



CONVOY GLOBAL HOLDINGS LIMITED

康宏環球控股有限公司

(formerly known as Convoy Financial Holdings Limited 前稱康宏金融控股有限公司)

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 1019



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

INTERIM REPORT **2016** 中期報告

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# Corporate Information

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

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

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ma Yiu Ho, Peter  
Mr. Lam Chi Keung (retired on 22 June 2016)  
Mr. Chan Ngai Sang, Kenny  
Mr. Pun Tit Shan (appointed on 9 May 2016)

## AUDIT COMMITTEE

Mr. Ma Yiu Ho, Peter (*Chairman*)  
Mr. Chan Ngai Sang, Kenny  
Mr. Pun Tit Shan

## REMUNERATION COMMITTEE

Mr. Chan Ngai Sang, Kenny (*Chairman*)  
Mr. Wong Lee Man  
Mr. Pun Tit Shan

## NOMINATION COMMITTEE

Mr. Wong Lee Man (*Chairman*)  
Mr. Chan Ngai Sang, Kenny  
Mr. Pun Tit Shan

## CORPORATE GOVERNANCE COMMITTEE

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

## COMPANY SECRETARY

Mr. Chow Kim Hang

## AUTHORISED REPRESENTATIVES

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

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 22  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL BANKERS

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

## OUR COMPANY'S WEBSITE ADDRESS

[www.convoy.com.hk](http://www.convoy.com.hk)

## PRINCIPAL AUDITORS

Ernst & Young  
*Certified Public Accountants*



## Chairman's Statement

In the middle of the year, our management held a brainstorming conference regarding the development direction and strategy of the Group. During the conference, one of us raised the issue of whether we need to redefine the core values of the Group or not. At that time, I held a contrary view. My standpoint is, the name and business of a company could be changed according to time following the changing market environment and business opportunities, however, the core values of an enterprise or even a country must be strictly adhered to any circumstances and cannot be glazed at will, as it is both the soul of the Group and the cornerstone of its continuous development. Convoy has established itself in Hong Kong for over two decades, thanks to our colleagues who worked together and continued to adhere to our four core values, namely mutual respect and trust, being considerate to others, excelling against competitors and contributing to the society.



## CHANGE OUR NAME TO CATER FOR DEVELOPMENT

This year, the Group formally changed its name to Convoy Global Holdings Limited, preparing ourselves to cater for the cross-border business advancement and diversified development direction in the future. Our vision is not just limited to maintaining the position as the largest independent financial advisory company in Hong Kong, but also eyeing on global development, and look forward to providing better financial products and services in terms of quantity, variety and quality. The development objective of Convoy Global committed to enable customers to enjoy comprehensive and premium financial management services in the future.

Nevertheless, personal investment and the overall finance industry still could not be immune to the impact of global economic sentiments. The world's economy was sluggish in the first half of 2016, with only a 1% economic growth in USA and every country was bombarded with various factors. The Brexit became the economic keynote in 2016, with the changes of leaders in big countries also bringing new variables to global political situation. At the time of preparing the report, the U.S. presidential election is in full swing but the outcome is still uncertain. With such uncertainties, investors remained their wait-and-see attitude and global central banks also continue to follow the monetary easing policy.

Since Hong Kong is an international finance center, it is almost impossible to get away from these. Furthermore, as the economic trend in Mainland China has altered, Hong Kong also bears the brunt. As 2016 is also the election year and is followed by the Chief Executive election in 2017, all these contribute to a lack luster economic condition that local investment sentiments remain depressed and investors preferring capital-secured and stable returns investment products.

On behalf of the Board of Directors, I wish to announce to the shareholders that the unaudited interim results of the Group for the six months ended 30 June 2016. Under the continuous effect of the new regulatory requirements amendments on ILAS, and the overall weakening investment sentiment in the first half of the year, the Group's revenue increased by approximately 30% from approximately HK\$372.6 million for the corresponding period last year to approximately HK\$484.5 million for the period. During the period under review, profit attributable to owners of the Company amounted to HK\$7.9 million. Basic earnings per share were HK0.05 cents.



## Chairman's Statement

As for the performance of each business, let me just skip over the details. Shareholders can refer to the "Management Discussion and Analysis" section. It is worth stressing that, the Group's performance in the first half of the year was remarkably improved, with its revenue and profit increased as compared to the corresponding period of last year. This was primarily due to the continuous well-performed development of new businesses, such as money lending business, proprietary investment as well as the securities dealing business which formally joined the Group last year. Each new business recorded profits in the first half of the year and offset part of the Group's losses in traditional businesses and they also brought new sources of income for its consultancy force.

Despite the traditional independent financial advisory business still being at its consolidation stage in which it affected the Group's revenue performance, we responded calmly and turned crisis into opportunities. Under the new platform, we made the best use of the resources and proactively introducing new business partners, bringing new services and products to our clients and also expanding the source of income of our consultancy force. This year, we had the Taiwanese business partner, Fubon Life, joining us, in which it had improved the Group's product supply network in the Greater China region.

Besides, the Group will continue to develop new businesses. We will enhance our insurance business development and increase product categories to improve service quality on the existing general insurance business platform. For credit business, the Group will develop the property mortgage and private loan businesses in an all-round manner under another brand, hoping to expand its share in the loan market. Furthermore, CSL Securities Limited, which was acquired last year, will also roll out a brand new online platform, through which customers can invest in U.S. stocks market but not only limited to Hong Kong stocks.

## EXPANDING OUR FORCE COMPREHENSIVELY TO IMPROVE PRODUCTIVITY

After experiencing its first deficit last year in the Company's annual results, this year, the Group responded by rallying its force and sizing up the situation to formulate new strategies and be accountable to its shareholders. Accordingly, apart from redeploying its business policy, the Group is busily recruiting staff and talented personnel this year, including Mr. Chong Wai-Chung, Daniel, the former Chief Executive Officer of YATA Department Store, who has joined us since August 2016. He will be in charge of the main core businesses of the Group, which include financial planning, insurance, asset management, money lending and overseas property investment consultancy business, etc.

Mr. Chong is not a stereotyped manager who is bold in making breakthroughs and innovations. He demonstrates brilliant achievements in banking, money lending business, horse racing industry and retail industry in the past. His top mission after joining Convoy is to establish Convoy as a professional and exceptional financial service platform. I firmly believe that his extraordinary leadership skills will definitely serve as a morale booster in the Group's operation and lead the colleagues to practice Convoy's service mission and objective. He will continue to shoulder the heavy responsibility as an industry pioneer and write a new page in the future development of Convoy.

Besides, in order to embrace several new businesses and further expand customer base, the Group's consultancy force will also recruit a large number of new consultants, and expect to reach a headcount of 1,900 during the year, so as to consolidate its position as the largest local financial consultancy force. At the same time, the Group is also committed to strengthening its frontline training to meet the needs of its future business development, which include trainings regarding the newly introduced financial or insurance products and transformations that needed to be made in response to the tightening regulatory requirements. The Group is deeply convinced that the increase in manpower will assist the Group to expand its business comprehensively, improve productivity and increase market shares.

