



China Industrial Securities International Financial Group Limited

興證國際金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8407)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”)
OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK
EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the “Directors”) of China Industrial Securities International Financial Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and nine months ended 30 September 2017 together with the comparative unaudited figures for the corresponding periods in 2016.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2017

	Note	Three months ended 30 September		Nine months ended 30 September	
		2017 HK\$ (unaudited)	2016 HK\$ (unaudited)	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Revenue	4	260,435,465	175,386,093	618,815,511	344,202,029
Other income	4	7,443,027	1,873,669	15,265,304	4,901,999
Finance costs		(42,290,674)	(19,410,332)	(108,122,639)	(46,289,023)
Commission and fee expenses		(22,069,774)	(9,769,403)	(61,779,147)	(31,949,828)
Staff costs		(52,477,611)	(43,456,218)	(131,364,182)	(96,116,163)
Other operating expenses		(32,058,669)	(23,157,297)	(88,736,224)	(66,233,734)
Listing expenses		–	(6,972,721)	–	(14,010,447)
Impairment loss on accounts receivable		(59,728,218)	–	(167,075,364)	–
Other gains or losses		8,141,369	1,273,662	60,599,272	594,190
Profit before taxation		67,394,915	75,767,453	137,602,531	95,099,023
Taxation	6	(5,542,427)	(13,315,176)	(16,130,028)	(18,394,871)
Profit for the period		61,852,488	62,452,277	121,472,503	76,704,152
Other comprehensive income (expense)					
<i>Item reclassified subsequently to profit or loss:</i>					
Changes in fair value of available-for-sale financial assets		25,515,650	10,757,406	23,558,052	23,192,052
Disposal of available-for-sale financial assets		(3,100,306)	(26,850,295)	19,100,739	(26,870,961)
Other comprehensive income for the period		22,415,344	(16,092,889)	42,658,791	(3,678,909)
Total comprehensive income for the period attributable to owners of the Company		84,267,832	46,359,388	164,131,294	73,025,243
Earnings per share					
Basic (expressed in HKD)	7	0.0155	0.0208	0.0304	0.0394

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

	Equity attributable to owners of the Company					Retained earnings (Accumulated losses) HK\$	Total equity HK\$
	Share capital	Share premium	Capital reserve	Investments revaluation reserve	Other reserves		
	HK\$	HK\$	HK\$	HK\$	HK\$		
At 1 January 2017	400,000,000	3,379,895,424	442,441,821	(38,104,605)	11,577,844	98,514,317	4,294,324,801
Dividends recognised as distribution	-	-	-	-	-	(80,000,000)	(80,000,000)
Profit for the period	-	-	-	-	-	121,472,503	121,472,503
Other comprehensive income for the period	-	-	-	42,658,791	-	-	42,658,791
Total comprehensive income for the period	-	-	-	42,658,791	-	121,472,503	164,131,294
At 30 September 2017 (unaudited)	400,000,000	3,379,895,424	442,441,821	4,554,186	11,577,844	139,986,820	4,378,456,095

For the nine months ended 30 September 2016

	Equity attributable to owners of the Company					Retained earnings (Accumulated losses) HK\$	Total equity HK\$
	Share capital	Share premium	Capital reserve	Investments revaluation reserve	Other reserves		
	HK\$	HK\$	HK\$	HK\$	HK\$		
At 1 January 2016	1,000	-	491,440,821	-	8,419,401	(2,605,237)	497,255,985
Deemed capital contribution from Industrial Securities (Hong Kong) Financial Holdings Limited	-	-	-	-	3,158,443	-	3,158,443
Issue of shares for acquisition of the Combined Business pursuant to the Group Reorganisation	48,999,000	-	(48,999,000)	-	-	-	-
Issuance of new shares	239,584,158	2,180,215,837	-	-	-	-	2,419,799,995
Profit for the period	-	-	-	-	-	76,704,152	76,704,152
Other comprehensive income for the period	-	-	-	(3,678,909)	-	-	(3,678,909)
Total comprehensive income for the period	-	-	-	(3,678,909)	-	76,704,152	73,025,243
At 30 September 2016 (unaudited)	288,584,158	2,180,215,837	442,441,821	(3,678,909)	11,577,844	74,098,915	2,993,239,666

