中國金洋
CHINA GOLDJOY

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

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立的有限公司）

Stock Code 股份代號：1282

ACCELERATING GROWTH MOMENTUM
持續增長 向著目標進發

Interim Report 2017 中期報告

公司簡介

中國金洋集團有限公司(「本公司」)成立於二零零九年，並於二零一零年十二月十五日在香港聯合交易所有限公司主板上市(股份代號：1282)。本集團(本公司及其附屬公司)於過去數年成功推動業務向高增值及多元化轉型，目前主要從事金融服務、自動化、製造、證券投資、物業投資及發展等業務。

在金融服務方面，本集團正透過其附屬公司於香港提供證券、期貨、貴金屬交易、資產管理、財富管理、企業融資及信貸融資服務，並在中國內地提供資產管理、投資管理及融資租賃服務。為把握新興產業商機，本集團積極發展新能源產業及節能照明、自動化及智慧製造業務。展望未來，本集團將緊貼市場發展趨勢，鞏固核心業務，繼續在蓬勃發展的金融、健康、智慧製造、新興科技、房地產行業積極物色投資機會，構建面向海內外市場的更廣闊業務佈局。

中國金洋獲納入多個恒生指數之成份股，包括：恒生增幅指數、恒生互聯網科技業指數、恒生環球綜合指數、恒生綜合指數系列－恒生綜合指數、恒生綜合行業指數－資訊科技、恒生大中型股指數、恒生中小型股指數及恒生中型股指數。本公司亦為MSCI明晟香港小型股指數成份股，並為滬港通及深港通可投資股票之一。

中國金洋秉承「持續發展，回饋社會」的理念，致力於為客戶提供優質的產品與服務。本集團積極把握中國經濟轉型升級、全球經濟轉型產生的業務機遇，打造一個全方位的投資控股平台，持續為社會、股東及合夥夥伴創造價值。

Corporate Profile

China Goldjoy Group Limited (the "Company") has been established in 2009 and listed on the main board of The Stock Exchange of Hong Kong Limited on 15 December 2010 (Stock code: 1282). The Group (the Company and its subsidiaries) has successfully promoted the transformation of its business towards high value enhancement and diversification. Currently, the Group is principally engaged in financial services, automation, manufacturing, securities investment and property investment and development.

In terms of financial services, the Group, through its subsidiaries, provides securities, futures, precious metals trading, asset management, wealth management, corporate finance and credit financing services in Hong Kong, and provides asset management, investment management and financial leasing services in Mainland China. To grasp business opportunities in emerging industries, the Group is actively developing new energy industries and energy-efficient lighting, automation and intelligent manufacturing business. Looking ahead, the Group intends to closely follow market trends and strengthen its core business, while continuing to search for investment opportunities in financial, health, intelligent manufacturing, emerging technology and real estate industries, so as to build a broader business footprint in both domestic and overseas markets.

China Goldjoy was included as a constituent of a number of Hang Seng Indexes including: the Hang Seng High Beta Index, Hang Seng Internet & Information Technology Index, Hang Seng Global Composite Index, Hang Seng Composite Index Series – Hang Seng Composite Index, Hang Seng Composite Industry Index – Information Technology, Hang Seng LargeCap and MidCap Index, Hang Seng MidCap & SmallCap Index and Hang Seng MidCap Index. The Company is also a constituent of the MSCI Hong Kong Small Cap Indexes and is one of the eligible equities in the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect Schemes.

Adhering to the philosophy of "sustainable development and giving back to the community," China Goldjoy is committed to providing customers with quality products and services. The Group will actively grasp the business opportunities arising from China's economic restructuring and upgrade, as well as global economic transformation, to create an all-round investment holding platform, while continuing to create value for the community, shareholders and partners.

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yao Jianhui — *Chairman and Chief Executive Officer*
Mr. Shao Zuosheng *(resigned on 13 July 2017)*
Mr. Li Minbin
Mr. Zhang Chi *(appointed on 13 July 2017)*

Non-Executive Director

Mr. Huang Wei

Independent Non-Executive Directors

Mr. Wong Chun Bong
Professor Lee Kwok On, Matthew
Mr. Lee Kwan Hung

AUDIT COMMITTEE

Mr. Wong Chun Bong — *Chairman*
Mr. Huang Wei
Professor Lee Kwok On, Matthew

NOMINATION COMMITTEE

Mr. Yao Jianhui — *Chairman*
Mr. Wong Chun Bong
Mr. Lee Kwan Hung

REMUNERATION COMMITTEE

Professor Lee Kwok On, Matthew — *Chairman*
Mr. Yao Jianhui
Mr. Wong Chun Bong

INVESTMENT COMMITTEE

Mr. Yao Jianhui — *Chairman*
Mr. Shao Zuosheng *(resigned on 13 July 2017)*
Mr. Li Minbin
Mr. Zhang Chi *(appointed on 13 July 2017)*

STRATEGIC COMMITTEE

Mr. Yao Jianhui — *Chairman*
Mr. Li Minbin
Mr. Shao Zuosheng *(resigned on 13 July 2017)*
Mr. Zhang Chi *(appointed on 13 July 2017)*
Professor Lee Kwok On, Matthew

COMPANY SECRETARY

Ms. Kwok Ling Yee, Pearl Elizabeth

PRINCIPAL BANKERS

China CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
Chiyu Banking Corporation Ltd.
The Hongkong Shanghai Banking Corporation Limited

LEGAL ADVISER

As to Hong Kong Law:
Sidley Austin

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1908 to 1909, 19/F, Tower 2
Lippo Centre, No. 89 Queensway
Hong Kong

CAYMAN ISLANDS 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

LISTING VENUE

Main Board of The Stock Exchange of Hong Kong Limited

STOCK CODE

1282

COMPANY WEBSITE

http://www.hk1282.com

Report on Review of Interim Financial Information

pwc

羅兵咸永道

TO THE BOARD OF DIRECTORS OF
CHINA GOLDJOY GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 5 to 40, which comprises the interim condensed consolidated statement of financial position of China Goldjoy Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 August 2017

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	**As at 30 June 2017 HK$'000 (Unaudited)**	As at 31 December 2016 HK$'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	7	**401,348**	387,223
Investment properties	7	**1,704,532**	1,590,524
Intangible assets	7	**199,246**	202,659
Investments in associates		**5,300**	82,207
Available-for-sale financial assets	8	**1,406,865**	986,777
Trade receivables	10	**10,047**	3,377
Prepayments	11	**6,500**	–
		3,733,838	3,252,767
Current assets			
Inventories		**48,524**	36,069
Loans and advances	9	**938,024**	987,605
Trade receivables	10	**240,381**	234,420
Prepayments, deposits and other receivables	11	**153,437**	34,033
Current income tax recoverables		**1,327**	1,651
Held-to-maturity investment		**60,000**	25,000
Financial assets at fair value through profit or loss	12	**781,898**	748,901
Client trust bank balances		**408,427**	50,485
Cash and cash equivalents		**1,134,156**	1,535,633
		3,766,174	3,653,797
Assets classified as held-for-sale	14	**84,994**	99,176
		3,851,168	3,752,973
Total assets		**7,585,006**	7,005,740
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital	13	**2,214,860**	2,214,860
Share premium	13	**2,402,151**	2,402,151
Other reserves and retained earnings		**178,193**	85,586
		4,795,204	4,702,597
Non-controlling interests		**462,138**	446,765
Total equity		**5,257,342**	5,149,362

Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2017

	Notes	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Liabilities			
Non-current liabilities			
Other payables	17	**257,159**	257,159
Borrowings	15	**21,172**	–
Deferred income tax liabilities		**200,751**	184,915
		479,082	442,074
Current liabilities			
Trade and bills payables	16	**510,753**	176,563
Accruals and other payables	17	**389,684**	413,516
Borrowings	15	**892,042**	779,572
Current income tax liabilities		**39,076**	27,323
		1,831,555	1,396,974
Liabilities classified as held-for-sale	14	**17,027**	17,330
		1,848,582	1,414,304
Total liabilities		**2,327,664**	1,856,378
Total equity and liabilities		**7,585,006**	7,005,740