## REORGANIZE ITS STRUCTURE TO WELCOME THE NEW ERA

In heading the target of becoming a comprehensive financial platform in the Asia region, the Group also conducted corresponding adjustments to its structure. I hereby briefly introduce to you that Mr. Chong is directly responsible for managing the core businesses of the Group, such as business of Convoy Financial Services Limited, Convoy Asset Management Limited, Convoy International Property Consulting Company Limited and Hong Kong Credit Corporation Limited.

For the corporate business that has been developed for over 2 years, it is operated by Convoy Capital Hong Kong Limited, Convoy Collateral Limited, High Net-Worth and Strategic Investment Department and CSL Securities Limited that was acquired last year. By targeting at institutional and high-end clients, we continue to provide different investment services, including equities and bonds trading, listing sponsorship and corporate finance. In the first half of the year, I am glad to see the newly joined CSL Securities Limited has already recorded profits and driven the corporate business to grow further.

## INVEST IN RESOURCES TO STAY AHEAD

One of the core values of Convoy is to stay ahead of its peers. It is necessary to be innovative in products and improve service process to gain customers' satisfaction and recognition when keeping ahead. As such, we set up a new business development department that will bring completely new technology and concepts to Convoy, thus ensure that the Group continues to keep its leading position in product category, distribution coverage and clients experience.

## INNOVATIVE IDEAS TO PROMOTE BRAND VALUES

I firmly believe that creative and charitable activities are the best channels for Convoy to get closer with its clients and potential customer groups and contribute to the society. Besides promoting customers' recognition on Convoy brand, it also abides its corporate responsibilities. This year, the Group established the Convoy Creative And Art Limited, and run a brand new business related to art of life, bringing different life experience to Convoy customers. At the same time, Convoy Social Fund Limited has been established and it benefits community groups through supporting local charitable activities or social enterprises. Both companies are led and directed by Ms. Fong Sut Sam, Rosetta, our Group Vice Chairman. She will continue to bring into full play and her creativities to cooperate with various charitable activities to promote Convoy's brand value.

With the reorganization of the new structure and new management personnel joining in with new management thinking, Convoy will shoulder its responsibilities in its development. On behalf of the Board and the management, I would like to show my sincere gratitude to the shareholders, consultancy force and supporting office staff for their continuous support. Let us devote ourselves wholeheartedly and go forward to build Convoy as the best and the most professional financial service platform in Asia.

### CONVOY GLOBAL HOLDINGS LIMITED

**Wong Lee Man**

*Chairman*

25 August 2016



# Management Discussion and Analysis

## FINANCIAL HIGHLIGHTS

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

## FINANCIAL REVIEW

### GROUP PERFORMANCE

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

### GROUP FINANCIAL POSITION

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

### GROUP REVENUE

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

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

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

**Management Discussion  
and Analysis**

**GROUP OPERATING EXPENSES**

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

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

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

**GROUP SEGMENT RESULTS**

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

An analysis of group segment results is as follows:

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

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

## Management Discussion and Analysis

### SEGMENT PERFORMANCE

#### IFA BUSINESS

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

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

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

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

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

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

## Management Discussion and Analysis

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

### MONEY LENDING BUSINESS

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

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

### PROPRIETARY INVESTMENT BUSINESS

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

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

### ASSET MANAGEMENT BUSINESS

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

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

## Management Discussion and Analysis

### CORPORATE FINANCE BUSINESS

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

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

### SECURITIES DEALING BUSINESS

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

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

## PROSPECTS

In order to pursue our vision of becoming one of the leading financial groups across Asia, we have formulated three short-term missions, (i) to establish a comprehensive financial services platform in Asia, particularly in Hong Kong and Mainland China; (ii) to materialise the synergies among different business segments and locations; and (iii) to improve the capital structure of our Group. For our first mission, we will allocate group resources to strengthen the financial services in our new business lines, including but not limited to corporate finance, investment banking, margin and initial public offering financing, securities brokerage and placing. For our second mission, more cross-selling programs would be organised among different business lines and regions, such as loans to high-net-worth individual clients, cross-border branding promotion and talent development programs. To achieve the third mission, the Company has increased its leverage during the period by issuing unlisted bonds of approximately HK\$370.9 million and HK\$10.0 million in 2015 and 2016 respectively to secure stable and reasonable cost funding to finance its long term capital-intensive business development, e.g. money lending, investment banking and margin and initial public offering financing. The introduction of Mr. Ming-Hsing Tsai and the Tsai’s family as substantial shareholders of the Group in late 2015 has further strengthened the capital foundation of our Group.

### IFA BUSINESS

#### Hong Kong

Our various diversification strategies by way of adding business partners, strengthening consultancy force and enlarging product variety helped to drive a steady growth of the revenue from our IFA business in Hong Kong. While Mandatory Provident Fund Schemes Authority continues to promote the ECA arrangement and is studying feasibility and options for the implementation of “MPF full portability”, the Group believes that the market would gradually adapt to the ECA and demand on our MPF financial planning and advisory services would increase. With the Group’s persistent efforts on implementing these strategies, we have confidence to maintain our competitiveness in the IFA industry in Hong Kong.

## Management Discussion and Analysis

### Mainland China

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

### Macau

Benefiting from the increasing demand for wealth management services and brand recognition in Macau, although Macau operations recorded a decrease in revenue during the period, going forward, we will continue to scale up our operations in Macau to support business growth and to enhance regional connectivity to tap new business opportunities.

### MONEY LENDING BUSINESS

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

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

### PROPRIETARY INVESTMENT BUSINESS

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

### ASSET MANAGEMENT BUSINESS

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

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

### CORPORATE FINANCE BUSINESS

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

## Management Discussion and Analysis

### SECURITIES DEALING BUSINESS

Following the completed acquisition of CSL in 2015, the Group commenced its securities dealing business in the second half of the year to deliver various securities related services including securities brokerage, trading, placing and underwriting to our clients. We believe the securities dealing business not only could open up a new income stream for the Group, but also help to establish a comprehensive and integrated financial services platform for our customers and capture any cross-selling opportunities.

### OVERSEAS PROPERTY INVESTMENT CONSULTING BUSINESS

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

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

### LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly relies upon the shareholders' fund, placing of bonds and cash generated from its business operations to finance its operations and expansion. As at 30 June 2016, the Group had cash and cash equivalents of approximately HK\$1,358.1 million (31 December 2015: HK\$2,113.5 million), bond payables of approximately HK\$613.7 million (31 December 2015: HK\$607.4 million) and interest-bearing bank and other borrowings of approximately HK\$60.4 million (31 December 2015: HK\$13.5 million). The gross gearing ratio, calculated on the basis of the aggregate of the Group's bond payables and interest-bearing bank and other borrowings divided by equity attributable to owners of the Company was approximately 13.6% (31 December 2015: 12.5%). As at 30 June 2016, the net current assets of the Group amounted to approximately HK\$3,546.4 million (31 December 2015: HK\$4,092.6 million) and the current ratio (current assets/current liabilities) was approximately 5.7 (31 December 2015: 7.2).

