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CONVOY GLOBAL HOLDINGS LIMITED

康宏環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1019)

**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

FINANCIAL HIGHLIGHTS

Key financial information/ financial ratios:	2016 HK\$'000	2015 HK\$'000	Change %
Revenue	1,205,145	604,624	99.3
Loss before tax	(65,008)	(499,703)	-87.0
EBITDA	18,366	(427,946)	104.3

The board (the “Board”) of directors (the “Directors”) of Convoy Global Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is pleased to present the consolidated results of the Group for the year ended 31 December 2016, together with the comparative amounts for the corresponding period of last year as follows. These consolidated results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Notes	2016 HK\$'000	2015 HK\$'000
REVENUE	4	1,205,145	604,624
Other income and gains, net	4	7,830	3,202
Commission and advisory expenses		(577,541)	(479,441)
Staff costs		(236,390)	(165,659)
Depreciation		(33,658)	(28,136)
Reversal of provision for commission clawback/ (provision for commission clawback)		2,893	(1,418)
Other expenses		(380,379)	(388,045)
Loss/(profit) attributable to non-controlling investors of investment funds		1,596	(1,510)
Finance costs	5	(49,278)	(43,077)
Share of profits/(losses) of associates		(3,648)	129
Share of loss of a joint venture		(1,578)	(372)
		<u>(104,210)</u>	<u>(484,140)</u>
LOSS BEFORE TAX	6	(65,008)	(499,703)
Income tax credit/(expense)	7	(39,202)	15,563
		<u>(104,210)</u>	<u>(484,140)</u>
LOSS FOR THE YEAR		<u>(104,210)</u>	<u>(484,140)</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		(95,522)	(467,258)
Non-controlling interests		(8,688)	(16,882)
		<u>(104,210)</u>	<u>(484,140)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic (HK cents)		<u>(0.6)</u>	<u>(11.0)</u>
Diluted (HK cents)		<u>(0.6)</u>	<u>(11.0)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016	2015
	HK\$'000	HK\$'000
LOSS FOR THE YEAR	<u>(104,210)</u>	<u>(484,140)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Fair value gains/(losses) of available-for-sale investments	2,035	(57,407)
Reclassification adjustment to profit or loss on impairment of available-for-sale investments	16,018	52,554
Exchange differences on translation of foreign operations	<u>(5,562)</u>	<u>(1,711)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>12,491</u>	<u>(6,564)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(91,719)</u>	<u>(490,704)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:		
Owners of the Company	(83,918)	(473,384)
Non-controlling interests	<u>(7,801)</u>	<u>(17,320)</u>
	<u>(91,719)</u>	<u>(490,704)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	<i>Notes</i>	2016	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		77,839	53,010
Investment properties		176,200	63,922
Goodwill		23,541	12,820
Intangible assets		–	438
Investments in associates	<i>10</i>	582,156	20,293
Investment in a joint venture		5,776	7,459
Held-to-maturity investments		126,326	229,324
Available-for-sale investments	<i>11</i>	761,755	367,005
Loans receivable	<i>12</i>	509,984	638,287
Prepayments, deposits and other receivables		23,337	57,541
Restricted cash		1,116	331
Deferred tax assets		28,927	27,169
		<hr/>	<hr/>
Total non-current assets		2,316,957	1,477,599
CURRENT ASSETS			
Accounts receivable	<i>13</i>	93,241	86,855
Loans receivable	<i>12</i>	1,304,677	1,550,239
Prepayments, deposits and other receivables		79,475	67,142
Held-to-maturity investments		15,489	30,000
Financial assets at fair value through profit or loss	<i>14</i>	1,105,957	644,722
Tax recoverable		32,540	21,200
Restricted cash		1,176	644
Cash held on behalf of clients		620,036	228,761
Pledged bank deposit		10,103	10,035
Cash and cash equivalents		967,073	2,113,521
		<hr/>	<hr/>
Total current assets		4,229,767	4,753,119

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2016

	Notes	2016 HK\$'000	2015 HK\$'000
CURRENT LIABILITIES			
Accounts payable	15	740,042	397,349
Other payables and accruals		145,756	143,394
Interest-bearing bank and other borrowings		59,854	13,495
Net assets attributable to redeemable participation rights		5,533	34,598
Financial liabilities at fair value through profit or loss	14	35,122	25,586
Bond payables	16	–	6,389
Tax payable		61,075	35,743
Commission clawback		1,047	3,940
		<u>1,048,429</u>	<u>660,494</u>
Total current liabilities		<u>1,048,429</u>	<u>660,494</u>
NET CURRENT ASSETS		<u>3,181,338</u>	<u>4,092,625</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,498,295</u>	<u>5,570,224</u>
NON-CURRENT LIABILITIES			
Other payables and accruals		9,362	8,605
Bond payables	16	616,449	601,023
Deferred tax liabilities		1,278	–
		<u>627,089</u>	<u>609,628</u>
Total non-current liabilities		<u>627,089</u>	<u>609,628</u>
Net assets		<u>4,871,206</u>	<u>4,960,596</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		1,493,890	1,493,890
Reserves		3,399,339	3,481,003
		<u>4,893,229</u>	<u>4,974,893</u>
Non-controlling interests		(22,023)	(14,297)
		<u>(22,023)</u>	<u>(14,297)</u>
Total equity		<u>4,871,206</u>	<u>4,960,596</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. CORPORATE AND GROUP INFORMATION

Convoy Global Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 12 March 2010. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 BASIS OF PREPARATION *(Continued)*

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
HKFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

- (a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:
- (i) the materiality requirements in HKAS 1;
 - (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
 - (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
 - (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

- (b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

3. SEGMENT INFORMATION

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

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

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 loss before tax except that unallocated other income and gains, net, as well as head office and corporate expenses are excluded from such measurement.