The notes on pages 10 to 40 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

	Notes	**Six months ended 30 June 2017 HK$'000 (Unaudited)**	Six months ended 30 June 2016 HK$'000 (Unaudited)
Revenue	6	**337,561**	328,465
Cost of sales		**(257,603)**	(235,313)
Gross profit		**79,958**	93,152
Other gain — net	18	**27,046**	9,355
Other income	18	**68,650**	320
Fair value gain on investment properties		**66,979**	–
Distribution costs		**(11,759)**	(10,273)
Administrative expenses		**(95,188)**	(77,480)
Operating profit	19	**135,686**	15,074
Finance (costs)/income — net	20	**(1,218)**	14,661
Share of losses of associates		**(3,373)**	(157)
Profit before income tax		**131,095**	29,578
Income tax expense	21	**(25,862)**	(14,613)
Profit for the period		**105,233**	14,965
Profit attributable to			
— owners of the Company		**89,860**	14,851
— non-controlling interests		**15,373**	114
		105,233	14,965
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Fair value gain/(loss) on available-for-sale financial assets		**95,476**	(79,398)
Currency translation differences		**(21,853)**	(16,470)
Other comprehensive income/(loss) for the period		**73,623**	(95,868)
Total comprehensive income/(loss) for the period attributable to			
— owners of the Company		**163,483**	(81,017)
— non-controlling interests		**15,373**	114
		178,856	(80,903)
Earnings per share for profit attributable to equity holders of the Company			
— basic (expressed in Hong Kong cents per share)	22	**0.41**	0.07
— diluted (expressed in Hong Kong cents per share)	22	**0.41**	0.07

The notes on pages 10 to 40 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to the equity holders of the Company											
	Share capital HK$'000	**Share premium HK$'000**	**Merger reserve HK$'000**	**Capital reserve HK$'000**	**Share option reserve HK$'000**	**Statutory reserve HK$'000**	**Other reserve HK$'000**	**Available-for-sale financial assets HK$'000**	**Exchange reserve HK$'000**	**Retained earnings HK$'000**	**Non-controlling interests HK$'000**	**Total HK$'000**
(Unaudited)												
For the six months ended 30 June 2017												
At 1 January 2017	**2,214,860**	**2,402,151**	**(215,150)**	**12,411**	**370**	**71,370**	**(224,488)**	**(25,825)**	**3,768**	**463,130**	**446,765**	**5,149,362**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**89,860**	**15,373**	**105,233**
Other comprehensive income:												
Fair value gain on available-for-sale financial assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**95,476**	**–**	**–**	**–**	**95,476**
Currency translation differences	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(21,853)**	**–**	**–**	**(21,853)**
Total other comprehensive income/(loss)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**95,476**	**(21,853)**	**–**	**–**	**73,623**
Total comprehensive income/(loss)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**95,476**	**(21,853)**	**89,860**	**15,373**	**178,856**
Dividend relating to 2016 paid during the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(70,876)**	**–**	**(70,876)**
At 30 June 2017	**2,214,860**	**2,402,151**	**(215,150)**	**12,411**	**370**	**71,370**	**(224,488)**	**69,651**	**(18,085)**	**482,114**	**462,138**	**5,257,342**

	Attributable to the equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Share option reserve HK$'000	Statutory reserve HK$'000	Available-for-sale financial assets HK$'000	Exchange reserve HK$'000	Retained earning HK$'000	Non-controlling interests HK$'000	Total HK$'000
(Unaudited)											
For the six months ended 30 June 2016											
At 1 January 2016	2,154,860	2,054,151	(215,150)	12,411	370	33,987	54,304	(14,798)	69,870	–	4,150,005
Profit for the period	–	–	–	–	–	–	–	–	14,851	114	14,965
Other comprehensive loss:											
Fair value loss on available-for-sale financial assets	–	–	–	–	–	–	(79,398)	–	–	–	(79,398)
Currency translation differences	–	–	–	–	–	–	–	(16,470)	–	–	(16,470)
Total other comprehensive loss	–	–	–	–	–	–	(79,398)	(16,470)	–	–	(95,868)
Total comprehensive (loss)/income	–	–	–	–	–	–	(79,398)	(16,470)	14,851	114	(80,903)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	6,261	6,261
Dividend relating to 2015 paid during the period	–	–	–	–	–	–	–	–	(53,871)	–	(53,871)
At 30 June 2016	2,154,860	2,054,151	(215,150)	12,411	370	33,987	(25,094)	(31,268)	30,850	6,375	4,021,492

The notes on pages 10 to 40 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Six months ended 30 June 2017 HK$'000 (Unaudited)	Six months ended 30 June 2016 HK$'000 (Unaudited)
Cash flows from operating activities		
Cash used in operations	**(56,606)**	(422,893)
Interest paid	**(7,917)**	(470)
Profits tax refunded/(paid)	**1,943**	(523)
Net cash used in operating activities	**(62,580)**	(423,886)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(10,289)**	(3,065)
Payments for construction costs of investment properties	**(49,014)**	–
Purchase of available-for-sale financial assets	**(330,488)**	(831,020)
Purchase of held-to-maturity investment	**(60,000)**	–
Proceeds received from disposal of held-to-maturity investment	**25,000**	–
Proceeds received from disposal of property, plant and equipment	**12,374**	4
Proceeds received from disposal of available-for-sale financial assets	**6,764**	30,786
Proceeds received from disposal of investment in an associate	**20,000**	–
Interest received	**6,871**	15,131
Prepayment for purchase of property, plant and equipment	**–**	(5,617)
Prepayment for property acquisition	**(6,500)**	–
Acquisiton of an associate	**–**	(59,250)
Acquisition of subsidiaries, net of cash acquired	**–**	(14,100)
Dividend received from an associate	**9,338**	–
Net cash used in investing activities	**(375,944)**	(867,131)
Cash flows from financing activities		
Drawdown of bank borrowings	**330,670**	8,522
Repayment for bank borrowings	**(218,200)**	(47,270)
Proceeds from issuance of corporate bonds	**21,000**	–
Dividend paid	**(70,876)**	(53,871)
Net cash generated from/(used in) financing activities	**62,594**	(92,619)
Net decrease in cash and cash equivalents	**(375,930)**	(1,383,636)
Cash and cash equivalents at beginning of the period	**1,535,633**	3,344,391
Exchange loss on cash and cash equivalents	**(25,547)**	(16,470)
Cash and cash equivalents at end of the period	**1,134,156**	1,944,285

The notes on pages 10 to 40 form an integral part of this condensed consolidated interim financial information.

1 GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries (collectively the "Group") are principally engaged in the trading and provision of services with respect to automation related equipment (the "Automation"), financial services (the "Financial Services"), manufacturing of a range of high-technology and new energy products (the "Manufacturing"), property investment and development (the "Property Investment and Development") and securities investment (the "Securities Investment").

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

This condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue on 25 August 2017.

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

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements.

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

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

The following amendments and interpretations to existing standards that have been issued and effective for annual periods beginning on or after 1 January 2017 with no material impact on the Group's result of operations and financial position:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvement Project	Annual Improvement 2014-2016 Cycle

3 ACCOUNTING POLICIES *(continued)*

The following new and amended standards and interpretations to the existing standards that have been issued but are not effective for the financial year beginning on 1 January 2017 with no early adoption:

		Effective for annual periods beginning on or after
HKFRS 40 (Amendments)	Transfers of Investment Property	1 January 2018
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 15 (Amendments)	Clarifications to HKFRS 15	1 January 2018
HK (IFRIC) Int-22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contract	1 January 2018
Annual Improvement Project	Annual Improvement 2014-2016 Cycle	1 January 2018
HKFRS 16	Leases	1 January 2019
HK (IFRIC) Int-23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

HKFRS 9, "Financial instruments"

HKFRS 9 "Financial instruments" addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are required to be measured at fair value with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities, there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in the other comprehensive income, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets and financial liabilities.