### CAPITAL STRUCTURE

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

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

## Management Discussion and Analysis

### HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2016, the Group employed 476 (30 June 2015: 442) supporting staff and 7 (30 June 2015: 2) salary-based trainees. The total remuneration of the employees (including the Directors' remuneration) was approximately HK\$94.8 million for the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$40.9 million).

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

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

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

### RISK MANAGEMENT

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

#### INTEREST RATE RISK

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing financial assets and liabilities. Cash at banks earns interest at floating rates based on daily bank deposit rates, and bank borrowings bear interest at floating rates based on bank loan interest rates offered by banks.

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

#### CREDIT RISK

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

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Group has also adopted stringent credit policies on money lending and margin financing business. The credit policies specify the credit approval, review and monitoring processes. Credit committees were set up and authorised by the Board to have full authority to handle all credit matters.



## Management Discussion and Analysis

### LIQUIDITY RISK

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

### FOREIGN CURRENCY RISK

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

### EQUITY, DEBT AND INVESTMENT FUND PRICE RISK

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

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 22 January 2016, the Group entered into an agreement with an Independent Third Party to acquire the entire interests in Maxthree Limited ("MAX") and its wholly-owned subsidiaries, Artley Finance (HK) Limited and HKCC (collectively, the "MAX Group") at a cash consideration of HK\$24,630,000. On the same date, the Group also entered into an agreement with the MAX Group to assume the loan to director of HK\$11,790,000.

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

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

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

Save as the acquisition of MAX Group and ZAT (further details as disclosed in note 27 to the condensed consolidated financial statements), there was no other material acquisition and disposal of subsidiaries for the six months ended 30 June 2016.

## Management Discussion and Analysis

### SIGNIFICANT INVESTMENTS HELD

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

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

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

### FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET

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

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

Save as disclosed above, the Group had not executed any agreement in respect of material investment or capital asset and did not have any other future plans relating to material investment or capital asset as at the date of this interim report.

### CONTINGENT LIABILITIES

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

### PLEDGE OF ASSETS

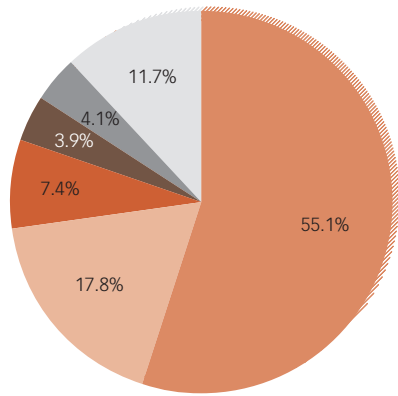
As at 30 June 2016, assets pledged to banks to secure banking facilities (including bank borrowings and bank overdraft) granted to the Group are as follows:

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

Management Discussion  
and Analysis

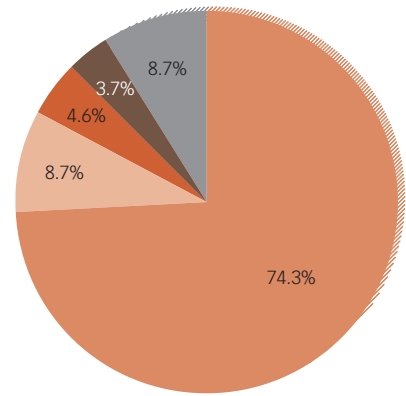
OPERATION REVIEW

Revenue Mix Analysis



30 June 2016

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

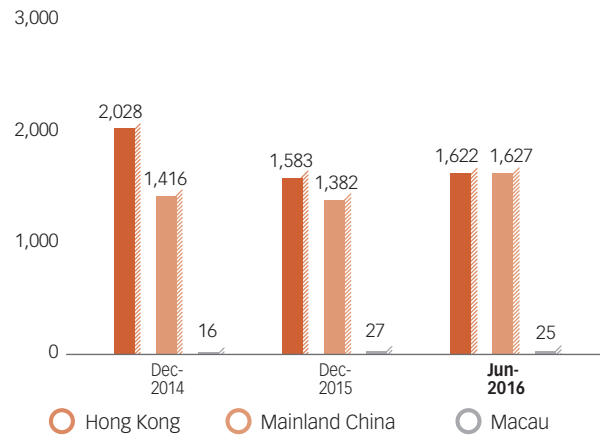


30 June 2015

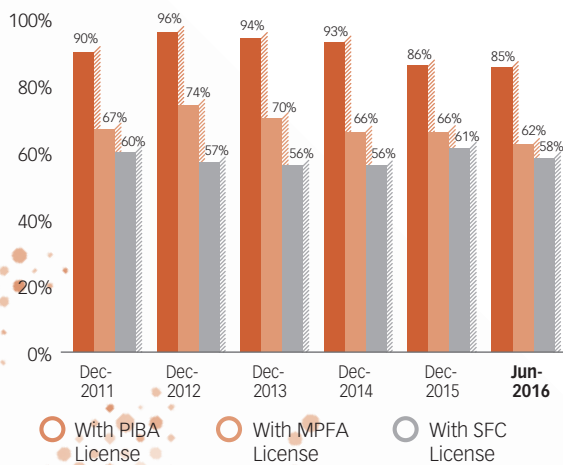
Hong Kong –  
Number of Consultants



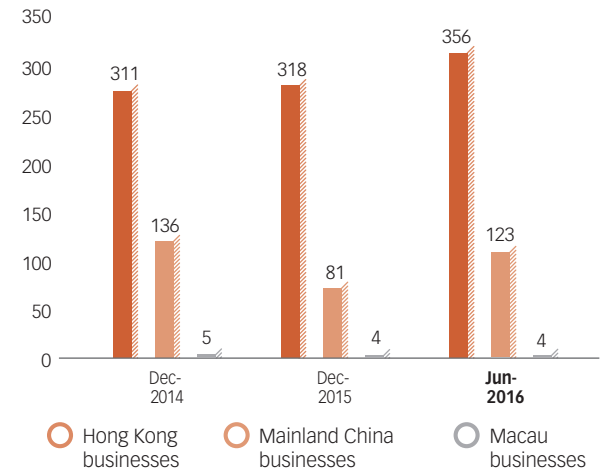
Group by locations –  
Number of Consultants