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

3. SEGMENT INFORMATION (Continued)

Revenue and results

Year ended 31 December 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
Revenue								
External	698,637	144,040	157,473	38,045	39,079	127,871	-	1,205,145
Inter-segment	-	1,439	137	2,376	380	3,129	(7,461)	-
Segment revenue	<u>698,637</u>	<u>145,479</u>	<u>157,610</u>	<u>40,421</u>	<u>39,459</u>	<u>131,000</u>	<u>(7,461)</u>	<u>1,205,145</u>
Results								
Segment results	(216,913)	17,634	99,370	5,829	(1,017)	92,024	-	(3,073)
Unallocated income								7,830
Unallocated corporate expenses								(69,765)
Loss before tax								<u>(65,008)</u>

Year ended 31 December 2015

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

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

As at 31 December

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Segment assets		
IFA segment	190,287	196,435
Money lending segment	914,526	1,833,964
Proprietary investment segment	2,599,488	1,312,513
Asset management segment	375,552	192,958
Corporate finance segment	11,959	7,063
Securities dealing segment	1,218,583	418,568
	<hr/>	<hr/>
Total segment assets	5,310,395	3,961,501
Unallocated assets	1,236,329	2,269,217
	<hr/>	<hr/>
Total assets	<u>6,546,724</u>	<u>6,230,718</u>
Segment liabilities		
IFA segment	227,846	255,402
Money lending segment	624,806	607,547
Proprietary investment segment	64,386	88,458
Asset management segment	359,651	176,796
Corporate finance segment	2,921	2,677
Securities dealing segment	289,276	97,752
	<hr/>	<hr/>
Total segment liabilities	1,568,886	1,228,632
Unallocated liabilities	106,632	41,490
	<hr/>	<hr/>
Total liabilities	<u>1,675,518</u>	<u>1,270,122</u>

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

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

3. SEGMENT INFORMATION (Continued)

Other segment information

Year ended 31 December 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	Total HK\$'000
Capital expenditure (other than goodwill)*							
– Operating segment	29,494	24,072	–	2,234	–	239	56,039
– Unallocated							97,370
							153,409
Depreciation of property, plant and equipment							
– Operating segment	30,943	1,174	–	152	841	110	33,220
– Unallocated							438
							33,658
Amortisation of intangible assets	438	–	–	–	–	–	438
Impairment loss recognised in profit or loss	3,923	40,736	32,905	3,853	–	–	81,417
Share of losses of associates	–	–	3,648	–	–	–	3,648
Share of loss of a joint venture	–	–	1,578	–	–	–	1,578
Investments in associates	–	–	582,156	–	–	–	582,156
Investment in a joint venture	–	–	5,776	–	–	–	5,776
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

3. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

Year ended 31 December 2015

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

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

3. SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong	955,380	672,545
Mainland China	83,379	98,303
Macau	8,913	46,536
	<u>1,047,672</u>	<u>817,384</u>

The revenue information above is based on the location of the operations. For the purpose of identifying major external customers, revenue derived from the proprietary investment segment is excluded.

(b) Non-current assets

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong	294,388	177,530
Mainland China	6,278	9,299
Macau	251	902
	<u>300,917</u>	<u>187,731</u>

The non-current asset information above is based on the locations of the assets and excludes investments in associates, investment in a joint venture, loans receivable, financial instruments, restricted cash and deferred tax assets.

3. SEGMENT INFORMATION *(Continued)*

Information about product issuers/fund houses/customers

Revenue from major product issuers/fund houses/customers, each of them contributing to 10% or more of the Group's revenue derived from the IFA segment, money lending segment, asset management segment, corporate finance segment and securities dealing segment, is set out below:

	2016	2015
	HK\$'000	HK\$'000
Product issuer A	N/A*	136,238
Product issuer B	N/A*	124,772
Product issuer C	142,975	N/A**

For the purpose of identifying major external customers, revenue derived from the proprietary investment segment is excluded.

* *Revenue from each of product issuer A and B for the year ended 31 December 2016 was less than 10% of the Group's revenue.*

** *Revenue from product issuer C for the year ended 31 December 2015 was less than 10% of the Group's revenue.*

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the aggregate of (i) commission income from 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, interest income, dividend and distribution income from the proprietary investment business; and (iv) the value of services rendered from asset management and corporate finance businesses, earned during the year.