3 ACCOUNTING POLICIES *(continued)*

HKFRS 9, "Financial instruments" *(continued)*

There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. For trade receivables, contract assets and lease receivables, a simplified approach can be selected by the Group to measure the lifetime expected credit losses.

HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and the "hedged ratio" to be the same as that used by management for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39.

The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group does not plan to early adopt this standard.

HKFRS 15, "Revenue from contracts with customers"

HKFRS 15 "Revenue from contracts with customers" replaces the previous revenue standards HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identity the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset-liability" approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under HKFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligation are identified.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

3 ACCOUNTING POLICIES *(continued)*

HKFRS 16, "Leases"

HKFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on the consolidated statements of financial position for lessees. HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the consolidated statements of financial position. Instead, when the Group is the lessee, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus, each lease will be mapped in the Group's consolidated statements of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation.

The Group is a lessee of various properties which are currently classified as operating leases. As at 30 June 2017, the Group's total operating lease commitments amounted to HK$22,589,000. The new standard will therefore result in an increase in assets and financial liabilities in the Group's consolidated statements of financial position upon adoption. As for the financial performance impact in the Group' consolidated statements of comprehensive income, straight-line depreciation expense on the right-of-use asset and the interest expenses on the lease liability are recognised and no rental expenses will be recognised. The combination of the straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the Group's profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4 ESTIMATES

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

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

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

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

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

5.2 Liquidity risk

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

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

	On demand HK$'000	Within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Over 5 years HK$'000	Total HK$'000
At 30 June 2017						
Trade and bill payables	**–**	**510,753**	**–**	**–**	**–**	**510,753**
Accruals and other payables	**–**	**389,684**	**–**	**264,833**	**–**	**654,517**
Borrowings and interest payables (Note)	**892,042**	**1,050**	**1,050**	**22,050**	**–**	**916,192**
	892,042	**901,487**	**1,050**	**286,883**	**–**	**2,081,462**
At 31 December 2016						
Trade and bill payables	–	176,563	–	–	–	176,563
Accruals and other payables	–	413,516	–	264,833	–	678,349
Bank borrowings and interest payables (Note)	657,722	122,064	–	–	–	779,786
	657,722	712,143	–	264,833	–	1,634,698

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

5.2 Liquidity risk *(continued)*

Note:

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

	On demand HK$'000	Within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Over 5 years HK$'000	Total HK$'000
At 30 June 2017						
Trade and bill payables	**–**	**510,753**	**–**	**–**	**–**	**510,753**
Accruals and other payables	**–**	**389,684**	**–**	**264,833**	**–**	**654,517**
Borrowings and interest payables	**–**	**800,360**	**6,685**	**38,955**	**84,491**	**930,491**
	–	**1,700,797**	**6,685**	**303,788**	**84,491**	**2,095,761**
At 31 December 2016						
Trade and bill payables	–	176,563	–	–	–	176,563
Accruals and other payables	–	413,516	–	264,833	–	678,349
Bank borrowings and interest payables	–	794,222	–	–	–	794,222
	–	1,384,301	–	264,833	–	1,649,134

5.3 Fair value estimation

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

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

– Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

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

5.3 Fair value estimation *(continued)*

The following table presents the Group's assets/liability that are measured at fair value at 30 June 2017 and 31 December 2016:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 30 June 2017				
Assets				
Financial assets at fair value through profit or loss	**758,618**	**23,280**	**–**	**781,898**
Available-for-sale financial assets	**1,319,399**	**–**	**87,466**	**1,406,865**
	2,078,017	**23,280**	**87,466**	**2,188,763**
Liability				
Put option liability in relation to acquisition of subsidiaries	**–**	**–**	**257,159**	**257,159**
At 31 December 2016				
Assets				
Financial assets at fair value through profit or loss	725,621	23,280	–	748,901
Available-for-sale financial assets	931,311	–	55,466	986,777
	1,656,932	23,280	55,466	1,735,678
Liability				
Put option liability in relation to acquisition of subsidiaries	–	–	257,159	257,159

In 2017, there were no transfers of financial assets between Level 1, Level 2 and Level 3.

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

5.4 Valuation techniques used to derive Level 2 fair values

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

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

Description	Fair value at 30 June 2017 (HK$'000)	Valuation technique(s)	Unobservable inputs	Relationship of unobservable inputs to fair value
Equity security	20,005	Market comparable approach using equity allocation method	Volatility	The higher the volatility, the higher the fair value
Equity security	27,027	Market comparable approach using equity allocation method	Volatility	The higher the volatility, the higher the fair value
Equity security	8,434	Combination of cost approach and market comparable approach using equity allocation method	Volatility	The higher the volatility, the higher the fair value
Equity security	32,000	Market comparable approach using equity allocation method	Volatility	The higher the volatility, the higher the fair value

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

5.6 Group's valuation processes

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

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

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

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

6 SEGMENT INFORMATION

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

In order to broaden the source of income and offer better returns to Shareholders, the Board has adopted property development and investments as one of the principal business activities of the Group during the six months ended 30 June 2017. The adoption of this new segment resulted in a change in the presentation of information reviewed by the CEO. The investment properties previously presented as unallocated segment asset is now presented as segment asset under the Property Investment and Development Segment. The Directors will seek investment and development opportunities in the property market in Hong Kong and in the PRC so as to better utilise the existing resources of the Group to maximise return to the Shareholders, broaden the income source and improve the financial position of the Group.

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

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

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

6 SEGMENT INFORMATION *(continued)*

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

	Six months ended 30 June 2017			Six months ended 30 June 2016		
	Total segment revenue HK$'000 (Unaudited)	**Inter segment revenue HK$'000 (Unaudited)**	**Revenue from external customers HK$'000 (Unaudited)**	Total segment revenue HK$'000 (Unaudited)	Inter segment revenue HK$'000 (Unaudited)	Revenue from external customers HK$'000 (Unaudited)
Automation	**275,064**	**–**	**275,064**	264,124	–	264,124
Financial Services	**66,007**	**(972)**	**65,035**	1,199	–	1,199
Manufacturing	**15,753**	**–**	**15,753**	21,698	–	21,698
Property Investment and Development	**13,445**	**(4,274)**	**9,171**	–	–	–
Securities Investment	**(27,462)**	**–**	**(27,462)**	41,444	–	41,444
Total	**342,807**	**(5,246)**	**337,561**	328,465	–	328,465

Reportable segment information is reconciled to profit before income tax as follows:

	Six months ended 30 June 2017 HK$'000 (Unaudited)	Six months ended 30 June 2016 HK$'000 (Unaudited)
Operating profit/(loss)		
Automation	**12,095**	11,053
Financial Services	**22,692**	1,010
Manufacturing	**(6,424)**	(23,985)
Property Investment and Development	**70,349**	–
Securities Investment	**13,569**	32,565
Total	**112,281**	20,643
Unallocated		
Other gain — net	**27,038**	10,855
Other income	**7,313**	3
Administrative expenses	**(10,946)**	(16,427)
Finance (costs)/income — net	**(1,218)**	14,661
Share of losses of associates	**(3,373)**	(157)
Profit before income tax	**131,095**	29,578

6 SEGMENT INFORMATION *(continued)*

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

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

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Segment assets		
Automation	**351,029**	366,135
Financial Services	**1,658,816**	1,356,026
Manufacturing	**108,456**	134,876
Property Investment and Development	**1,715,340**	1,594,810
Securities Investment	**2,518,942**	1,753,390
Segment assets for reportable segments	**6,352,583**	5,205,237
Unallocated		
Property, plant and equipment	**378,920**	371,495
Available-for-sale financial assets	**217,885**	170,280
Investments in associates	**5,300**	82,207
Prepayments, deposits and other receivables	**8,955**	4,245
Current income tax recoverables	**1,327**	1,651
Held-to-maturity investment	**–**	25,000
Financial assets at fair value through profit or loss	**23,280**	23,280
Cash and cash equivalents	**511,762**	1,023,169
	1,147,429	1,701,327
Assets classified as held-for-sale	**84,994**	99,176
Total assets	**7,585,006**	7,005,740

6 SEGMENT INFORMATION *(continued)*

The information provided to the CEO with respect to total assets are measured in a manner consistent with that of the annual consolidated financial statements for the year ended 31 December 2016. Segment assets represented property, plant and equipment, loans and advances, client trust bank balances, investment properties, available-for-sale financial assets, intangible assets, trade receivables, prepayments, deposits and other receivables, cash and cash equivalents, goodwill, inventories, held-to-maturity investment and financial assets at fair value through profit or loss attributable to various reportable segments.