Hong Kong –  
License records of consultants



Group by locations –  
Number of employees



# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

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

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

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

# Condensed Consolidated Statement of Financial Position

30 June 2016

	Notes	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	65,603	53,010
Investment properties	12	184,694	63,922
Goodwill	13	33,992	12,820
Intangible assets	14	166	438
Investment in an associate		20,249	20,293
Investment in a joint venture		6,470	7,459
Held-to-maturity investments	15	227,184	229,324
Available-for-sale investments	16	711,837	367,005
Loans receivable	17	712,966	638,287
Prepayments, deposits and other receivables	18	61,096	57,541
Restricted cash		1,201	331
Deferred tax assets		35,844	27,169
<b>Total non-current assets</b>		<b>2,061,302</b>	<b>1,477,599</b>
<b>CURRENT ASSETS</b>			
Accounts receivable	19	197,794	86,855
Loans receivable	17	1,507,466	1,550,239
Prepayments, deposits and other receivables	18	117,571	67,142
Held-to-maturity investments	15	35,000	30,000
Financial assets at fair value through profit or loss	20	711,618	644,722
Tax recoverable		28,269	21,200
Restricted cash		918	644
Cash held on behalf of clients	21	340,654	228,761
Pledged bank deposit		10,071	10,035
Cash and cash equivalents		1,358,055	2,113,521
<b>Total current assets</b>		<b>4,307,416</b>	<b>4,753,119</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	22	539,993	397,349
Other payables and accruals		91,761	143,394
Interest-bearing bank and other borrowings	23	19,752	13,495
Net assets attributable to redeemable participation rights		24,839	34,598
Financial liabilities at fair value through profit or loss	20	37,606	25,586
Bond payables	24	400	6,389
Tax payable		45,239	35,743
Commission clawback		1,424	3,940
<b>Total current liabilities</b>		<b>761,014</b>	<b>660,494</b>
<b>NET CURRENT ASSETS</b>		<b>3,546,402</b>	<b>4,092,625</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>5,607,704</b>	<b>5,570,224</b>

## Condensed Consolidated Statement of Financial Position

30 June 2016

	Notes	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
<b>NON-CURRENT LIABILITIES</b>			
Other payables and accruals		7,943	8,605
Interest-bearing bank and other borrowings	23	40,640	–
Bond payables	24	613,309	601,023
Total non-current liabilities		661,892	609,628
Net assets		4,945,812	4,960,596
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	25	1,493,890	1,493,890
Reserves		3,469,643	3,481,003
		4,963,533	4,974,893
<b>Non-controlling interests</b>		<b>(17,721)</b>	<b>(14,297)</b>
Total equity		4,945,812	4,960,596

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company														
	Note	Issued capital HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Merger reserve HK\$'000	Shares held for share award scheme HK\$'000	Warrant reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Reserve funds HK\$'000	Legal reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2015		61,472	395,616	(64,379)	(1,920)	(1,108)	776	(94)	660	-	43,993	408,170	843,186	(43,096)	800,090
Profit/(loss) for the period		-	-	-	-	-	-	-	-	-	-	43,506	43,506	(7,333)	36,173
Other comprehensive income for the period:															
Exchange differences on translation of foreign operations		-	-	-	-	-	-	1,119	-	-	-	-	1,119	-	1,119
Total comprehensive income/(loss) for the period		-	-	-	-	-	-	1,119	-	-	-	43,506	44,625	(7,333)	37,292
Issue of new shares, net of issue expenses		184,418	257,442	-	-	-	-	-	-	-	-	-	441,860	-	441,860
Shares purchased for share award scheme	26	-	-	-	-	(36)	-	-	-	-	-	-	(36)	-	(36)
Equity-settled share-based payment	26	-	-	-	-	419	-	-	-	-	-	-	419	-	419
Deemed disposal of interest in a subsidiary		-	-	-	-	-	-	-	-	-	159	-	159	(159)	-
At 30 June 2015 (unaudited)		245,890	653,058	(64,379)	(1,920)	(725)	776	1,025	660	-	44,152	451,676	1,330,213	(50,588)	1,279,625

	Attributable to owners of the Company														
	Issued capital HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Merger reserve HK\$'000	Shares held for share award scheme HK\$'000	Warrant reserve HK\$'000	Available for-sale investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Reserve funds HK\$'000	Legal reserve HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2016	1,493,890	3,616,046	(64,379)	(1,920)	(723)	776	(4,853)	(1,367)	660	49	(4,149)	(59,137)	4,974,893	(14,297)	4,960,596
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	7,916	7,916	(3,447)	4,469
Other comprehensive income/(loss) for the period:															
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	(19,170)	-	-	-	-	-	(19,170)	-	(19,170)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(106)	-	-	-	-	(106)	23	(83)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(19,170)	(106)	-	-	-	7,916	(11,360)	(3,424)	(14,784)
Transfer to reserve funds	-	-	-	-	-	-	-	-	97	-	-	(97)	-	-	-
At 30 June 2016 (unaudited)	1,493,890	3,616,046*	(64,379)*	(1,920)*	(723)*	776*	(24,023)*	(1,473)*	757*	49*	(4,149)*	(51,318)*	4,963,533	(17,721)	4,945,812

\* These reserve accounts comprise the consolidated reserves of HK\$3,469,643,000 (31 December 2015: HK\$3,481,003,000) in the condensed consolidated statement of financial position.



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Note	For the six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash used in operating activities		(260,567)	(460,316)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividend and distribution income received		38,079	–
Bank interest received		402	125
Investment in an associate		–	(19,375)
Acquisition of subsidiaries	27	(37,167)	–
Acquisition of an investment property		(90,129)	–
Deposits paid for investments		(31,000)	(33,953)
Deposits paid for purchases of items of property, plant and equipment		(14,245)	(42,488)
Purchases of items of property, plant and equipment		(13,934)	(9,498)
Proceeds from disposal of items of property, plant and equipment		–	17
Purchases of available-for-sale investments		(364,002)	(113,376)
Increase in restricted cash		(1,144)	(11)
Increase in pledged bank deposit		(36)	–
Net cash used in investing activities		(513,176)	(218,559)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of new shares, net of issue expenses		–	441,860
Proceeds from issue of bonds, net of issue expenses		9,189	285,466
Interest paid		(27,352)	(29,996)
New bank loans		42,991	–
Repayment of bank loans		(567)	–
Redemption of bonds		(6,000)	–
Shares purchased for share award scheme		–	(36)
Net cash from financing activities		18,261	697,294
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		2,113,521	366,803
Effect of foreign exchange rate changes, net		16	689
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>			
		1,358,055	385,911
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		1,357,646	385,911
Non-pledged time deposits with original maturity of less than three months when acquired		409	–
		1,358,055	385,911

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 1. CORPORATE AND GROUP INFORMATION

Convoy Global Holdings Limited (the "Company") (formerly known as Convoy Financial Holdings Limited) is a limited liability company incorporated in the Cayman Islands on 12 March 2010. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

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

The condensed consolidated financial statements have not been audited.