4. REVENUE, OTHER INCOME AND GAINS, NET (Continued)

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue		
<i>IFA</i>		
IFA commission income	<u>698,637</u>	<u>609,213</u>
<i>Money lending</i>		
Interest income from loan financing	<u>144,040</u>	<u>83,003</u>
<i>Proprietary investment</i>		
Fair value changes on financial investments at fair value through profit or loss, net	30,763	(225,585)
Fair value changes on financial investments designated at fair value through profit or loss, net	41,518	–
Loss on disposal of an available-for-sale investment	(320)	–
Interest income from debt investments	29,731	7,212
Interest income from financial investments designated at fair value through profit or loss, net	7,121	–
Dividend and distribution income	<u>48,660</u>	<u>5,613</u>
	<u>157,473</u>	<u>(212,760)</u>
<i>Asset management</i>		
Asset management service income	<u>38,045</u>	<u>35,948</u>
<i>Corporate finance</i>		
Bond placing commission income	28,547	58,344
Corporate finance service income	<u>10,532</u>	<u>6,341</u>
	<u>39,079</u>	<u>64,685</u>
<i>Securities dealing</i>		
Interest income from margin financing	66,338	3,927
Share placing commission income	40,922	18,384
Securities dealing commission income	<u>20,611</u>	<u>2,224</u>
	<u>127,871</u>	<u>24,535</u>
	<u>1,205,145</u>	<u>604,624</u>
Other income and gains, net		
Bank interest income	635	262
Service fee income	3,748	325
Gain on bargain purchase	–	1,564
Gain on disposal of a subsidiary	–	2
Gross rental income	1,746	56
Others	<u>1,701</u>	<u>993</u>
	<u>7,830</u>	<u>3,202</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on:		
Bond payables	46,316	38,466
Bank borrowings	829	–
Other borrowing	2,133	4,611
	<u>49,278</u>	<u>43,077</u>

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Employee benefit expenses (including directors' remuneration):		
Salaries, allowances, bonuses and benefits in kind	219,906	154,134
Equity-settled share option expense	2,327	–
Pension scheme contributions	14,157	11,525
	<u>236,390</u>	<u>165,659</u>
Auditors' remuneration	3,839	3,161
Changes in fair value of investment properties	8,494	–
Equity-settled share-based payment*	2,327	421
Impairment of goodwill	3,853	–
Amortisation of intangible assets	438	544
Impairment of loans receivables	40,736	45,000
Impairment of other receivables	3,923	77,021
Impairment of available-for-sale investments	32,905	52,554
Loss on disposal of items of property, plant and equipment	367	133
Foreign exchange differences, net	483	1,244

* Equity-settled share-based payment of HK\$2,327,000 (2015: Nil) is included in employee benefit expenses.

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

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	40,470	30,219
Under/(over)provision in prior years	(269)	160
Current – Elsewhere		
Charge for the year	825	1,746
Overprovision in prior years	(40)	(22)
Deferred	<u>(1,784)</u>	<u>(47,666)</u>
Total tax charge/(credit) for the year	<u>39,202</u>	<u>(15,563)</u>

8. DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 14,938,896,000 (2015: 4,263,296,559) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2016 and 2015 in respect of a dilution as the impact of the warrants and share options (2015: warrants) of the Company outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company, used in the basic and diluted loss per share calculations	<u>(95,522)</u>	<u>(467,258)</u>
	Number of shares	
	2016	2015
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>14,938,896,000</u>	<u>4,263,296,559</u>

10. INVESTMENTS IN ASSOCIATES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Share of net assets	482,674	20,293
Goodwill on acquisition	99,482	–
	<u>582,156</u>	<u>20,293</u>

Particulars of the material associates acquired during the year are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group		Principal activities
			2016	2015	
First Credit Finance Group Limited (“First Credit”)	Ordinary shares	Cayman Islands/Hong Kong	29.5%	–	Provision and arrangement of credit facilities in Hong Kong
JFA Capital	Participating shares	Cayman Islands	60.2%	49.5%	Investment fund

During the year ended 31 December 2016, the Group acquired a 29.5% interest in First Credit from open market for an aggregate consideration of approximately HK\$372,473,000. In the opinion of the directors, the Group is in a position to exercise significant influence over First Credit and its investment in First Credit is then accounted for as an associate of the Group. The shares of First Credit are listed on the Stock Exchange. As at 31 December 2016, the fair value of the Group’s investment in First Credit was approximately HK\$497,736,000.

During the year ended 31 December 2016, the Group further increased its interest in JFA Capital from 49.5% to 60.2% as a result of redemption of participating shares by an investee of JFA Capital. In addition, the Group also appointed a representative, out of 3 directors, to the board of directors of JFA Capital during the year. Pursuant to the memorandum of association of JFA Capital, the participating shares have no voting rights but entitled the holder to dividends declared and residual interests of the investment fund upon winding up. In the opinion of the Directors, the Group does not obtain control but has significant influence over JFA Capital. Accordingly, the Group reclassified its investment in JFA Capital from an available-for-sale investment to an associate of the Group since the Group is in a position to exercise significant influence.

11. AVAILABLE-FOR-SALE INVESTMENTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Available-for-sale investments, at cost		
– unlisted equity investments	404,452	28,180
– unlisted fund investments	88,383	–
– unlisted debt investments	–	120
	<u>492,835</u>	<u>28,300</u>
Available-for-sale investments, at fair value		
– listed equity investments	88,550	–
– unlisted equity investments	7,900	–
– unlisted fund investments	160,350	338,705
– club debentures	12,120	–
	<u>268,920</u>	<u>338,705</u>
	<u><u>761,755</u></u>	<u><u>367,005</u></u>

As at 31 December 2016, unlisted equity, fund and debt investments with an aggregate carrying amount of HK\$492,835,000 (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. An impairment loss of HK\$16,887,000 (2015: Nil) was recognised to write down the carrying amounts of unlisted equity investments stated at cost to its recoverable amount.

There were a significant and prolonged decline in the fair value of certain unlisted fund investments during the year. The Directors consider that such a decline indicated that the unlisted fund investments have been impaired and an impairment loss of HK\$16,018,000 (2015: HK\$52,554,000), which included a reclassification from other comprehensive income has been recognised in profit or loss for the year.