Unallocated segment assets comprise property, plant and equipment, prepayments, deposits and other receivables, cash and cash equivalents, investments in associates, current income tax recoverables, held-to-maturity investment, available-for-sale financial assets, financial assets at fair value through profit or loss, and assets classified as held-for-sale which are inseparable and are not attributable to particular reportable segments.

7 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

During the six months ended 30 June 2017, the Group incurred expenditures of approximately HK$10,289,000 (six months ended 30 June 2016: HK$3,113,000) and HK$2,064,000 (six months ended 30 June 2016: HK$Nil) on property, plant and equipment and investment properties, respectively and no expenditures incurred on intangible assets (six months ended 30 June 2016: Nil).

During the six months ended 30 June 2017, the Group has recorded a fair value gain on investment properties of approximately HK$66,979,000 (six months ended 30 June 2016: HK$Nil).

Bank borrowings are secured by property, plant and equipment and investment properties with a carrying amount of HK$365,735,000 (31 December 2016: HK$268,636,000) (Note 15).

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Listed shares	**1,319,399**	931,311
Unlisted shares	**87,466**	55,466
	1,406,865	986,777

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS *(continued)*

At 30 June 2017:

	Stock Code	Location of the stock exchange	Type of shares	Number of shares held	% of shareholding	HK$'000
Listed securities:						
IDEX ASA	IDEX	Norway	Ordinary	17,215,872	3.17%	128,344
Bio-key International Inc.	BKYI	USA	Ordinary	88,875	1.61%	2,076
China Zheshang Bank Co., Ltd.						
— H Shares	2016.HK	Hong Kong	Ordinary	207,760,000	5.47%	864,282
Bank of Zhengzhou Co., Ltd.						
— H Shares	6196.HK	Hong Kong	Ordinary	72,802,000	4.80%	324,697
						1,319,399
Unlisted securities:						
Powermat Technologies Ltd.	N/A	Israel	Preferred Shares	114,957	2.09%	20,005
Keyssa Inc.	N/A	USA	Ordinary	2,511,954	7.43%	27,027
Kili Technology Corporation	N/A	Canada	Ordinary	2,472,320	15.48%	8,434
CVP Financial Holding Limited	N/A	Hong Kong	Ordinary	1,066	10.66%	32,000
						87,466
					Total	1,406,865

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS *(continued)*

At 31 December 2016:

	Stock Code	Location of the stock exchange	Type of shares	Number of shares held	% of shareholding	HK$'000
Listed securities:						
IDEX ASA	IDEX	Norway	Ordinary	18,130,974	3.41%	112,986
Bio-key International Inc.	BKYI	USA	Ordinary	88,875	1.61%	1,828
China Zheshang Bank Co., Ltd.						
— H Shares	2016.HK	Hong Kong	Ordinary	207,760,000	5.47%	816,497
						931,311
Unlisted securities:						
Powermat Technologies Ltd.	N/A	Israel	Preferred Shares	114,957	2.09%	20,005
Keyssa Inc.	N/A	USA	Ordinary	2,511,954	7.43%	27,027
Kili Technology Corporation	N/A	Canada	Ordinary	2,472,320	15.48%	8,434
						55,466
					Total	986,777

Certain unlisted securities of aggregated carrying amount of HK$87,466,000 (2016: HK$55,466,000) are measured at fair value determined by using discounted cash flow approaches which are not based on observable inputs.

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

At the end of reporting period, the Group's available-for-sale financial assets were individually reviewed for impairment by management. There was no provision for impairment recognised in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2017 and 2016.

Listed securities of aggregated carrying amount of HK$864,282,000 (2016: HK$816,497,000) have been pledged to a bank to secure bank borrowings (Note 15).

9 LOANS AND ADVANCES

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Loans and advances (Note (a))	**606,341**	575,711
Margin loans receivables (Note (b))	**331,683**	411,894
	938,024	987,605

Notes:

(a) The loans and advances are secured and/or backed by guarantee. Credit limits are set for borrowers based on the quality of collateral held and the financial background of the borrower. Collateral values and overdue balances are reviewed and monitored regularly.

The carrying amounts of loans and advances are interest bearing and denominated in Hong Kong dollars.

(b) The credit facility limits granted to margin clients are determined by the discounted market value of the collateral securities accepted by the Group.

The loans to margin clients are secured by the underlying pledged securities and are interest bearing and denominated in Hong Kong dollars. The Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call and the clients have to make good the shortfall.

As at 30 June 2017, margin loan receivables were secured by securities pledged by the clients to the Group as collateral with undiscounted market value of HK$3,736,517,000 (2016: HK$2,362,564,000).

The carrying amount of margin loan receivables reflects a reasonable approximation of its fair value.

10 TRADE RECEIVABLES

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Trade receivables	**253,445**	240,298
Less: Provision for impairment on receivables	**(3,017)**	(2,501)
Trade receivables — net	**250,428**	237,797
Less: non-current portion	**(10,047)**	(3,377)
Current portion	**240,381**	234,420

As at 30 June 2017, trade receivables of HK$3,017,000 (2016: HK$2,501,000) were impaired and provided for amounts due from these customers were aged over 120 days.

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

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
On demand		
0 to 30 days	**157,533**	123,266
31 to 60 days	**30,960**	37,477
61 to 90 days	**14,474**	14,703
91 to 120 days	**15,211**	6,885
Over 120 days	**35,267**	57,967
	253,445	240,298

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Utilities and other deposits	9,160	7,897
Value-added tax recoverables	9,108	4,472
Escrow account receivables	–	504
Consultancy fee income receivables	15,080	15,092
Receivables from disposal of investment in an associate	69,170	–
Dividend receivables	36,421	–
Prepayment for purchase of inventories	3,704	571
Receivables from patent licensing	3,394	–
Prepayment for property acquisition	6,500	–
Others	7,400	5,497
	159,937	34,033
Less: non-current portion	(6,500)	–
Current portion	153,437	34,033

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Listed securities:		
– Equity securities – China	**149,810**	39,619
– Equity securities – Hong Kong	**608,808**	686,002
	758,618	725,621
Other securities	**23,280**	23,280
	781,898	748,901

At 30 June 2017

	Stock Code	Location of the stock exchange	Type of shares	Number of shares held	% of shareholding	HK$ '000
Listed securities:						
Shanghai Tunnel Engineering Co., Ltd.	600820.SH	China	Ordinary	2,416,284	0.32%	129,379
Yang Guang Co., Ltd.	000608.SZ	China	Ordinary	11,467,982	0.36%	20,431
						149,810
Madison Wine Holdings Ltd.	8057	Hong Kong	Ordinary	194,280,000	4.86%	464,330
Huabang Financial Holdings Ltd.	3638	Hong Kong	Ordinary	268,356,000	6.96%	100,634
Others listed securities						43,844
						608,808
Other securities:						
Bio-key International, Inc	BKYI	USA	Convertible Preferred Shares	30,000		23,280
					Total	781,898

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

At 31 December 2016

	Stock Code	Location of the stock exchange	Type of shares	Number of shares held	% of shareholding	HK$ '000
Listed securities:						
Yang Guang Co., Ltd.	000608.SZ	China	Ordinary	3,722,584	0.50%	39,569
Shenzhen Kondarl (Group) Co., Ltd.	000048.SZ	China	Ordinary	1,101	0.00%	50
						39,619
Madison Wine Holdings Ltd.	8057	Hong Kong	Ordinary	194,280,000	4.86%	411,874
Huabang Financial Holdings Ltd.	3638	Hong Kong	Ordinary	356,088,000	9.23%	188,726
New Sports Group Ltd.	299	Hong Kong	Ordinary	483,870,967	2.40%	51,290
Qianhai Health Holdings Ltd.	911	Hong Kong	Ordinary	222,000,000	1.39%	32,190
Others listed securities						1,922
						686,002
Other securities:						
Bio-key International, Inc	BKYI	USA	Convertible Preferred Shares	30,000		23,280
					Total	748,901

13 SHARE CAPITAL AND PREMIUM

	Number of shares (thousands)	Share capital HK$'000	Share premium HK$'000	Total HK$'000
At 1 January 2016	**21,548,598**	**2,154,860**	**2,054,151**	**4,209,011**
Shares issued (Note)	**600,000**	**60,000**	**348,000**	**408,000**
At 31 December 2016, 1 January 2017 and 30 June 2017	**22,148,598**	**2,214,860**	**2,402,151**	**4,617,011**

Note: On 14 September 2016, the Group entered into the placing agreement, pursuant to which the investors agreed to subscribe for 600,000,000 new shares ("Share placement"). The share placement was completed on 20 October 2016. The shares were issued at a price of HK$0.68 per share for a total cash consideration of HK$408,000,000.