## 2. BASIS OF PREPARATION

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

**Notes to the  
Condensed Consolidated Financial Statements**

For the six months ended 30 June 2016

**4. SEGMENT INFORMATION**

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

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

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

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

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

**Notes to the**  
**Condensed Consolidated Financial Statements**  
For the six months ended 30 June 2016

**4. SEGMENT INFORMATION (CONTINUED)**

REVENUE AND RESULTS

For the six months ended 30 June 2016

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

For the six months ended 30 June 2015

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

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**4. SEGMENT INFORMATION (CONTINUED)**

SEGMENT ASSETS AND LIABILITIES

	<b>30 June 2016 HK\$'000 (unaudited)</b>	31 December 2015 HK\$'000 (audited)
<b>Segment assets</b>		
IFA segment	191,797	196,435
Money lending segment	1,434,106	1,833,964
Proprietary investment segment	1,713,841	1,312,513
Asset management segment	333,561	192,958
Corporate finance segment	9,062	7,063
Securities dealing segment	1,068,335	418,568
Total segment assets	4,750,702	3,961,501
Unallocated assets	1,618,016	2,269,217
Total assets	6,368,718	6,230,718
<b>Segment liabilities</b>		
IFA segment	148,985	255,402
Money lending segment	618,008	607,547
Proprietary investment segment	78,102	88,458
Asset management segment	275,644	176,796
Corporate finance segment	978	2,677
Securities dealing segment	210,748	97,752
Total segment liabilities	1,332,465	1,228,632
Unallocated liabilities	90,441	41,490
Total liabilities	1,422,906	1,270,122

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

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

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## 5. REVENUE, OTHER INCOME AND GAINS, NET

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

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

	For the six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>Revenue</b>		
<b>IFA</b>		
IFA commission income	267,082	276,558
Advisory income	–	193
	<b>267,082</b>	<b>276,751</b>
<b>Money lending</b>		
Interest income from loan financing	85,971	32,527
<b>Proprietary investment</b>		
Fair value changes on financial investments at fair value through profit or loss, net	(15,967)	13,421
Interest income from debt investments	13,691	2,132
Dividend and distribution income	38,079	1,668
	<b>35,803</b>	<b>17,221</b>
<b>Asset management</b>		
Asset management service income	19,091	13,809
<b>Corporate finance</b>		
Bond placing commission income	12,758	27,832
Corporate finance service income	7,256	4,416
	<b>20,014</b>	<b>32,248</b>
<b>Securities dealing</b>		
Interest income from margin financing	28,220	–
Share placing commission income	18,658	–
Securities dealing commission income	9,617	–
	<b>56,495</b>	<b>–</b>
	<b>484,456</b>	<b>372,556</b>
<b>Other income and gains, net</b>		
Bank interest income	402	125
Gross rental income	838	–
Others	1,873	393
	<b>3,113</b>	<b>518</b>

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**6. FINANCE COSTS**

An analysis of finance costs is as follows:

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

**7. PROFIT BEFORE TAX**

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

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

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## 8. INCOME TAX

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

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

## 9. DIVIDEND

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

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

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



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

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

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

**11. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2016, the Group acquired property, plant and equipment through additions of HK\$13,934,000 (six months ended 30 June 2015: HK\$5,747,000) in order to upgrade its operating capacities and through acquisition of subsidiaries of HK\$15,057,000 (six months ended 30 June 2015: Nil).

During the six months ended 30 June 2016, the Group disposed items of property, plant and equipment with a carrying amount of HK\$224,000, at nil consideration, resulting in a loss on disposal of HK\$224,000. There was no disposal of items of property, plant and equipment during the six months ended 30 June 2015.

As at 30 June 2016, the Group's buildings with a net carrying amount of HK\$14,568,000 (31 December 2015: Nil) was pledged to secure banking facilities granted to the Group.

**12. INVESTMENT PROPERTIES**

During the six months ended 30 June 2016, additions of investment properties amounted to HK\$120,772,000 (six months ended 30 June 2015: Nil).

As at 30 June 2016, the Group's investment properties with a carrying amount of HK\$120,772,000 (31 December 2015: Nil) was pledged to secure banking facilities granted to the Group.

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### 13. GOODWILL

	<b>30 June 2016 HK\$'000 (unaudited)</b>	31 December 2015 HK\$'000 (audited)
<b>Cost</b>		
At beginning of the reporting period	52,660	49,762
Acquisition of subsidiaries (note 27)	21,172	2,898
At end of the reporting period	73,832	52,660
<b>Accumulated impairment</b>		
At beginning and end of the reporting period	39,840	39,840
<b>Net carrying amount</b>		
At end of the reporting period	33,992	12,820

### 14. INTANGIBLE ASSETS

	<b>30 June 2016 HK\$'000 (unaudited)</b>	31 December 2015 HK\$'000 (audited)
<b>Cost</b>		
At beginning and end of the reporting period	2,173	2,173
<b>Accumulated amortisation</b>		
At beginning of the reporting period	1,735	1,191
Amortisation during the period	272	544
At end of the reporting period	2,007	1,735
<b>Net carrying amounts</b>		
At end of the reporting period	166	438

The intangible assets represent customers' contracts with definite useful lives with carrying amounts of HK\$166,000 (31 December 2015: HK\$438,000) which are amortised on a straight-line basis over 4 years.

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**15. HELD-TO-MATURITY INVESTMENTS**

	<b>30 June 2016 HK\$'000 (unaudited)</b>	31 December 2015 HK\$'000 (audited)
Unlisted debt investments	<b>262,184</b>	259,324
Analysed into:		
Non-current assets	<b>227,184</b>	229,324
Current assets	<b>35,000</b>	30,000
	<b>262,184</b>	259,324

Held-to-maturity investments represented the Group's unlisted debt investments with fixed interest rates ranging from 7.5% to 12.0% (31 December 2015: 8.0% to 10.9%) measured at amortised cost.

**16. AVAILABLE-FOR-SALE INVESTMENTS**

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

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

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**17. LOANS RECEIVABLE**

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

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

Loans receivable arising from the margin financing business in the securities dealing segment is secured by the pledge of the customers' securities as collateral. As at 30 June 2016, the total value of securities pledged as collateral in respect of the margin receivables was HK\$3,437,244,000 (31 December 2015: HK\$1,709,403,000) based on the market value of the securities at the end of the reporting period.

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

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

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**17. LOANS RECEIVABLE (CONTINUED)**

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

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

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

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

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

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

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## 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 June 2016 HK\$'000 (unaudited)</b>	31 December 2015 HK\$'000 (audited)
Deposits paid for purchase of items of property, plant and equipment	14,245	9,269
Deposits paid for purchase of an investment property	–	30,643
Deposit paid for investments	50,619	19,619
Rental and other deposits	24,877	24,782
Other receivables from fund investments	–	67,050
Other receivables	54,189	52,273
Prepaid expenses	91,234	36,149
	<b>235,164</b>	239,785
Impairment of other receivables	<b>(36,878)</b>	(95,483)
Impairment of a deposit paid for a fund investment	<b>(19,619)</b>	(19,619)
	<b>178,667</b>	124,683
Analysed into:		
Non-current assets	<b>61,096</b>	57,541
Current assets	<b>117,571</b>	67,142
	<b>178,667</b>	124,683

## 19. ACCOUNTS RECEIVABLE

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

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

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

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**19. ACCOUNTS RECEIVABLE (CONTINUED)**

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

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

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

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

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

	<b>30 June 2016 HK\$'000 (unaudited)</b>	31 December 2015 HK\$'000 (audited)
Neither past due nor impaired	<b>197,794</b>	85,450
Over 3 months past due	–	1,405
	<b>197,794</b>	86,855

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

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

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## 20. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss:

	<b>30 June 2016 HK\$'000 (unaudited)</b>	31 December 2015 HK\$'000 (audited)
<b>Long position</b>		
Listed equity investments, at market value	<b>527,687</b>	493,947
Listed debt investments, at market value	<b>66,735</b>	–
Unlisted debt investments, at market value	<b>8,939</b>	46,972
Fund investments, at market value	<b>43,367</b>	46,553
Fund investments, at fair value	<b>6,565</b>	6,575
Private equity investments, at fair value	<b>58,325</b>	50,675
	<b>711,618</b>	644,722

Financial liabilities at fair value through profit or loss:

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

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

## 21. CASH HELD ON BEHALF OF CLIENTS

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



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**22. ACCOUNTS PAYABLE**

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

Included in accounts payable is an amount of HK\$208,407,000 (31 December 2015: HK\$96,787,000) representing accounts payable to exchanges, brokers and clients arising from proprietary investment and securities dealing businesses, which is either repayable on demand or subsequent to the settlement date. The normal settlement terms of the said accounts payable are, in general, within 2 days after the trade date.