12. LOANS RECEIVABLE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loans receivable from:		
Money lending business	937,878	1,878,505
Securities dealing business – margin financing	931,488	356,090
	<u>1,869,366</u>	<u>2,234,595</u>
Less: Impairment	(54,705)	(46,069)
	<u><u>1,814,661</u></u>	<u><u>2,188,526</u></u>
Analysed into:		
Non-current assets	509,984	638,287
Current assets	1,304,677	1,550,239
	<u><u>1,814,661</u></u>	<u><u>2,188,526</u></u>

Loans receivable arising from the money lending business of the Group bear interest at rates ranging from 1% to 22% per annum (2015: 1% to 20% per annum). The grants of these loans were approved and monitored by the Group's management. As at 31 December 2016, certain loans receivable with an aggregate carrying amount of HK\$302,591,000 (2015: HK\$397,527,000) were secured by the pledge of collateral and HK\$74,625,000 (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 are secured by the pledge of customers' securities as collateral. As at 31 December 2016, the total value of securities pledged as collateral in respect of the margin receivables was approximately HK\$3,811,015,000 (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 not considered to be impaired as at the end of the reporting period, based on the payment due date, is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Neither past due nor impaired	1,750,555	2,053,395
1 to 3 months past due	21,826	16,824
Over 3 months past due	4,871	12,937
	<u><u>1,777,252</u></u>	<u><u>2,083,156</u></u>

12. LOANS RECEIVABLE (Continued)

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At beginning of the reporting period	46,069	1,069
Impairment losses recognised (<i>note 6</i>)	40,736	45,000
Provision written off as uncollectible	<u>(32,100)</u>	<u>–</u>
At end of the reporting period	<u>54,705</u>	<u>46,069</u>

Included in the above provision for impairment of loans receivable was a provision for individually impaired loans receivable of HK\$54,705,000 (2015: HK\$46,069,000) with an aggregate carrying amount of HK\$92,114,000 (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 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\$4,602,000 (2015: Nil), which is repayable on terms similar to those offered to other borrowers of the Group.

13. ACCOUNTS RECEIVABLE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Accounts receivable from:		
Product issuers	69,754	58,937
Customers	14,990	10,421
Cash clients from securities dealing business	1,589	4,802
Brokers, dealers and clearing houses	6,908	12,695
	93,241	86,855

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

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

Accounts receivable from cash clients 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 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 1 month	84,578	78,980
1 to 2 months	724	6,141
2 to 3 months	716	329
Over 3 months	7,223	1,405
	93,241	86,855

13. ACCOUNTS RECEIVABLE *(Continued)*

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Neither past due nor impaired	86,018	85,450
Over 3 months past due	<u>7,223</u>	<u>1,405</u>
	<u>93,241</u>	<u>86,855</u>

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

Accounts receivables that were past due but not impaired relate to product issuers and customers 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.

14. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Long position		
Financial assets at fair value through profit or loss		
– held for trading		
Listed equity investments	624,854	493,947
Listed debt investments	58,960	–
Unlisted debt investments	7,080	46,972
Unlisted fund investments	53,319	53,128
	<u>744,213</u>	<u>594,047</u>
Financial assets designated as at fair value through profit or loss		
Private equity investments	5,114	50,675
Convertible note receivables	339,518	–
Derivative instruments	17,112	–
	<u>361,744</u>	<u>50,675</u>
	<u><u>1,105,957</u></u>	<u><u>644,722</u></u>
Financial liabilities at fair value through profit or loss:		
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Short position		
Listed equity investments	<u>35,122</u>	<u>25,586</u>

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

15. ACCOUNTS PAYABLE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Accounts payable to:		
Consultants	106,466	112,367
Securities clients	286,363	47,353
Clearing house	–	49,434
Brokers	1,954	11,659
Cash held on behalf of clients from asset management business	<u>345,259</u>	<u>176,536</u>
	<u><u>740,042</u></u>	<u><u>397,349</u></u>

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

Accounts payable to exchanges, brokers and clients arising from 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.

No aging analysis is disclosed as in the opinion of the Directors, the aging analysis does not give additional value in view of the nature of this business.

15. ACCOUNTS PAYABLE (Continued)

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

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts payable (other than cash held on behalf of clients from asset management)		
Within 1 month/repayable on demand	369,256	194,302
1 to 2 months	20,547	15,987
2 to 3 months	3,372	4,445
Over 3 months	1,608	6,079
	394,783	220,813
Accounts payable arising from cash held on behalf of clients from asset management	345,259	176,536
	740,042	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 subsidiaries who are consultants of the Group, totalling HK\$732,000 (2015: HK\$1,062,000), which are payable on similar terms to other consultants of the Group.

16. BOND PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Unsecured unlisted bonds, at nominal value		
Repayable within five years	–	6,400
Repayable after five years	<u>656,500</u>	<u>646,500</u>
	656,500	652,900
Discount and issue costs	<u>(40,051)</u>	<u>(45,488)</u>
	<u>616,449</u>	<u>607,412</u>
Bond payables analysed into:		
Non-current liabilities	616,449	601,023
Current liabilities	<u>–</u>	<u>6,389</u>
	<u>616,449</u>	<u>607,412</u>

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

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

All bonds are unsecured and contain no conversion feature.

17. BUSINESS COMBINATIONS

(a) Acquisition of Maxthree Limited and its subsidiaries

On 22 January 2016, the Group entered into an agreement with an Independent Third Party to acquire the entire interests in Maxthree Limited and its wholly-owned subsidiaries (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 from a director of HK\$11,790,000.