14 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

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

During the six months ended 30 June 2017, the Group's management has refined the disposal plan and identified the specified assets and liabilities to be classified as held-for-sale as disclosed below. As a result, certain assets had been reclassified from 'assets of disposal group classified as held-for-sale' back to the Group.

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

(a) Assets of Charming Lion Group classified as held-for-sale

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Property, plant and equipment	**52,189**	65,569
Land use right	**4,575**	4,575
Deferred income tax assets	**1,089**	1,089
Prepayments, deposits and other receivables	**–**	716
Inventories	**27,141**	27,227
Total	**84,994**	99,176

(b) Liabilities of Charming Lion Group classified as held-for-sale

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Trade payables	**5,020**	6,943
Accruals and other payables	**6,889**	5,360
Deferred income tax liabilities	**98**	181
Current income tax liabilities	**5,020**	4,846
Total	**17,027**	17,330

15 BORROWINGS

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Non-current		
Corporate bonds	**21,172**	–
Current		
Bank loans, secured	**797,665**	681,050
Trust receipts loans, secured	**94,377**	98,522
	892,042	779,572
Total borrowings	**913,214**	779,572

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

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Within one year	**785,012**	779,572
Between one and two years	**5,635**	–
Between two and five years	**38,077**	–
Over five years	**84,490**	–
	913,214	779,572

Bank borrowings are secured by corporate guarantees provided by the Company and certain of its subsidiaries, property, plant and equipment and investment properties (Note 7) and available-for-sale financial assets (Note 8).

As at 30 June 2017 and 31 December 2016, the Group has not breached any of the banking facilities.

During the period ended 30 June 2017, the Company issued bonds with aggregated amount of HK$ 21,000,000 (2016: HK$Nil) to several independent third parties with 5% coupon rates per annum, payable in 3 years from the respective issue dates. The amounts of bonds repayable at their maturities are disclosed in Note 5.2.

The fair values of the bonds as at 30 June 2017 amounted to approximately HK$21,172,000 (2016: HK$Nil).

The carrying amounts of bonds are denominated in Hong Kong dollars.

16 TRADE AND BILLS PAYABLES

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

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
0 to 30 days	**479,268**	98,059
31 to 60 days	**2,936**	20,953
61 to 90 days	**10,076**	8,248
91 to 120 days	**4,083**	8,487
Over 120 days	**14,390**	40,816
	510,753	176,563

17 ACCRUALS AND OTHER PAYABLES

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Current		
Salary and wages payables	**8,646**	8,109
Accrued operating expenses	**11,650**	10,381
Advance receipts from customers	**6,809**	7,127
Provision for value-added tax and other taxes in the People's Republic of China ("PRC")	**2,116**	7,057
Commission payables	**1,093**	1,557
Interest payables	**–**	861
Payables for acquisition of subsidiaries	**206,400**	200,256
Deposits received	**18,072**	8,349
Payables for construction costs of investment properties	**100,175**	137,152
Other accruals and other payables	**34,723**	32,667
	389,684	413,516
Non-current		
Put option liability in relation to acquisition of subsidiaries	**257,159**	257,159
	646,843	670,675

18 OTHER GAIN — NET AND OTHER INCOME

	Six months ended 30 June 2017 HK$'000 (Unaudited)	Six months ended 30 June 2016 HK$'000 (Unaudited)
Other gain/(loss) — net		
Reversal of provision	**1,920**	–
Gain on disposal of investment in an associate (Note)	**24,974**	–
Impairment loss on other receivables	**(657)**	–
Gains on disposal of available-for-sale financial assets	**895**	10,629
Impairment loss on goodwill	**–**	(1,500)
Others	**(86)**	226
	27,046	9,355
Other income		
Dividend income	**59,416**	–
Patent's license income	**3,394**	–
Others	**5,840**	320
	68,650	320

Note:

On 29 June 2017, the Group disposed of 22.62% of interest in 湛江集付通金融服務有限公司 (for identification only, Zhanjiang Jifuton Financial Services Joint Stock Company Limited, "Zhanjiang JFT") at a consideration of HK$89,170,000. The carrying amount of the interest in Zhanjiang JFT on the date of disposal was HK$64,196,000. The Group recognised an increase in equity attributable to owners of the Group of HK$24,974,000.

19 OPERATING PROFIT

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

	Six months ended 30 June 2017 HK$'000 (Unaudited)	Six months ended 30 June 2016 HK$'000 (Unaudited)
Amortisation of intangible assets	**3,484**	1,532
Depreciation of property, plant and equipment	**5,573**	279
(Gain)/loss on disposal of property, plant and equipment	**(2,473)**	289
Transaction cost in relation to acquisition of a subsidiary	**–**	660
Provision for impairment on trade receivables	**516**	–

For the six months ended 30 June 2017, no work in progress and finished goods are considered as obsolete (for the six months ended 30 June 2016: Nil).

20 FINANCIAL (COSTS)/INCOME — NET

	Six months ended 30 June 2017 HK$'000 (Unaudited)	Six months ended 30 June 2016 HK$'000 (Unaudited)
Finance income		
— Interest income on bank deposits	**6,871**	8,244
— Interest income on loan to an independent third party	**–**	6,887
	6,871	15,131
Finance costs		
— Bank loans	**(7,187)**	(451)
— Trust receipt loans	**(730)**	(19)
— Corporate bonds	**(172)**	–
	(8,089)	(470)
Finance (costs)/income — net	**(1,218)**	14,661

21 INCOME TAX EXPENSE

	Six months ended 30 June 2017 HK$'000 (Unaudited)	Six months ended 30 June 2016 HK$'000 (Unaudited)
Current income tax		
— Hong Kong profits tax	**9,249**	3,136
— Overseas and PRC income tax	**860**	313
	10,109	3,449
Deferred income tax	**15,753**	11,164
	25,862	14,613

21 INCOME TAX EXPENSE *(continued)*

Provision for income tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 June 2017 (for the six months ended 30 June 2016: 16.5%).

The statutory income tax rate applicable to entities operating in the PRC is 25% (for the six months ended 30 June 2016: 25%).