Included in accounts payable is an amount of HK\$275,370,000 (31 December 2015: HK\$176,536,000) representing cash held on behalf of clients from asset management business, which is disclosed in note 21 to the unaudited Interim Financial Statements. No aging analysis is disclosed as in the opinion of the Directors, the aging analysis does not give additional value in view of the nature of this business.

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

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

Accounts payable are non-interest-bearing.

Included in the accounts payable were commission payables to the spouse, a brother and a cousin of a director of the Group's major operating subsidiary who are consultants of the Group, totalling HK\$408,000 (31 December 2015: HK\$1,062,000), which are payable on terms similar to those offered to other consultants of the Group.

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## 23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2016 (unaudited)			31 December 2015 (audited)		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
<b>Current</b>						
Bank loans – secured	1.65 – 2.14	2016 – 2017	5,726	–	–	–
Other borrowing – unsecured	8	On demand	14,026	8	On demand	13,495
			<b>19,752</b>			<b>13,495</b>
<b>Non-current</b>						
Bank loan – secured	2.14	2017 – 2036	40,640	–	–	–
			<b>60,392</b>			<b>13,495</b>

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Analysed into:		
Bank loans repayable:		
Within one year	5,726	–
In the second year	1,791	–
In the third to fifth years, inclusive	5,606	–
Beyond five years	33,243	–
	<b>46,366</b>	–
Other borrowing repayable:		
On demand	14,026	13,495
	<b>60,392</b>	<b>13,495</b>

All borrowings are in denominated in Hong Kong dollars.

The Group's bank loans as at 30 June 2016 are secured by:

- (a) mortgage over the Group's investment property situated in Hong Kong, which had a carrying value at the end of the reporting period of HK\$120,772,000;
- (b) mortgage over the Group's building, which had a carrying value at the end of the reporting period of HK\$14,568,000;
- (c) unlimited personal guarantees given by a director of certain subsidiaries of the Company and the spouse of that director; and
- (d) a corporate guarantee given by a subsidiary of the Company for an amount up to HK\$43,000,000.

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**24. BOND PAYABLES**

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

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

Straight bond	Placing period	Maturity from issue date	Coupon rate	Effective interest rate	Principal outstanding	
					<b>30 June 2016 HK\$'000 (unaudited)</b>	31 December 2015 HK\$'000 (audited)
A	8 July 2014 – 7 July 2015	7th anniversary	6%	7.53%	50,000	50,000
B	16 September 2014 – 15 September 2015	7th anniversary	6%	7.53%	300,000	300,000
C	14 November 2014 – 2 July 2015	7th anniversary	9%	9.02%	16,000	16,000
D	14 January 2015 – 13 January 2016	7th anniversary	9%	9.02%	5,000	5,000
E	21 January 2015 – 20 January 2016	7th anniversary	6%	7.53%	285,500	275,500
F	21 January 2015 – 20 January 2016	1st anniversary	3.5%	4.02%	400	6,400
					<b>656,900</b>	652,900

All bonds are unsecured and contain no conversion feature.

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## 25. SHARE CAPITAL

	<b>30 June 2016 HK\$'000 (unaudited)</b>	31 December 2015 HK\$'000 (audited)
Authorised: 20,000,000,000 (31 December 2015: 20,000,000,000) ordinary shares of HK\$0.10 each	<b>2,000,000</b>	2,000,000
Issued and fully paid: 14,938,896,000 (31 December 2015: 14,938,896,000) ordinary shares of HK\$0.10 each	<b>1,493,890</b>	1,493,890

## 26. SHARE AWARD SCHEME

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

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

Pursuant to the rules governing the operation of the Award Scheme (the "Scheme Rules"), the board of directors of the Company (the "Board") shall select the Selected Participants and determine the number of Awarded Shares to be awarded. The Board shall cause to pay the trustee of the Trust (the "Trustee") the purchase price and the related expenses from the Company's resources for the shares of the Company to be purchased by the Trustee. The Trustee is an Independent Third Party appointed by the Board for the administration of the Award Scheme. The Trustee shall purchase from the market such number of shares of the Company awarded as specified by the Board and shall hold such shares until they are vested in accordance with the Scheme Rules.

When a Selected Participant has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the Trustee shall transfer the relevant vested Awarded Shares to that employee at no cost.

The Trustee shall not exercise the voting rights in respect of any shares of the Company held under the Trust, including, inter alia, the Awarded Shares and further shares of the Company acquired out of the income derived therefrom.

**Notes to the**  
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**26. SHARE AWARD SCHEME (CONTINUED)**

During the six months ended 30 June 2015, an aggregate number of 578,674 Awarded Shares were awarded, fully vested at the grant dates, to certain consultants and employees of the Group, which were transferred to the consultants and employees at nil consideration. The fair value of the Awarded Shares awarded was based on the market value of the Company's shares at the grant date and the Group recognised an equity-settled share based payment expense of HK\$419,000 for the six months ended 30 June 2015 with a corresponding credit to the shares held for share award scheme account of the Company with the same amount. No Awarded Shares were granted during the six months ended 30 June 2016.

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

During the six months ended 30 June 2015, the Trustee acquired under the Award Scheme 60,000 ordinary shares of the Company through purchases on the open market at a total cost (including related transaction costs) of HK\$36,000 which was credited to the shares held for share award scheme account of the Company as an equity component of the Company. No Awarded Shares were purchased during the six months ended 30 June 2016.

**27. BUSINESS COMBINATIONS**

(A) ACQUISITION OF MAXTHREE LIMITED

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

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

The fair values of the identifiable assets and liabilities of MAX Group at date of acquisition, which are provisional amounts and are subject to the fair value estimation, were as follows:

	HK\$'000
Property, plant and equipment	14,698
Loans receivable	2,695
Deposits and other receivables	332
Cash and bank balances	5,448
Other payables and accruals	(130)
Interest-bearing bank borrowing	(3,942)
Total identifiable net assets at fair value	19,101
Goodwill on acquisition	17,319
Satisfied by cash consideration	36,420

**Notes to the**  
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**27. BUSINESS COMBINATIONS (CONTINUED)**

(A) ACQUISITION OF MAXTHREE LIMITED (CONTINUED)

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

	HK\$'000
Cash consideration	(36,420)
Cash and bank balances acquired	5,448
Net outflow of cash and cash equivalents included in cash flows from investing activities	(30,972)

Since the acquisition, the MAX Group contributed HK\$91,000 to the Group's revenue and loss of HK\$3,684,000 to the consolidated profit for the six months ended 30 June 2016.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the six months ended 30 June 2016 would have been HK\$484,482,000 and HK\$4,360,000.