The acquisition of the 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 as at the date of acquisition was HK\$25,699,000, resulting in goodwill arising therefrom of HK\$10,721,000.

(b) Acquisition of Zeed Asia Technology Limited

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

ZAT is 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 as at the date of acquisition was HK\$2,347,000, resulting in goodwill arising therefrom of HK\$3,853,000.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Group performance

Loss before tax was approximately HK\$65.0 million for the year, representing a decrease of approximately 87.0% compared with prior year of approximately HK\$499.7 million.

Group financial position

Total consolidated assets of the Group slightly increased by approximately 5.1% from approximately HK\$6,230.7 million as at 31 December 2015 to approximately HK\$6,546.7 million as at 31 December 2016. Total consolidated current assets of the Group decreased by approximately 11.0% from approximately HK\$4,753.1 million as at 31 December 2015 to approximately HK\$4,229.8 million as at 31 December 2016.

Group revenue

Group revenue increased by approximately 99.3% from approximately HK\$604.6 million in prior year to approximately HK\$1,205.1 million in current year. The increase in group revenue is contributed by the increase in revenue from IFA segment, money lending segment, proprietary investment segment, asset management segment and securities dealing segment, offset by the decrease in revenue from corporate finance segment.

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

Revenue by reportable segments:	2016	2015	Increase/ (decrease)	Change
	HK\$'000	HK\$'000	HK\$'000	%
IFA segment	698,637	609,213	89,424	14.7
Money lending segment	144,040	83,003	61,037	73.5
Proprietary investment segment	157,473	(212,760)	370,233	174.0
Asset management segment	38,045	35,948	2,097	5.8
Corporate finance segment	39,079	64,685	(25,606)	-39.6
Securities dealing segment	127,871	24,535	103,336	421.2
Total	<u>1,205,145</u>	<u>604,624</u>	<u>600,521</u>	99.3

Group operating expenses

Group operating expenses increased by approximately 15.4% from approximately HK\$1,107.5 million in prior year to approximately HK\$1,278.0 million in current year. The overall increase in group operating expenses was 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:	2016	2015	Increase/ (decrease)	Change
	HK\$'000	HK\$'000	HK\$'000	%
IFA segment	915,550	774,594	140,956	18.2
Money lending segment	126,406	131,257	(4,851)	-3.7
Proprietary investment segment	58,103	99,850	(41,747)	-41.8
Asset management segment	32,216	20,770	11,446	55.1
Corporate finance segment	40,096	59,287	(19,191)	-32.4
Securities dealing segment	35,847	6,948	28,899	415.9
Sub-total	<u>1,208,218</u>	<u>1,092,706</u>	<u>115,512</u>	10.6
Corporate head office	69,765	14,823	54,942	370.7
Total	<u>1,277,983</u>	<u>1,107,529</u>	<u>170,454</u>	15.4

Group segment results

Group segment loss decreased by approximately 99.4% from approximately HK\$486.5 million in prior year to approximately HK\$3.1 million in current year. The improvement in group segment results is contributed by the increase in profit from money lending segment, proprietary investment segment and securities dealing segment, offset by the increase in loss from IFA segment and decrease in profit from asset management segment and corporate finance segment.

An analysis of group segment results is as follows:

Segment results:	2016	2015	Increase/ (decrease)	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	%
IFA segment	(216,913)	(165,381)	(51,532)	-31.2
Money lending segment	17,634	(48,254)	65,888	136.5
Proprietary investment segment	99,370	(311,046)	410,416	131.9
Asset management segment	5,829	15,178	(9,349)	-61.6
Corporate finance segment	(1,017)	5,398	(6,415)	-118.8
Securities dealing segment	92,024	17,587	74,437	423.3
	<u>(3,073)</u>	<u>(486,518)</u>	<u>483,445</u>	99.4
<i>Comprise of:</i>				
Total segment revenue	1,205,145	604,624	600,521	99.3
Total segment other income and gains, net	–	1,564	(1,564)	-100.0
Total segment operating expenses (exclude corporate head office)	<u>(1,208,218)</u>	<u>(1,092,706)</u>	<u>(115,512)</u>	-10.6
	<u>(3,073)</u>	<u>(486,518)</u>	<u>483,445</u>	99.4

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

SEGMENT PERFORMANCE

IFA business

Revenue from IFA business increased by approximately 14.7% from approximately HK\$609.2 million in prior year to approximately HK\$698.6 million in current year.

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

Revenue mix analysis of IFA business:	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	Increase/ (decrease) <i>HK\$'000</i>	Change %
<i>Hong Kong</i>				
Investment brokerage				
commission income	260,187	154,871	105,316	68.0
Insurance brokerage				
commission income	339,188	299,963	39,225	13.1
Pension scheme				
commission income	<u>6,970</u>	<u>9,540</u>	<u>(2,570)</u>	-26.9
	<u>606,345</u>	<u>464,374</u>	<u>141,971</u>	30.6
<i>Mainland China</i>				
Investment brokerage				
commission income	9,196	17,947	(8,751)	-48.8
Insurance brokerage				
commission income	<u>74,183</u>	<u>80,356</u>	<u>(6,173)</u>	-7.7
	<u>83,379</u>	<u>98,303</u>	<u>(14,924)</u>	-15.2
<i>Macau</i>				
Investment brokerage				
commission income	<u>8,913</u>	<u>46,536</u>	<u>(37,623)</u>	-80.8
Total	<u><u>698,637</u></u>	<u><u>609,213</u></u>	<u><u>89,424</u></u>	14.7

Investment brokerage commission income and insurance brokerage commission income from IFA Hong Kong operations increased by approximately 68.0% and 13.1% respectively, and investment brokerage commission income from IFA Macau operations decreased by approximately 80.8% compared with prior year. 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.