22 EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)
Profit attributable to equity holders of the Company (HK$'000)	**89,860**	14,851
Weighted average number of ordinary shares in issue (thousands)	**22,148,598**	21,548,598
Basic earnings per share (expressed in Hong Kong cents per share)	**0.41**	0.07

22 EARNINGS PER SHARE *(continued)*

(b) Diluted

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

	Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)
Earnings		
Profit attributable to equity holders of the Company (HK$'000)	**89,860**	14,851
Weighted average number of ordinary shares in issue (thousands)	**22,148,598**	21,548,598
Adjustments for:		
— Share options (thousands)	**767**	1,007
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**22,149,365**	21,549,605
Diluted earnings per share (expressed in Hong Kong cents per share)	**0.41**	0.07

23 DIVIDEND

	Six months ended 30 June 2017 HK$'000 (Unaudited)	Six months ended 30 June 2016 HK$'000 (Unaudited)
2016 final dividend paid — HK$0.32 (2015: HK$0.25) cents per share	**70,876**	53,871

No interim dividend was declared by the board of directors for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

24 OPERATING LEASE COMMITMENTS

The Group as lessee

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

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Not later than one year	**9,748**	5,776
Later than one year and not later than five years	**12,841**	350
	22,589	6,126

24 OPERATING LEASE COMMITMENTS *(continued)*

The Group as lessor

The Group has acquired various offices, workshops and dormitories. The future minimum lease payments receivable under non-cancellable operating leases of the Group were as follows:

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Not later than one year	**22,210**	13,218
Later than one year and not later than five years	**35,509**	33,726
	57,719	46,944

25 CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the period but not yet incurred of the Group were as follows:

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
Property, plant and equipment	**3,754**	2,066
Investment properties	**180,977**	145,035
Investment in a subsidiary	**–**	4,716

26 RELATED PARTY TRANSACTIONS

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

(a) Key management compensation

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

	Six months ended 30 June 2017 HK$'000 (Unaudited)	Six months ended 30 June 2016 HK$'000 (Unaudited)
Directors' fees	**1,128**	1,054
Basic salaries, housing allowances, other allowances and benefits in kind	**2,183**	1,107
Contributions to pension plans	**63**	9
	3,374	2,170

27 SHARE-BASED PAYMENTS

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

27 SHARE-BASED PAYMENTS *(continued)*

No movements in the number of share options outstanding and their related exercise prices are as follows:

	Exercise price in HK$ per share option	Options (thousands)
At 1 January and 30 June 2017	0.42	2,000

All outstanding options were exercisable upon the Date of Grant. No option was exercised during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

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

No share option expenses were recognised in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

28 SUBSEQUENT EVENTS

On 4 August 2017, the Group entered into a sale and purchase agreement with 萊華商置有限公司 (for identification only, Lai Hua Properties and Investment Limited), pursuant to which the Group conditionally agreed to acquire and the Vendor conditionally agreed to sell all the equity interests of 萊華泰盛有限公司 (for identification only, LaiHua TaiSheng Limited) at a consideration of RMB1,720,000,000 (equivalent to approximately HK$1,997,659,600). The transaction constitutes a major transaction for the Company.

Management Discussion and Analysis

OVERVIEW

Development efforts made by the Group in the first half of 2017 continued to yield good results, as profits of the Group in the first half of 2017 significantly increased approximately six times to HK$105.2 million.

Following the launch of the Shanghai-Hong Kong Stock Connect in 2014 and the Shenzhen-Hong Kong Stock Connect last year, the launch of Bond Connect in the first half of 2017 presented the Hong Kong capital market with yet more opportunities. With a knowledgeable and aggressive management team, China Goldjoy has transformed and diversified its business to include high-value service operations that promise abundant business opportunities. The Group's shares are included in a number of HSI constituent stocks, and also as one of the stocks eligible for trading under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect schemes. Moreover, it has officially been included as a constituent stock of the MSCI Hong Kong Small Cap Index since 1 June 2017, clearly demonstrating its market recognition.

During the first half of 2017, the Group has principally been engaged in the Automation, Financial Services, Manufacturing, Property Investment and Development, and Securities Investment business segments.

BUSINESS REVIEW

Automation

During the period under review, the Automation segment saw a stable increase in revenue of 4.2% to HK$275.1 million (30 June 2016: HK$264.1 million), accounting for 81.5% of the Group's total revenue (30 June 2016: 80.4%). The increase was mainly attributable to the robust development of the smart phone and semiconductor industry in the PRC.

Financial Services

Revenue from the Financial Services segment during the first half of 2017 increased significantly to HK$65.0 million (30 June 2016: HK$1.2 million), contributing 19.3% of the Group's total revenue (30 June 2016: 0.4%). The notable increase was due to the consolidation of the financial statements of Goldjoy Holding Limited ("Goldjoy Holding"), an 80%-owned financial services platform, into the Group, after the completion of the acquisition and two rounds of financing in the second half of 2016.

Through its subsidiaries, Goldjoy Holding holds major financial service licences under the Securities and Futures Ordinance ("SFO"), namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management), for regulated activities. It also provides loan and credit financing services in Hong Kong and is capable of conducting businesses in 99%-Gold, HK Dollar, Kilobar, London Gold, London Silver etc., and has obtained the Private Equity Fund Manager License in Mainland China. Goldjoy Holding offers comprehensive financial services to its clients and creates better synergies from cross-selling and boasts a comprehensive platform offering clients convenient access to different financial services.

During the period under review, the income from the commission and handling fees of brokerage service of the Group has remained steady. The Group is adopting a multi-channel, multi-form marketing approach to increase the number of customers and promote the continuous increase of customer assets.

As the increase in capital had enhanced the lending capacity of the Group, coupled with the active development of customers, revenues of the lending and financing business of the Group have grown rapidly. The Group continues to strengthen risk control, exercise prudent management and maintain the steady development of the lending and financing business.

China Goldjoy Asset Management Limited ("China Goldjoy Asset Management") has set up three new private funds during the period under review. These three private funds have adopted various investment strategies to match the risk tolerance levels of different investors. Apart from promoting product diversification, the Group's asset management arm has also actively looked for local and overseas partners in developing the fund management business.

Apart from the Hong Kong financial market, the Group also strives to capture the enormous growth potential in the foreign and domestic financial markets alike. China Goldjoy Investment Limited, which wholly owns Shanghai Hunlicar Investment Management Company Limited ("Hunlicar Capital"), has set up four private equity investment ("PE") funds during the period under review. Currently operating five equity investment funds, Hunlicar Capital is one of the few equity investment fund management enterprises in Mainland China active in different asset categories including bonds, currencies, shares, commodities and derivatives.

During the first half of 2017, the Group has managed a total of 11 funds in Hong Kong and Mainland China. In addition, Goldjoy Holding has also obtained the QFLP license in the Qianhai free trade zone in Shenzhen during the period under review and has extended its asset management business to equity investment management.

Since obtaining the Type 6 License in January 2017 to the end of the first half of the year, China Goldjoy Securities Limited ("China Goldjoy Securities") has completed a number of transactions in the field of equities and debt capital markets, investment and provision of equity loans, so as to increase new profit growth points for the Group.

Manufacturing

The high-end Manufacturing of the Group developed, as the Group had exited all its low-margin and low value-added electronic manufacturing business. Thus, inevitably, revenue from the Manufacturing segment decreased by 27.2%, to HK$15.8 million (30 June 2016: HK$21.7 million), accounting for 4.7% of the Group's total revenue (30 June 2016: 6.6%). However, the management believes the transformation was necessary and is conducive to the Group's long-term sustainable development, as evidenced by the narrowing loss incurred by the segment.

At the same time, the Group is also actively seeking opportunities in manufacturing transformation and upgrading, as well as supply-side reform in order to step into the high end manufacturing industry with high added value. Currently, the manufacturing business comprises light-emitting diode ("LED") manufacturing, research & development, and installation (the "LED lighting business") with revenue mainly coming from 深圳寶耀科技有限公司 (for identification only, Shenzhen Bao Yao Technology Co., Limited) ("Shenzhen Bao Yao") and its subsidiary. Though the revenue from the LED lighting business which is at its early stage of development is not significant at the moment, the management sees huge growth potential in that business.

Properties Investment and Development

In recent years, the Group has been active in identifying suitable property investment and development opportunities in Hong Kong and Mainland China.

In 2016, the Group acquired 75.5% equity interest of 深圳邦凱新能源有限公司 (for identification only, Shenzhen B&K New Energy Co., Ltd.) ("Shenzhen B&K"). Apart from providing the Group with additional resources to develop its LED lighting business, and strengthening its research and development capacity, Shenzhen B&K also offers an opportunity to engage in the property investment business in Mainland China. Shenzhen B&K holds a piece of land (the "Land") with an area of approximately 120,000 square meters in the core area of Guangming New District in Shenzhen. Construction of properties of approximately 100,000 square meters on the Land was completed and the remaining undeveloped land has been reserved for the development of a science and technology industrial park.