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 30 September 2017

1. GENERAL

The Company was incorporated in the Cayman Islands on 21 July 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 20 October 2016. The address of the Company’s registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of the Company’s principal place of business in Hong Kong is 32/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the provision of brokerage services, loans and financing services, investment banking, asset management services and proprietary trading. Its immediate holding company is China Industrial Securities International Holdings Limited (“CISI Holdings”) and CISI Holdings is 100% owned by Industrial Securities (Hong Kong) Financial Holdings Limited (“Industrial Securities (Hong Kong)”), the intermediate holding company of the Company. Industrial Securities Company Limited (“Industrial Securities”), a company incorporated in the People’s Republic of China (the “PRC”), is the ultimate holding company of the Company. The shares of Industrial Securities are listed on the Shanghai Stock Exchange in the PRC.

To rationalise the group structure in preparation for the listing of the Company’s shares on the Stock Exchange, the Group has undergone the group reorganisation (the “Group Reorganisation”), as more fully explained in the section headed “History, Reorganisation and Group Structure – Reorganisation” in the prospectus of the Company dated 30 September 2016 (the “Prospectus”).

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKAS”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The unaudited condensed consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on Growth Enterprise Market of Stock Exchange of Hong Kong Limited. The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning on 1 January 2017. The effect of the adoption of these standards, amendments and interpretation is not material on these unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements for the three months and nine months ended 30 September 2017 comprise the Company and its subsidiaries.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The unaudited condensed consolidated financial statements is presented in Hong Kong dollars. Hong Kong dollar is the Company’s functional and the Group’s presentation currency.

The measurement basis used in the preparation of the unaudited condensed consolidated financial statements is the historical cost basis.

The preparation of unaudited condensed consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

3. SEGMENT REPORTING

Information reported to the Board of Directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The CODM considers the Group’s operations are located in Hong Kong.

During the period ended 30 September 2017, the Group expanded its business by investing in funds, debt and equity securities. After reorganization of business, the new reportable and operating segments under HKFRS 8 are as follow:

Brokerage – provision of securities, futures and options, insurance brokerage and other services;

Loans and financing – provision of margin financing and secured or unsecured loans to customers;

Investment banking – provision of financial advisory, sponsor, placing and underwriting services of debt and equity securities;

Asset management – provision of fund management, discretionary account management (previously named wealth management) and investment advisory services;

Financial products and investments – proprietary trading and investment of funds, debt and equity securities, fixed income, derivatives and other financial products.

The accounting policies of the operating segments are the same as the Group’s accounting policies. Inter-segment revenues are charged among segments at an agreed rate with reference to the rate normally charged to third party customers, the nature of services or the costs incurred.

3. SEGMENT REPORTING (Continued)

For the nine months ended 30 September 2017 (unaudited)

	Brokerage HK\$	Loans and financing HK\$	Investment banking HK\$	Assets management HK\$	Financial products and investments HK\$	Eliminations HK\$	Consolidated HK\$
Segment revenue and result							
Revenue from external customers	138,238,742	226,753,726	37,547,462	8,563,022	-	-	411,102,952
Net gains on financial products and investments	-	-	-	-	207,712,559	-	207,712,559
Inter-segment revenue	775,063	-	-	2,877,099	-	(3,652,162)	-
Segment revenue and net gains on financial products and investments	139,013,805	226,753,726	37,547,462	11,440,121	207,712,559	(3,652,162)	618,815,511
Revenue presented in the condensed consolidated statement of profit or loss and other comprehensive income							<u>618,815,511</u>
Segment result	49,237,313	(28,139,518)	13,180,944	1,459,430	117,392,138		153,130,307
Unallocated expenses							<u>(15,527,776)</u>
Profit before taxation presented in the condensed consolidated statement of profit or loss and other comprehensive income							<u>137,602,531</u>

For the nine months ended 30 September 2016 (unaudited)