On the other hand, pension scheme commission income from IFA Hong Kong operations decreased by approximately 26.9% compared with prior year 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.

Total revenue from IFA Mainland China operations decreased by approximately 15.2% compared with prior year, which was mainly due to the several unfavorable factors including slower economic growth, rapid regulatory changes and continuing market reforms adversely affect the financial performance of our business in Mainland China.

Operating expenses of IFA business increased by approximately 18.2% from approximately HK\$774.6 million in prior year to approximately HK\$915.6 million in current year. This resulted in an increase of operating loss margin of approximately 3.9% from approximately 27.1% in prior year to approximately 31.0% in current year. The key factor contributing to the increase in operating expenses of IFA segment of approximately HK\$141.0 million was the increase in commission expenses and marketing expenses of approximately HK\$121.7 million and HK\$31.9 million respectively, which was mainly derived from additional commission expenses for more internal sales incentive schemes launched in Hong Kong office, and the increase in marketing incentives such as recruitment bonus and launch of certain new sales and marketing campaigns in Hong Kong office for building up brand name and boost sales in current year.

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 year even under the keen market competition in Hong Kong.

Interest income from money lending business increased by approximately 73.5% from approximately HK\$83.0 million in prior year to approximately HK\$144.0 million in current year. Operating profit/(loss) margin improved by approximately 70.3% from loss margin of approximately 58.1% in prior year to profit margin of approximately 12.2% in current year. During the year, the Group continues 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 income under such an unstable market condition.

Revenue from proprietary investment business increased by approximately 174.0% from a loss of approximately HK\$212.8 million in prior year to a gain of approximately HK\$157.5 million in current year, which was mainly due to the increase in fair value changes on financial investments of approximately HK\$297.9 million, interest income of approximately HK\$29.6 million and dividend and distribution income of approximately HK\$43.0 million.

Operating expenses from proprietary investment business decreased by approximately 41.8% from approximately HK\$99.9 million in prior year to approximately HK\$58.1 million in current year, which was mainly due to the decrease in certain impairment losses made for financial investments in current year since the unfavourable economic environment and stock market gradually recovered in 2016. Overall segment results from proprietary investment segment improved by approximately 131.9% from loss of approximately HK\$311.0 million in prior year to profit of approximately HK\$99.4 million in current year, and the operating profit/(loss) margin improved by approximately 209.3% from operating loss margin of approximately 146.2% in prior year to operating profit margin of approximately 63.1% in current year.

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 year, 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 5.8% from approximately HK\$35.9 million in prior year to approximately HK\$38.0 million in current year which was mainly due to a slight increase in fund management fee along with our steady growth in number of funds and assets under management. Operating profit decreased by approximately 61.6% from approximately HK\$15.2 million in prior year to approximately HK\$5.8 million in current year. The decrease in operating profit margin by approximately 26.9% from approximately 42.2% in prior year to approximately 15.3% in current year was mainly attributable to the increased commission expenses and staff costs for the increase in incentive payable to consultants to boost up the business and the significant expansion of our strategic investment team in late 2015. We believe that CAM will continue to create substantial value for our shareholders by means of generating stable and recurring income for our Group.

Corporate finance business

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

Revenue from corporate finance business decreased by approximately 39.6% from approximately HK\$64.7 million in prior year to approximately HK\$39.1 million in current year. 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/(loss) margin decreased by approximately 10.9% from profit margin of approximately 8.3% in prior year to loss margin of approximately 2.6% in current year, 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, margin financing, placing and underwriting to our clients and hence the securities dealing segment was newly opened presented since August 2015.

Since there were only several months of operations for securities dealing business in prior year, revenue from securities dealing business significantly increased by approximately 421.2% from approximately HK\$24.5 million in prior year to approximately HK\$127.9 million in current year, which was mainly due to the increase in interest income from margin financing of approximately HK\$62.4 million, share placing commission income of approximately HK\$22.5 million and securities dealing commission income of approximately HK\$18.4 million. Operating profit margin slightly improved by approximately 0.3% from approximately 71.7% in prior year to approximately 72.0% in current year.

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.

In 2016, the Group introduced a new partner of insurance business, Fubon Life Insurance (Hong Kong) Company Limited and launched two new savings insurance schemes which provide customers steady returns as well as all-rounded life protection. Going forward, the Group targets to provide a wide variety of wealth management options to our clients through increasing product varieties, enhanced support from business partners and diversification of products, all for the purpose of providing customers with comprehensive wealth management services that can help them make life and financial plans in order to achieve their financial goals in the different stages of life.

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 rapid regulatory changes and continuing market reforms in the financial sector have 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 year under review, 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 ZAT 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 that the corporate finance business should further strengthen our institutional client base and open up a new income stream for our Group.

Securities dealing business

Following the completed acquisition of CSL in 2015, the Group commenced its securities dealing business since August 2015 to deliver various securities related services including securities brokerage, trading, margin financing, placing and underwriting to our clients. We believe that 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.

Digital wealth management services

In 2016, the Group invested approximately HK\$236.1 million in Nutmeg and held approximately 15.7% stake in Nutmeg by then. Nutmeg is a company incorporated in the United Kingdom and engaged in the provision of online discretionary investment management services. As the largest IFA company in Hong Kong, we are the first IFA echoing to the government's strategic development of Fintech. With the increasing use of online platforms in the financial sector, we believe that Nutmeg, with its technology know-how in the industry, has significant market potential to become a leading online wealth management platform for the mass market.