The Group has acquired several properties in Admiralty, Hong Kong in November and December 2016. Part of the acquired spaces are being used as the head office of the Group and offices of its subsidiaries, and the rest are for investment purposes. In view of the prime location and continuous market demand in Grade A office buildings in Hong Kong, the investment properties are expected to bring an impressive return on investment to the Group. With property investment added as a principal business activity, the Group is searching for suitable properties around the world for investment purposes.

Securities Investment

The Securities Investment segment consisting of investment in listed shares within both Hong Kong and Mainland China, recorded a loss of HK$27.5 million (30 June 2016: gain of HK$41.4 million). Despite the decrease in investment revenues, the dividend income from the segment increased by HK$52.2 million as compared with the same period of last year.

Investment and Partnership

As innovative technology is set to become one of the driving forces of tomorrow's economy, the Group is continuing the strategy of investing in various top-notch industry-leading technology companies, particularly those specializing in biometric security, wireless data transmission and communications technologies. The Group also maintains its focus on investment opportunities in innovation technology industries within both domestic and foreign markets. Also, to capture development opportunities in financial services enterprises within Mainland China with outstanding prospects, the Group has also invested in domestic financial institutions.

(a) *Listed Companies*

As of 30 June 2017, the Group held shares in the following listed technology companies: 1) BIO-key International, Inc. (NASDAQ:BKYI), a U.S. public company specializing in advanced biometric solutions, which was previously listed on the OTCQB and since 25 July 2017 on the Nasdaq Capital Market; and 2) IDEX ASA (IDEX:OSL), a Norwegian company that develops and sells information technology products and is listed on the Oslo Axess market of the Oslo Stock Exchange.

As a long-term investment, the Group held approximately 5.47% and 1.16% of the total H Shares and total issued shares respectively of China Zheshang Bank Co., Ltd. (HKEX: 2016) and approximately 4.8% and 1.4% of the total H Shares and total issued shares respectively of Bank of Zhengzhou Co. Ltd. (HKEX: 6196) as of 30 June 2017.

(b) *Unlisted Companies*

As of 30 June 2017, the Group held shares in the following unlisted companies: 1) Kili Technology Corporation, a Canadian privately-held technology company primarily engaged in authentication in civilian markets and secure payment software technology; 2) Keyssa Inc., a U.S. privately-held company that develops wireless technology for data transfer; and 3) Powermat Technologies Ltd., a U.S. privately-held company which provides wireless power solutions to consumers, OEMs and public places.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2017 increased by 2.8% to approximately HK$337.6 million (2016: HK$328.4 million). The revenue analysis by segment is shown below:

	30 June 2017		30 June 2016		
	HK$' million	**Proportion to total revenue**	HK$' million	Proportion to total revenue	% change
Automation	**275.1**	**81.5%**	264.1	80.4%	4.2%
Financial Services	**65.0**	**19.3%**	1.2	0.4%	5,316.7%
Manufacturing	**15.8**	**4.7%**	21.7	6.6%	(27.2%)
Property Investment and Development	**9.2**	**2.7%**	–	–	N/A
Securities Investment	**(27.5)**	**(8.2%)**	41.4	12.6%	(166.4%)
	337.6	**100%**	328.4	100%	2.8%

The increase in revenue during the period under review was mainly attributable to the increased revenue from the newly added Financial Services segment and offset by the decrease in revenue from the Securities Investment segment. The Automation segment continued to be the major revenue source of the Group, accounting for 81.5% of the total revenue. The Group completed transforming its business by eliminating the low-margin and low value-adding electronic manufacturing business, and introduced the LED lighting business only in the second quarter of 2016. Thus, the revenue contribution from the manufacturing segment remained small.

Gross Profit and Margin

Gross profit and margin for the period decreased by 14.2% to approximately HK$80.0 million (2016: HK$93.2 million), and to 23.7% (2016: 28.4%), respectively, mainly in relation to decrease in fair value of securities investment and offset by the increase in gross profit and margin from the Financial Services segment.

Other Gains – Net

The net other gains increased by HK$17.7 million as compared with the corresponding period in 2016, mainly due to the gain in disposal of an associated entity amounted to HK$25.0 million.

Other Income

The other income increased to approximately HK$68.7 million (2016: HK$0.3 million), mainly due to the dividend income of HK$59.4 million from avaliable-for-sale investments.

Distribution Costs

Distribution costs increased to approximately HK$11.8 million (2016: HK$10.3 million), approximately 3.5% (2016: 3.1%) in proportion to total revenue. The increase was mainly due to the increase in commission paid to sales agent in the Automation segment as compared with the corresponding period in 2016.

Administrative Expenses

Administrative expenses increased to approximately HK$95.2 million (2016: HK$77.5 million), mainly in relation to (i) increase in staff salary and directors' emoluments by HK$13.0 million caused by business expansion; and (ii) increase in depreciation and utilities by HK$5.3 million and HK$2.5 million caused by self-used offices and workshops, respectively.

Finance (Costs)/Income – Net

Net finance costs was approximately HK$1.2 million (2016 net finance income: HK$14.7 million). The change primarily resulted from an increase in bank borrowings as compared with the corresponding period in 2016.

Income Tax Expense

Income tax expense increased by approximately 77.0% to approximately HK$25.9 million (2016: HK$14.6 million) due to the increase in taxable profits.

Profit for the Period

Profit for the first half of 2017 increased significantly to approximately HK$105.2 million (2016: HK$15.0 million). The increase was primarily attributed to (i) an increase in fair value gain of the investment properties, (ii) an increase in dividend income from investments, (iii) the gain in the disposal of an associated entity amounted to approximately HK$25.0 million, (iv) an increase in profit generated by the Financial Services segment, (v) reduced loss incurred by the Manufacturing segment, and partially offset by the decrease in profit generated by the Securities Investment segment and increase in the net finance costs.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Debt Structure

Adopting a conservative financial management approach, the Group continued to maintain a healthy and solid liquidity position. As at 30 June 2017, the Group's cash and cash equivalents totalled approximately HK$1,134.2 million (31 December 2016: HK$1,535.6 million). Working capital represented by net current assets amounted to approximately HK$2,002.6 million (31 December 2016: HK$2,338.7 million). Current ratio was approximately 2.1 (31 December 2016: 2.7).

Borrowings of the Group as at 30 June 2017 included corporate bonds of approximately HK$21.2 million (31 December 2016: Nil), trust receipt loans of approximately HK$94.4 million (31 December 2016: HK$98.5 million) and bank loans of approximately HK$797.7 million (31 December 2016: HK$681.1 million). These bank borrowings were secured by corporate guarantees provided by the Company and certain of its subsidiaries and secured by building and listed securities with carrying amount of approximately HK$365.7 million and HK$864.3 million respectively. The Group was in a net cash position of approximately HK$220.9 million as at 30 June 2017 (31 December 2016: HK$756.1 million).

Capital Commitments

As at 30 June 2017, the Group had contracted but not provided for capital commitments of HK$2,182.4 million (31 December 2016: HK$151.8 million), and did not have any authorised but not contracted for capital commitments (31 December 2016: Nil).

Currency Exposure and Management

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

As the production of the manufacturing segment and automation business activities are mainly undertaken in Mainland China, most costs and overheads are denominated in Renminbi. As such, fluctuation of the Renminbi will have an impact on the Group's profitability. The Group will closely monitor movements of Renminbi and, if necessary, consider entering into foreign exchange forward contracts with reputable financial institutions to reduce potential exposure to currency fluctuations. During the period under review, the Group had not entered into any foreign exchange forward contracts.

Future plans for capital investment and expected source of funding

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

EMPLOYEES

As at 30 June 2017, the Group had approximately 540 full-time employees mainly in Hong Kong and Mainland China (31 December 2016: 400).

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

BUSINESS OUTLOOK

With the business transformation completed, the Group will pursue the strategy of diversifying its business and developing value-added businesses at full strength. Towards this end, it will actively seek suitable investment opportunities that can benefit the long-term development of the Group.

