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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1282)

2016 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "Board") of China Goldjoy Group Limited (the "Company") would like to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2016.

The interim consolidated results are unaudited but have been reviewed by the Company's audit committee and the Company's independent auditor, PricewaterhouseCoopers, 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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Note	Six months ended 30 June 2016 HK$'000 (Unaudited)	2015 HK$'000 (Unaudited)
Revenue	4	**328,465**	250,890
Cost of sales		**(235,313)**	(220,933)
Gross profit		**93,152**	29,957
Other gain — net		**9,355**	3,347
Other income		**320**	1,999
Distribution costs		**(10,273)**	(10,816)
Administrative expenses		**(77,480)**	(57,911)
Operating profit/(loss)	5	**15,074**	(33,424)
Finance income/(costs) — net	6	**14,661**	(2,108)
Share of losses of associates		**(157)**	(389)
Provision for impairment on investments in associates		**—**	(2,200)
Profit/(loss) before income tax		**29,578**	(38,121)
Income tax (expense)/credit	7	**(14,613)**	3,239
Profit/(loss) for the period		**14,965**	(34,882)
Profit/(loss) attributable to			
— owners of the Company		**14,851**	(34,882)
— non-controlling interests		**114**	—
		14,965	(34,882)
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Fair value (loss)/gain on available-for-sale financial assets		**(79,398)**	87,813
Currency translation differences		**(16,470)**	—
Other comprehensive (loss)/income for the period		**(95,868)**	87,813
Total comprehensive (loss)/income for the period attributable to			
— owners of the Company		**(81,017)**	52,931
— non-controlling interests		**114**	—
		(80,903)	52,931
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company			
— basic (expressed in Hong Kong cents per share)	8	**0.07**	(1.19)
— diluted (expressed in Hong Kong cents per share)	8	**0.07**	(1.19)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2016

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

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

NOTES TO THE 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 manufacturing of a range of high-technology products, the trading of and provision of services with respect to automation-related equipment, securities investment and financial services.

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

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

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

Key events

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

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

On 1 April 2016, the Group completed the acquisition of 33.21% equity interests in 湛江集付通金融服務股份有限公司 (for identification only, Zhanjiang Jifutong Financial Services Joint Stock Company Limited) ("Zhanjiang JFT"), a company established in the People's Republic of China (the "PRC") with limited liability, at a consideration of approximately RMB50,000,000 (equivalent to approximately HK$59,250,000). Upon completion of the acquisition, Zhanjiang JFT became an associate of the Group. For the period from 2 April 2016 to 30 June 2016, the Group recognised share of profit amounting to approximately HK$210,000.

2 BASIS OF PREPARATION

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

3 ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

4 SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 OPERATING PROFIT/(LOSS)

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

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

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

6 FINANCE INCOME/(COSTS) — NET

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

7 INCOME TAX (EXPENSE)/CREDIT

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

Provision for income tax

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

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

8 EARNINGS/(LOSS) PER SHARE

(a) Basic

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

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

(b) Diluted

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

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

9 DIVIDENDS

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

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

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

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

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

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

11 TRADE RECEIVABLES

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

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

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

12 TRADE AND BILLS PAYABLES

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

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

13 SUBSEQUENT EVENTS

(1) On 13 June 2016, the Group entered into the sale and purchase agreement with Shenzhen Dahua Construction Engineering Co., Ltd. ("Shenzhen Dahua"), pursuant to which, the Group has conditionally agreed to purchase, the Shenzhen Dahua has conditionally agreed to sell, all the equity interests of 深圳鴻勝節能科技有限公司 (for identification only, Shenzhen Hongsheng Energy-saving Technology Co., Ltd.) ("Hongsheng"), at a consideration of RMB380,000,000 (equivalent to approximately HK$450,497,600). The transaction was completed where upon in July 2016, Hongsheng and its subsidiaries became subsidiaries of the Group and their result will be consolidated into the financial statements of the Group.

(2) On 4 July 2016, the Group completed the acquisition of 70% interests in China Yinsheng Asset Management Limited, China Yinsheng Securities Limited, China Yinsheng Wealth Management Limited and KB Investment Limited. Subsequent to the transaction, these entities became the indirect subsidiaries of the Group, the results of which will be consolidated into the financial statements of the Group.

(3) On 1 August 2016, the Group completed the acquisition of 70% interests in KB Bullion Limited. Subsequent to the transaction, KB Bullion Limited became an indirect subsidiary of the Group, the results of which will be consolidated into the financial statements of the Group.

(4) Furthermore, on 12 August 2016, the Group made additional investment into Target Group, leading to an increase in equity interests from 70% to 80%.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Automation

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

Manufacturing Business

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

Securities Investment

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

Financial Services

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

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

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

Investment and Partnership

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

Listed Companies

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

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

Unlisted Companies

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

Financial Review

Revenue

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

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

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

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

Gross Profit and Margin

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

Other Gains — Net

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

Distribution Costs

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

Administrative Expenses

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

Finance Income/(Costs) — net

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

Income Tax (Expenses)/Credit

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

Profit/(Loss) for the Period

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

FINANCIAL RESOURCES REVIEW

Liquidity Financial Resources and Debt Structure

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

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

Capital Commitments

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

Currency Exposure and Management

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

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

Future plans for capital investments and expected source of funding

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

EMPLOYEES

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

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

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

BUSINESS OUTLOOK

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

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

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

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

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

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

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015 final dividend: HK$0.25 cents per share).

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

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

CORPORATE GOVERNANCE

The Company is maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 allows for 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 have been and will continue to be maintained.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference set out in the CG Code. The principal duties of the audit committee includes the review and supervision of the Group's financial reporting matters and internal control procedures. The audit committee comprises one non-executive director of the Company, namely Mr. Huang Wei and two independent non-executive directors of the Company, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew. The unaudited financial results for the six months ended 30 June 2016 have been reviewed by the audit committee and the external auditors of the Company.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

(1) On 13 June 2016, the Group entered into the sale and purchase agreement with Shenzhen Dahua, pursuant to which, the Group has conditionally agreed to purchase, the Shenzhen Dahua has conditionally agreed to sell, all the equity interests of Hongsheng, at a consideration of RMB380,000,000 (equivalent to approximately HK$450,497,600). The transaction was completed where upon in July 2016, Hongsheng and its subsidiaries became subsidiaries of the Group and their result will be consolidated into the financial statements of the Group.

(2) On 4 July 2016, the Group completed the acquisition of 70% interests in China Yinsheng Asset Management Limited, China Yinsheng Securities Limited, China Yinsheng Wealth Management Limited and KB Investment Limited. Subsequent to the transaction, these entities became the indirect subsidiaries of the Group, the results of which will be consolidated into the financial statements of the Group.

(3) On 1 August 2016, the Group completed the acquisition of 70% interests in KB Bullion Limited. Subsequent to the transaction, KB Bullion Limited became an indirect subsidiary of the Group, the results of which will be consolidated into the financial statements of the Group.

(4) Furthermore, on 12 August 2016, the Group made additional investment into Target Group, leading to an increase in equity interests from 70% to 80%.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hk1282.com). The 2016 Interim Report will be dispatched to the shareholders of the Company and available on the same websites in due course.

APPRECIATION

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

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

Hong Kong, 26 August 2016

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Yao Jianhui, Mr. Feng Huiming and Mr. Li Minbin; one non-executive director, namely Mr. Huang Wei; and three independent non-executive directors, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Lee Kwan Hung.