VSI is wholly-owned by Shenwan Hongyuan (International) Holdings Limited. Shenwan Hongyuan (International) Holdings Limited is wholly-owned by Shenwan Hongyuan Group Co., Ltd. Hence, VSI, Shenwan Hongyuan (International) Holdings Limited and Shenwan Hongyuan Group Co., Ltd. are deemed to be interested in the same parcel of 402,502,312 shares held by SWHYHBVI under the SFO.
- (2) Shenwan Hongyuan (International) Holdings Limited also held directly 3,306,257 shares of the Company. Hence, Shenwan Hongyuan Group Co., Ltd. is also deemed to be interested in the same parcel of 3,306,257 shares held by Shenwan Hongyuan (International) Holdings Limited under the SFO.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE CODE

To better the Company's transparency and accountability to the shareholders, the Company is, so far as practicable, committed to maintaining high standard of corporate governance. Save for the deviation from the code provision A.6.7 which is explained as below, the Company has met all the code provisions stipulated in Appendix 14, Corporate Governance Code and Corporate Governance Report, of the Listing Rules during the six months ended 30 June 2016.

Code provision A.6.7 specifies that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other business engagements, two independent non-executive directors were unable to attend the annual general meeting and extraordinary general meeting of the Company both held on 13 May 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on replies from the Company's directors on specific enquiry, all the directors complied with required standard set out in the Model Code throughout the period.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The audit committee has reviewed the interim results announcement and interim report of the Company for the six months ended 30 June 2016.

DIRECTORS

As at the date of this interim report, the Board of the Company comprises 8 directors, of which Mr. Zhu Minjie, Mr. Chen Xiaosheng, Mr. Guo Chun and Mr. Lee Man Chun Tony are the executive directors, Mr. Zhang Lei is the non-executive director, Mr. Ng Wing Hang Patrick, Mr. Kwok Lam Kwong Larry and Mr. Zhuo Fumin are the independent non-executive directors.

By Order of the Board
Zhu Minjie
Chairman

Hong Kong, 12 August 2016