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly relies upon the shareholders' fund, placing of bonds and cash generated from its business operations to finance its operations and expansion. As at 31 December 2016, the Group had cash and cash equivalents of approximately HK\$967.1 million (2015: HK\$2,113.5 million), bond payables of approximately HK\$616.4 million (2015: HK\$607.4 million) and interest-bearing bank and other borrowings of approximately HK\$59.9 million (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 13.8% (2015: 12.5%). As at 31 December 2016, the net current assets of the Group amounted to approximately HK\$3,181.3 million (2015: HK\$4,092.6 million) and the current ratio (current assets/current liabilities) was approximately 4.0 (2015: 7.2).

CAPITAL STRUCTURE

As at 31 December 2016 and 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 year ended 31 December 2016.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2016, the Group employed 491 (2015: 398) supporting staff and 17 (2015: 5) salary-based trainees. The total remuneration of the employees (including the Directors' remuneration) was approximately HK\$236.4 million for the year ended 31 December 2016 (2015: HK\$165.7 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 was adopted 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. The Company also operates a share option scheme which was adopted on 23 June 2010 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The share award scheme and share option scheme, unless otherwise cancelled or amended, will remain in force for 10 years from that the adoption date.

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.

Liquidity risk

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

Foreign currency risk

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

Equity, debt and investment fund price risk

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

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

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

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

ZAT is 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 the MAX Group and ZAT, there was no other material acquisition and disposal of subsidiaries for the year ended 31 December 2016.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2016, significant investments held by the Group are as follows:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Held-to-maturity investments	141,815	259,324
Available-for-sale investments	761,755	367,005
Financial assets at fair value through profit or loss	1,105,957	644,722
Financial liabilities at fair value through profit or loss	(35,122)	(25,586)
Investments in associates	582,156	20,293
Investment in a joint venture	5,776	7,459
	<hr/>	<hr/>
Total	<u>2,562,337</u>	<u>1,273,217</u>

Save as disclosed above, the Group did not hold any other significant investment as at 31 December 2016.

Information in relation to the 10 largest investments as at 31 December 2016 are set out as follows:

Stock code (where applicable)	Name of investee company/fund	Nature of investment	Number of shares/units/ amount of bonds held	Percentage of total share capital/ units owned by the Group as at 31 December 2016	Investment cost <i>HK\$'000</i>	Market value as at 31 December 2016 <i>HK\$'000</i>	Percentage to the Group's net assets as at 31 December 2016	Unrealised gain/(loss) on change in fair value for the year ended 31 December 2016 <i>HK\$'000</i>
<i>Held-to-maturity investments</i>								
1232	Golden Wheel Tiandi Holdings Company Limited	Investment in bonds	HK\$117.00 million 10.9% Coupon Tranche-Two Bonds Due 2018	Not applicable	117,000*	113,132	2.3%	(1,748)*
<i>Available-for-sale investments</i>								
Not applicable	Nutmeg Saving and Investment Limited	Investment in preference shares	2,280,090	15.70%	236,148	236,148	4.8%	–
Not applicable	Mulberry Health Inc.	Investment in shares	2,960,879	0.76%	155,000	155,000	3.2%	–
2138	Union Medical Healthcare Limited	Investment in listed shares	31,625,000	3.22%	95,824	88,550	1.8%	(7,274)
Not applicable	Banyan Partners Fund I, L.P. and Banyan Partners Co-Invest 2015, L.P.	Investment in fund	Not applicable	4.85% and 4.90%	88.383	88.383	1.8%	–
<i>Financial assets at fair value through profit or loss</i>								
1140	OP Financial Investments Limited	Investment in listed shares	73,340,000	3.98%	132,012*	162,815	3.3%	45,471*
6161	Target Insurance (Holdings) Limited	Investment in listed shares	75,484,000	14.49%	230,836*	144,174	3.0%	(18,116)*
904	China Green (Holdings) Limited	Investment in convertible notes	Not applicable	Not applicable	190,000	233,060	4.8%	43,060
<i>Investments in associates</i>								
8215	First Credit Finance Group Limited	Investment in listed shares	1,070,400,000	29.50%	375,473	Not applicable	7.6%	Not applicable
Not applicable	JFA Capital	Investment in fund	24,160	60.23%	241,600*	Not applicable	3.9%	Not applicable
Total					<u>1,862,276</u>	<u>1,221,262</u>	<u>36.5%</u>	<u>61,393</u>

* Investment cost in these investee companies represented the initial acquisition costs for the respective investee company/fund. Some of the investments in these investee companies/funds were made by the Group in prior years. For those part of investments in these investee companies/funds which were made in prior years, they were subject to fair value adjustments and unrealised gain/(loss) on change in fair value were recognised at the financial year end of the respective years. The unrealised gain/(loss) on change in fair value of these investee companies/funds for the year ended 31 December 2016 excluded those amount being recognised in prior years.