(B) ACQUISITION OF ZEED ASIA TECHNOLOGY LIMITED

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

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

The fair values of the identifiable assets and liabilities of ZAT at date of acquisition, which are provisional amounts and are subject to the fair value estimation, were as follows:

	HK\$'000
Property, plant and equipment	359
Deposits paid for purchase of items of property, plant and equipment	1,859
Prepayments, deposits and other receivables	211
Cash and bank balances	5
Other payables and accruals	(87)
Total identifiable net assets at fair value	2,347
Goodwill on acquisition	3,853
Satisfied by cash consideration	6,200

**Notes to the  
Condensed Consolidated Financial Statements**  
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**27. BUSINESS COMBINATIONS (CONTINUED)**

(B) ACQUISITION OF ZEED ASIA TECHNOLOGY LIMITED (CONTINUED)

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

	HK\$'000
Cash consideration	(6,200)
Cash and bank balances acquired	5
Net outflow of cash and cash equivalents included in cash flows from investing activities	(6,195)

Since the acquisition, ZAT contributed loss of HK\$1,990,000 to the consolidated profit for the six months ended 30 June 2016.

Had the combination taken place at the beginning of the period, the profit of the Group for the six months ended 30 June 2016 would have been HK\$3,054,000.

ZAT did not generate any revenue during the six months ended 30 June 2016.

**28. CAPITAL COMMITMENTS**

The Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2016 HK\$'000 (unaudited)</b>	31 December 2015 HK\$'000 (audited)
Contracted, but not provided for:		
Capital investments in available-for-sale investments	<b>236,553</b>	159,053
Acquisition of property, plant and equipment	–	14,000
Acquisition of an investment property	–	85,931
	<b>236,553</b>	258,984

**Notes to the  
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## 29. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the unaudited Interim Financial Statements, the Group had the following material transactions with related parties during the period:

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

	Notes	For the six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Commission expenses payable to:			
Spouse of a director of the Group's operating subsidiaries	(i)	794	1,141
Brother of a director of the Group's operating subsidiaries	(i)	1,142	1,376
Cousin of a director of the Group's operating subsidiaries	(i)	3,349	4,493
Rental expense paid to Great Felicity Limited ("GFL")	(ii)	2,614	–

Notes:

- (i) The commission expenses were paid to the related parties who are also the Group's consultants and were determined based on the volume of brokerage transactions executed by them for the accounts of the Group. The commissions offered are substantially in line with those offered to other consultants of the Group.
- (ii) Rental expense was paid to GFL, a related company indirectly wholly owned by a shareholder of the Company who exercises significant influence over the Company. The terms and conditions associated with the rental services were made according to the terms and conditions offered to external customers of GFL.

(B) OTHER TRANSACTIONS WITH RELATED PARTIES:

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

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

	For the six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Fees, salaries, allowances, bonuses and benefits in kind	11,242	6,761
Pension scheme contributions	708	859
Total compensation paid to key management personnel	11,950	7,620



**Notes to the  
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For the six months ended 30 June 2016

**30. PLEDGE OF ASSETS**

Details of the Group's bank loans, which are secured by assets of the Group, are included in note 23 to the unaudited Interim Financial Statements.

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

**31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

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

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposit, restricted cash, loans receivable, accounts receivable, accounts payable, interest-bearing bank and other borrowings, available-for-sale investments, held-to-maturity investments, financial investments at fair value through profit or loss, deposits and other receivables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the bonds was assessed to be insignificant.

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

The fair values of the non-current financial assets included in prepayments, deposits and other receivables, available-for-sale investments, non-current held-to-maturity investments, non-current loans receivable and non-current financial liabilities included in other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

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

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

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

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

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**31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**  
**(CONTINUED)**

ASSETS MEASURED AT FAIR VALUE:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<b>At 30 June 2016 (unaudited)</b>				
Available-for-sale investments	64,199	19,957	354,274	438,430
Financial investments at fair value through profit or loss	594,422	47,029	70,167	711,618
	<b>658,621</b>	<b>66,986</b>	<b>424,441</b>	<b>1,150,048</b>
<b>At 31 December 2015 (audited)</b>				
Available-for-sale investments	–	9,153	329,552	338,705
Financial investments at fair value through profit or loss	532,136	48,775	63,811	644,722
	532,136	57,928	393,363	983,427

During the six months ended 30 June 2016, there were no transfers of the Group's fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the Group's financial assets.

## Notes to the

### Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	For the six months ended 30 June 2016 HK\$'000 (unaudited)	For the year ended 31 December 2015 HK\$'000 (audited)
Available-for-sale investments – unlisted:		
At beginning of the reporting period	329,552	–
Investments made during the period	12,267	382,106
Fair value changes recognised through other comprehensive income	12,455	–
Fair value changes recognised in profit or loss	–	(52,554)
At end of the reporting period	354,274	329,552
Financial assets at fair value through profit or loss – unlisted:		
At beginning of the reporting period	63,811	–
Investments made during the period	–	63,811
Fair value changes during the period	6,356	–
At end of the reporting period	70,167	63,811

### LIABILITIES MEASURED AT FAIR VALUE:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<b>At 30 June 2016 (unaudited)</b>				
Financial liabilities at fair value through profit or loss	37,606	–	–	37,606
At 31 December 2015 (audited)				
Financial liabilities at fair value through profit or loss	25,586	–	–	25,586

During the period, there were no transfers of the Group's fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the Group's financial liabilities (year ended 31 December 2015: Nil).

## Additional Information

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

As at 30 June 2016, so far as the Directors are aware, the interests or short positions of the Directors or chief executives in Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”, Chapter 571 of the Laws of Hong Kong)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) contained in the Listing Rules, are as follows:

Name of Director or chief executive	Capacity	Long/ Short position	Number of Shares held	Approximate percentage of the issued share capital
Wong Lee Man	Beneficial owner	Long position	102,163,194	0.68%

### INTERESTS AND/OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARE CAPITAL OF THE COMPANY

Save as disclosed in the section headed “Interests and/or Short Positions of the Directors and Chief Executives in the Share Capital of the Company and its Associated Corporations”, as at 30 June 2016, so far as the Directors are aware, the following corporations had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholders	Capacity	Long/ Short position	Number of Shares held	Approximate percentage of the issued share capital
Eagle Legacy Limited	Beneficial owner	Long position	2,240,000,000	14.99%
Oceana Glory Limited	Beneficial owner	Long position	2,240,000,000	14.99%
ClassicTime Investments Limited (Note 1)	Beneficial owner	Long position	1,483,788,000	9.93%
Jun Yang Financial Holdings Limited (Note 1)	Interests of a controlled corporation	Long position	1,483,788,000	9.93%
Ever Robust Holdings Limited (Note 2)	Beneficial owner	Long position	1,361,104,000	9.11%
Interactive Entertainment China Cultural Technology Investments Limited (Note 2)	Interests of a controlled corporation	Long position	1,361,104,000	9.11%
GET Holdings Limited (Note 3)	Interests of a controlled corporation	Long position	747,806,000	5.01%
Lucky Famous Limited (Note 3)	Interests of a controlled corporation	Long position	747,806,000	5.01%
Perfect Growth Limited (Note 3)	Beneficial owner	Long position	747,806,000	5.01%