To capture the enormous growth potential in the financial services market in the Greater China region, greater efforts will be committed to expanding the number of high-end customers, enriching and optimizing its business portfolio, enhancing sales and trading capacity, and providing customers with more comprehensive financial services under the premise of controlling risk and focusing on compliance.

The Group has an experienced management team, and is actively developing an assets management and wealth management business in Hong Kong and Mainland China. The Group is devoting greater effort in the operation of issued fund products, enhancing the investment and R&D capabilities of financial products, and continuing to diversify its product portfolio and expand local and overseas cooperation opportunities. In view of the fact that it has become a qualified foreign institutional investor, the Group plans to set up its first equity investment fund in Shenzhen during the second half of 2017. This fund is investing in intelligent manufacturing, biomedicine and other emerging industries for providing overseas investors with a channel to participate in equity investment in Mainland China.

To satisfy the different needs of clients, the Group's wealth management arm will further enhance its service quality, as well as its product development and risk management capabilities. It will provide extensive training to both frontline and back office staff and introduce MPF, insurance service and immigration consulting services to fulfil clients' needs. It will also recruit more senior compliance personnel to enhance its internal risk surveillance and monitoring system to ensure compliance with the standards prescribed by regulatory authorities in Hong Kong.

The Group is also allocating greater resources to the financing services business of institutional clients. As the management sees the potential of the bond market to enable it to better serve its corporate and government clients in Mainland China and Hong Kong, the Group has built a team of professionals in the debt capital market to develop such related services. The Group is committed to creating a competitive investment banking team and will cater closely to customers' needs to provide services in equity & debt financing and mergers & acquisitions transactions.

Regarding the Automation segment, in order to better serve customers and broaden profitability, the Group's wholly-owned subsidiary Gallant Tech Limited ("Gallant Tech") has also actively explored the new business direction of combining the leasing industry and financial market, and providing the financial leasing services of high-end manufacturing and large-scale equipment through its Shenzhen Gallant Tech Finance Leasing Co., Limited. This initiative is aimed at continuing to speed up developing the equipment finance leasing business in order to diversity its revenue stream. In addition, Gallant Tech also is monitoring investment opportunities in smart manufacturing and smart production systems, with the aim of enhancing its competitiveness in the industry.

Since 2016, the Group has been directing efforts into establishing the new energy business including but not limited to LED lighting. Apart from the LED light installation work that the Group is currently engaged in within the private sector, it has been actively seeking opportunities in LED lighting projects within the public sector in Mainland China. Boasting leading-edge research and development and manufacturing capabilities, the Group plans to expand this business into overseas markets and is studying the feasibility of setting up a factory in India.

As it has implemented a diversified development strategy in recent years, the Group has been looking for property investment opportunities in major cities and regions with development potential, so as to seize the business opportunities in the booming real estate market. With the properties of Phase I currently operating and leasing and Phase II with construction in progress, the entire science and technology industrial park on the land owned by Shenzhen B&K is expected to be completed by the end of 2018.

Following the acquisition of a number of properties since 2016, the Group is optimistic about the real estate market prospects in Hong Kong and Mainland China and the Board believes it is appropriate that the Company adopt property investment and development as one of its principal business activities. On 4 August 2017, the Group has entered into an agreement to acquire LaiHua TaiSheng Limited ("LaiHua TaiSheng") at a consideration of RMB1,720,000,000. Laihua Taisheng is a company that is principally engaged in real estate property sales and development, and holds a property development project, "世紀城" (Century Plaza*) (the "project"), located at Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC (江西省贛州市章江新區) with a total gross area of 128,461.20 sq.m. and saleable area of 635,071.78 sq.m. It is expected that the Group will benefit from the sale and leasing of the properties and the anticipated growth in the value of the project. Meanwhile, the Group continues to evaluate investment and development opportunities in the property markets within the PRC and Hong Kong.

Based on the macroeconomic figures of the first half of 2017, as the global economy as well as that of China continued to grow, the Group is therefore positive about the capital market in the rest of the year and will continue to look for investment opportunities in financial services, properties investment and development, and the high-end manufacturing industry, as well as new energy and new technologies so as to generate optimum returns for shareholders.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: HK$Nil cents per share).

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

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2017.

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

As of 30 June 2017, the interests and short positions of the Directors and chief executives of the Company or their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name of director	Capacity and nature of interests	Number of shares held	Approximate percentage of shareholding
Mr. Yao Jianhui (Note)	Interest in controlled corporation	10,771,835,600	48.63%
	Beneficial owner	35,968,000	0.16%

Note:

Mr. Yao Jianhui holds 100% of Tinmark Development Limited, which is the beneficial owner of 10,771,835,600 shares in the Company. Mr. Yao also directly holds 35,968,000 shares in the Company.

Save as disclosed above, as of 30 June 2017, none of the Directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Scheme (as defined in the section headed "Share Option Scheme" below), at no time during the six months ended 30 June 2017 was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save for the disclosed, none of the Directors or chief executives of the Company or their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right during the six months ended 30 June 2017.

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

As of 30 June 2017, the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in the shares and underlying shares of the Company

Name of substantial shareholders	Capacity and nature of interests	Number of shares held	Approximate percentage of shareholding
Tinmark Development Limited	Beneficial owner	10,771,835,600	48.63%
Horizon Best Limited	Securities interest in Shares	2,970,000,000	13.41%
前海人壽保險股份有限公司	Beneficial owner	4,219,560,000	19.05%
Taiping Assets Management (HK) Company Limited (Note 1)	Investment Manager	4,219,560,000	19.05%

Note 1:

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

Save as disclosed above, as of 30 June 2017, the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

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

Eligible participants of the Scheme include the following:

(i) Full-time or part-time employees; and

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

As of the date of this report, the total number of shares of the Company available for issue under the Scheme is 2,203,339,810, representing approximately 9.95% of the issued share capital of the Company as of the date of this report.

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

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

(i) representing in aggregate over 0.1% of the shares in issue on the date of the offer; and

(ii) having an aggregate value in excess of HK$5 million, based on the closing price of the Company's shares at the date of such grant, such further grant of options will be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting in favour at such meeting and other requirements prescribed under the Listing Rules from time to time.

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

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option.

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

Details of the share options as at 30 June 2017 which have been granted under the scheme are as follows:

	Number of options (in thousands)						
	Held at 1 January 2017	Granted during the year	Cancelled/ lapsed during the year	Exercised during the year	Held at 30 June 2017	Exercise price per share HK$	Exercisable period
Employees	2,000	–	–	–	2,000	0.420	17 June 2013 to 16 June 2023
Total	2,000	–	–	–	2,000	0.420	

CHANGES TO THE DIRECTORS OF THE BOARD

Subsequent to 30 June 2017, there had been the following changes to the Directors of the Board:

(1) Mr. Shao Zuosheng resigned as an executive Director, the senior vice president of the Company and a member of each of the strategy committee and investment committee of the Board with effect from 13 July 2017; and

(2) Mr. Zhang Chi was appointed as an executive Director and a member of each of the strategy committee and investment committee of the Board with effect from 13 July 2017.

The biographical details of the directors and senior management of the Company are set out in the Company's website.

CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding securities transactions of the directors of the Company. All directors of the Company have confirmed that throughout the six months ended 30 June 2017, they have complied with the provisions of the Model Code.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

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

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

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters, including the review of the financial information of the Group for the six months ended 30 June 2017. The consolidated financial information for the six months ended 30 June 2017 have been reviewed by the Company's independent auditor, PricewaterhouseCoopers.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 4 August 2017, the Group entered into a sale and purchase agreement with 萊華商置有限公司 (for identification only, Lai Hua Properties and Investment Limited) ("Lai Hua"), pursuant to which the Group conditionally agreed to acquire and the Vendor conditionally agreed to sell all the equity interests of 萊華泰盛有限公司 (for identification only, LaiHua TaiSheng Limited) at a consideration of RMB1,720,000,000 (equivalent to approximately HK$1,997,659,600). The transaction constitutes a major transaction for the Company.

APPRECIATION

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

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

Hong Kong, 25 August 2017

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