Brief description of principal business or investment scope (as the case may be) of the respective investee company/fund of the 10 largest investments

Name of investee company/fund	Principal business or investment scope
Golden Wheel Tiandi Holdings Company Limited	Property developer
Nutmeg Saving and Investment Limited	Provision of online discretionary investment management services and is regulated by the Financial Conduct Authority of the United Kingdom
Mulberry Health Inc.	High growth technology and data driven health insurance company
Union Medical Healthcare Limited	Provision of medical, quasi-medical and traditional beauty services and sale of skincare and beauty products in Hong Kong, Macau and the PRC
Banyan Partners Fund I, L.P. and Banyan Partners Co-Invest 2015, L.P.	Equity investment
OP Financial Investments Limited	Provision of asset management and trading in securities
Target Insurance (Holdings) Limited	Engaged in the writing of motor vehicles insurance business
China Green (Holdings) Limited	Growing, processing and sales of agricultural products, and production and sales of consumer food products
First Credit Finance Group Limited	Provision and arrangement of credit facilities in Hong Kong
JFA Capital	Healthcare management business in Hong Kong

FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET

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

As at 31 December 2016, the Group's capital commitments related to the capital investments of available-for-sale investments amounted to approximately HK\$205.3 million (2015: HK\$159.1 million).

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

CONTINGENT LIABILITIES

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

PLEDGE OF ASSETS

As at 31 December 2016, assets pledged to banks to secure banking facilities (including bank borrowings and bank overdraft) granted to the Group are as follows:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment property	115,100	–
Building	22,155	–
Bank deposit	10,103	10,035
	<hr/>	<hr/>
Total	<u>147,358</u>	<u>10,035</u>

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of good corporate governance in the management of the Group. During the year ended 31 December 2016, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, save as explained below:

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

During the year ended 31 December 2016, Mr. Mak Kwong Yiu was the executive Director and the chief executive officer of the Company until his resignation with effect from 31 March 2016. Since then, the Company did not have a designated chief executive officer and the day-to-day management of the Group's business has been handled by the executive Directors collectively. The Board believes that the arrangement is adequate to ensure an effective management and control of the Group's business operations. Throughout the year ended 31 December 2016, the Board also reviewed the Group structure and assessed whether any changes needed, including the appointment of a chief executive officer.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard as set out in the Model Code and its code of conduct regarding directors' securities transactions by the Directors adopted by the Company throughout the year ended 31 December 2016.

AUDIT COMMITTEE

The Company established an audit committee (“Audit Committee”) on 23 June 2010 with written terms of reference in compliance with the Listing Rules. The Audit Committee which comprises three independent non-executive Directors, namely Mr. Ma Yiu Ho, Peter (the chairman of the Audit Committee), Mr. Chan Ngai Sang, Kenny and Mr. Pun Tit Shan, has reviewed with the management of the Company the consolidated results of the Group for the year ended 31 December 2016 and discussed with the management of the Company the auditing, internal control and financial reporting matters for the year ended 31 December 2016. The Audit Committee has met the external auditors of the Company, Ernst & Young and reviewed this results announcement of the Group for the year ended 31 December 2016.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2016 (2015: Nil).

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.convoy.com.hk) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2016 will be dispatched to shareholders of the Company and available on the above websites in due course.

DEFINITIONS

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

“Board” or “Board of Directors” means the board of Directors as at the date of this announcement

“CAM”	means Convoy Asset Management Limited, a company incorporated in Hong Kong with limited liability on 24 November 1999 and is licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“CCHK”	means Convoy Capital Hong Kong Limited, a company incorporated in Hong Kong with limited liability on 11 October 2011 and is licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Company” or “our Company”	means Convoy Global Holdings Limited, a company incorporated in the Cayman Islands on 12 March 2010 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1019)
“Director(s)”	means the director(s) of our Company
“EBITDA”	means earnings or loss before interest, tax, depreciation and amortisation
“ECA”	means the Employee Choice Arrangement of MPF
“Group”, “we” or “us”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“HK cents”	means Hong Kong cents, the lawful currency of Hong Kong
“HKCC”	means Hong Kong Credit Corporation Limited, a company incorporated in Hong Kong with limited liability on 16 March 1982

“Hong Kong”	means Hong Kong Special Administrative Region of PRC
“IFA”	means independent financial advisory
“ILAS”	means the acronym for Investment-linked Assurance Scheme, an insurance policy of the “linked long term” class as defined in First Schedule, Part 2 of the ICO
“Independent Third Party”	means independent third party who is not connected person (as defined in the Listing Rules) of the Company and is independent of and not connected with the connected persons of the Company
“ICO”	means the Insurance Companies Ordinance (Chapter 41 of the Laws of Hong Kong) as amended and supplemented from time to time
“Listing”	means the listing of our Shares on the Main Board
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Macau”	means Macau Special Administrative Region of PRC
“Main Board”	means the main board of the Stock Exchange
“MPF”	means Mandatory Provident Fund
“Nutmeg”	means Nutmeg Saving and Investment Limited
“PRC”	means the People’s Republic of China
“Renminbi” or “RMB”	means Renminbi, the lawful currency of the PRC
“SFC”	means Securities and Futures Commission

“SFO”	means The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	means ordinary share(s) with a nominal value of HK\$0.1 each in the share capital of our Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“%”	means per cent

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

Hong Kong, 29 March 2017

As at the date of this announcement, the executive Directors are Mr. Wong Lee Man (Chairman), Ms. Fong Sut Sam, Mr. Tan Ye Kai, Byron, Mr. Ng Wing Fai, Ms. Chan Lai Yee and Dr. Cho Kwai Chee; the non-executive Director is Mr. Wang John Hong-chiun; and the independent non-executive Directors are Mr. Ma Yiu Ho, Peter, Mr. Chan Ngai Sang, Kenny, Mr. Pun Tit Shan and Mr. Mak Ka Wing, Patrick.