## Additional Information

Notes:

1. The 1,483,788,000 Shares are held by Classictime Investments Limited, a wholly-owned subsidiary of Jun Yang Solar Power Investments Limited. Accordingly, Jun Yang Financial Holdings Limited (formerly known as Jun Yang Solar Power Investments Limited) is deemed to be interested in the 1,483,788,000 Shares held by Classictime Investments Limited by virtue of the SFO.
2. Interactive Entertainment China Cultural Technology Investments Limited (formerly known as China Mobile Games and Cultural Investment Limited) wholly own the entire issued share capital of Whole Kind Investments Limited which in turn wholly own the entire issued share capital of Ever Robust Holdings Limited. Therefore, Interactive Entertainment China Cultural Technology Investments Limited and Whole Kind Investments Limited are deemed to be interested in 1,361,104,000 Shares by virtue of the SFO.
3. GET Holdings Limited wholly own the entire issued share capital of Lucky Famous Limited which in turn wholly own the entire issued share capital of Perfect Growth Limited. Therefore, GET Holdings Limited and Lucky Famous Limited are deemed to be interested in 747,806,000 Shares by virtue of the SFO.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

## SHARE OPTION SCHEME

The share option scheme (the "Share Option Scheme") of the Company was conditionally approved by written resolutions of the sole shareholder of the Company dated 23 June 2010 and shall be valid and effective for a period of 10 years to 22 June 2020.

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

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

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

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

## Additional Information

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

The total number of Shares (in respect of which options may be granted) available for issue under the Share Option Scheme are 40,000,000 Shares, which represented (i) approximately 0.27% of the total number of the issued Shares of the Company as at the date of annual report of the Company for its financial year ended 31 December 2015 ("2015 Annual Report") and as at 28 April 2016, being the publish date of 2015 Annual Report; and (ii) approximately 0.27% of the total number of the issued Shares of the Company as at 30 June 2016.

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

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

During the six months ended 30 June 2016, no share options were granted, exercised or cancelled by the Company under the Share Option Scheme.

### SHARE AWARD SCHEME

The Company's share award scheme (the "Award Scheme") was adopted pursuant to a resolution passed on 25 January 2011 for the primary purpose of recognising the contributions by certain selected participants and giving incentives thereto in order to retain them for the continual operation and development of the Group and attracting suitable personnel for further development of the Group. Details of the Award Scheme are disclosed in note 26 to the condensed consolidated financial statements.

### CORPORATE GOVERNANCE PRACTICES

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

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

## **Additional Information**

### **CHANGE OF DIRECTORS AND COMPOSITION OF BOARD COMMITTEES**

With effect from 31 March 2016, Mr. Mak Kwong Yiu, resigned as an executive Director and the chief executive officer of the Company due to his personal commitments on his other business.

With effect from 9 May 2016, Mr. Pun Tit Shan has been appointed as an independent non-executive Director and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company.

At the annual general meeting of the Company held on 22 June 2016 ("AGM"), Mr. Lam Chi Keung ("Mr. Lam"), did not offer himself for re-election due to his personal commitments on his other business and accordingly retired as an independent non-executive director of the Company upon the conclusion of the AGM. At the same time, Mr. Lam also ceased to be the member of each of the audit committee, the remuneration committee and the nomination committee of the Company.

### **CHANGE OF INFORMATION OF DIRECTORS**

Mr. Ma Yiu Ho, Peter has been appointed as an independent non-executive Director of TEM Holdings Limited (stock code: 8346) with effect from 20 April 2016 and an independent non-executive Director of Royal Catering Group Holdings Company Limited (stock code: 8300) with effect from 21 July 2016.

With effect from 31 July 2016, Mr. Pun Tit Shan has resigned as the chief investment officer of Astrum Capital Management Limited. He has been appointed as the chief executive officer of Asia Wealth Securities Limited with effect from 1 August 2016.

Ms. Fong Sut Sam has ceased to be a panel member of the Appeal Board under the Betting Duty Ordinance (Chapter 108 of the Laws of Hong Kong) since April 2016 and a panel member of the Appeal Boards under the Amusement Game Centres Ordinance (Chapter 435 of the Laws of Hong Kong) since June 2016.

### **AUDIT COMMITTEE**

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

### **INTERIM DIVIDEND**

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

On behalf of the Board  
**Convoy Global Holdings Limited**  
**Wong Lee Man**  
*Chairman*

25 August 2016

## Definitions

In this interim report, unless the context otherwise requires, the following expressions have the following meanings:

“Board” or “Board of Directors”	means	the board of Directors as at the date of this interim report
“CAM”	means	Convoy Asset Management Limited, a company incorporated in Hong Kong with limited liability on 24 November 1999 and is licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“CCHK”	means	Convoy Capital Hong Kong Limited, a company incorporated in Hong Kong with limited liability on 11 October 2011 and is licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“CIP”	means	Convoy International Property Consulting Company Limited, a company incorporated in Hong Kong with limited liability on 21 May 2014
“Company” or “our Company”	means	Convoy Global Holdings Limited, a company incorporated in the Cayman Islands on 12 March 2010 with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1019)
“Director(s)”	means	the director(s) of our Company
“EBITDA”	means	earnings before interest, tax, depreciation and amortisation
“ECA”	means	the Employee Choice Arrangement of MPF
“Fubon Life”	means	Fubon Life Insurance (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability on 17 July 2015
“Group”, “we”, “us” or “Convoy”	means	the Company and its subsidiaries
“HK\$”	means	Hong Kong dollars, the lawful currency of Hong Kong
“HK cents”	means	Hong Kong cents, the lawful currency of Hong Kong
“HKCC”	means	Hong Kong Credit Corporation Limited, a company incorporated in Hong Kong with limited liability on 16 March 1982
“Hong Kong”	means	Hong Kong Special Administrative Region of PRC
“IFA”	means	independent financial advisory
“ILAS”	means	the acronym for Investment-linked Assurance Scheme, an insurance policy of the “linked long term” class as defined in First Schedule, Part 2 of the ICO
“Independent Third Party”	means	independent third party who is not connected person (as defined in the Listing Rules) of the Company and is independent of and not connected with the connected persons of the Company



## Definitions

"ICO"	means	the Insurance Companies Ordinance (Chapter 41 of the Laws of Hong Kong) as amended and supplemented from time to time
"Listing Rules"	means	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Macau"	means	Macau Special Administrative Region of PRC
"MPF"	means	Mandatory Provident Fund
"PRC"	means	the People's Republic of China
"SFC"	means	Securities and Futures Commission
"SFO"	means	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	means	ordinary share(s) with a nominal value of HK\$0.10 each in the share capital of our Company
"Stock Exchange"	means	The Stock Exchange of Hong Kong Limited
"%"	means	percent

CONVOY  康宏