	Brokerage HK\$	Loans and financing HK\$	Investment banking HK\$	Assets management HK\$	Financial products and investments HK\$	Eliminations HK\$	Consolidated HK\$
Segment revenue and result							
Revenue from external customers	74,178,846	160,175,985	5,717,366	5,803,750	-	-	245,875,947
Net gains on financial products and investments	-	-	-	-	98,326,082	-	98,326,082
Inter-segment revenue	185,739	-	1,972,314	-	-	(2,158,053)	-
Segment revenue and net gains on financial products and investments	74,364,585	160,175,985	7,689,680	5,803,750	98,326,082	(2,158,053)	344,202,029
Revenue presented in the condensed consolidated statement of profit or loss and other comprehensive income							<u>344,202,029</u>
Segment result	12,108,311	74,176,697	(630,862)	(267,894)	51,523,384		136,909,636
Unallocated expenses							<u>(41,810,613)</u>
Profit before taxation presented in the condensed consolidated statement of profit or loss and other comprehensive income							<u>95,099,023</u>

3. SEGMENT REPORTING (Continued)

For the three months ended 30 September 2017 (unaudited)

	Brokerage HK\$	Loans and financing HK\$	Investment banking HK\$	Assets management HK\$	Financial products and investments HK\$	Eliminations HK\$	Consolidated HK\$
Segment revenue and result							
Revenue from external customers	55,304,935	82,818,190	18,062,703	2,265,041	–	–	158,450,869
Net gains on financial products and investments	–	–	–	–	101,984,596	–	101,984,596
Inter-segment revenue	296,306	–	–	2,252,099	–	(2,548,405)	–
Segment revenue and net gains on financial products and investments	<u>55,601,241</u>	<u>82,818,190</u>	<u>18,062,703</u>	<u>4,517,140</u>	<u>101,984,596</u>	<u>(2,548,405)</u>	<u>260,435,465</u>
Revenue presented in the condensed consolidated statement of profit or loss and other comprehensive income							<u>260,435,465</u>
Segment result	19,648,054	(11,361,348)	7,371,332	1,317,987	56,554,461		73,530,486
Unallocated expenses							<u>(6,135,571)</u>
Profit before taxation presented in the condensed consolidated statement of profit or loss and other comprehensive income							<u>67,394,915</u>

For the three months ended 30 September 2016 (unaudited)

	Brokerage HK\$	Loans and financing HK\$	Investment banking HK\$	Assets management HK\$	Financial products and investments HK\$	Eliminations HK\$	Consolidated HK\$
Segment revenue and result							
Revenue from external customers	26,946,737	57,046,429	669,580	2,772,802	–	–	87,435,548
Net gains on financial products and investments	–	–	–	–	87,950,545	–	87,950,545
Inter-segment revenue	168,954	–	1,052,814	–	–	(1,221,768)	–
Segment revenue and net gains on financial products and investments	<u>27,115,691</u>	<u>57,046,429</u>	<u>1,722,394</u>	<u>2,772,802</u>	<u>87,950,545</u>	<u>(1,221,768)</u>	<u>175,386,093</u>
Revenue presented in the condensed consolidated statement of profit or loss and other comprehensive income							<u>175,386,093</u>
Segment result	6,554,409	30,087,616	(1,774,715)	514,673	51,219,975		86,601,958
Unallocated expenses							<u>(10,834,505)</u>
Profit before taxation presented in the condensed consolidated statement of profit or loss and other comprehensive income							<u>75,767,453</u>

4. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

Revenue

	For the three months ended 30 September		For the nine months ended 30 September	
	2017 <i>HK\$</i> (unaudited)	2016 <i>HK\$</i> (unaudited)	2017 <i>HK\$</i> (unaudited)	2016 <i>HK\$</i> (unaudited)
(a) Brokerage:				
Commission and fee income from securities brokerage	43,652,863	21,828,592	110,872,358	57,426,462
Commission and fee income from futures and options brokerage	5,324,723	4,743,298	13,165,987	14,658,794
Insurance brokerage and commission income	849,849	374,847	2,533,346	2,093,590
Handling and other service fee income	5,477,500	–	11,667,051	–
	<u>55,304,935</u>	<u>26,946,737</u>	<u>138,238,742</u>	<u>74,178,846</u>
(b) Loans and financing:				
Interest income from margin financing	81,137,883	52,689,748	222,644,608	145,471,318
Interest income from money lending activities	1,680,307	4,356,681	4,109,118	14,704,667
	<u>82,818,190</u>	<u>57,046,429</u>	<u>226,753,726</u>	<u>160,175,985</u>
(c) Investment banking:				
Commission on placing, underwriting and sub-underwriting				
– Debt securities	14,382,797	–	19,318,910	–
– Equity securities	1,269,906	424,580	13,018,552	2,922,366
Financial advisory fee income	150,000	245,000	450,000	295,000
Sponsor fee income	2,260,000	–	4,760,000	2,500,000
	<u>18,062,703</u>	<u>669,580</u>	<u>37,547,462</u>	<u>5,717,366</u>

4. REVENUE AND OTHER INCOME (Continued)

	For the three months ended 30 September		For the nine months ended 30 September	
	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
(d) Assets management:				
Assets management fee income	1,444,478	2,238,718	6,121,497	4,301,306
Investment advisory fee income	820,563	534,084	2,441,525	1,502,444
	<u>2,265,041</u>	<u>2,772,802</u>	<u>8,563,022</u>	<u>5,803,750</u>
(e) Financial products and investments:				
Interest income from financial assets at fair value through profit or loss	16,595,533	1,162,612	79,410,464	1,481,272
Dividend income from financial assets at fair value through profit or loss	308,708	–	2,027,489	–
Net realised gain on financial assets at fair value through profit or loss	14,729,915	9,959,337	16,514,454	11,366,346
Net unrealised gain on financial assets at fair value through profit or loss	29,098,214	166,136	29,931,196	227,127
Interest income from financial assets at available-for-sale investments	35,574,919	29,730,780	105,360,561	36,558,928
Net realised gain (loss) on financial assets at available-for-sale investments	3,100,306	46,931,680	(19,100,739)	48,692,409
Net realised loss on derivatives	(1,185,402)	–	(13,324,816)	–
Net unrealised gain on derivatives	3,733,483	–	6,673,030	–
Net unrealised gain on financial liabilities at fair value through profit or loss	28,920	–	220,920	–
	<u>101,984,596</u>	<u>87,950,545</u>	<u>207,712,559</u>	<u>98,326,082</u>
	<u>260,435,465</u>	<u>175,386,093</u>	<u>618,815,511</u>	<u>344,202,029</u>

4. REVENUE AND OTHER INCOME (Continued)

Other income

	For the three months ended 30 September		For the nine months ended 30 September	
	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Interest income from financial institutions	7,118,034	1,427,658	14,841,380	3,947,533
Sundry income	324,993	446,011	423,924	954,466
	<u>7,443,027</u>	<u>1,873,669</u>	<u>15,265,304</u>	<u>4,901,999</u>

5. DIVIDEND

For the period ended 30 September 2017, a final dividend of HK\$0.02 per share in respect of the year ended 31 December 2016 (2016: Nil) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the period amounted to HK\$80,000,000 (2016: Nil).

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2017 (2016: Nil).

6. TAXATION

	For the three months ended 30 September		For the nine months ended 30 September	
	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Hong Kong Profits Tax:				
Current period	4,798,129	13,000,000	15,763,866	18,752,416
Under provision in prior period	–	332,218	–	188,741
	<u>4,778,129</u>	<u>13,332,218</u>	<u>15,763,866</u>	<u>18,941,157</u>
Deferred Tax:				
Current period	744,298	(17,042)	366,162	(546,286)
	<u>5,542,427</u>	<u>13,315,176</u>	<u>16,130,028</u>	<u>18,394,871</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits throughout the relevant periods.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	For the three months ended 30 September		For the nine months ended 30 September	
	2017	2016	2017	2016
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings (HK\$)				
Earnings for the purpose of basic earnings per share:				
Profit for the period attributable to owners of the Company	<u>61,852,488</u>	<u>62,452,277</u>	<u>121,472,503</u>	<u>76,704,152</u>
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share assuming that the capitalisation issue described in Appendix IV in the prospectus had been effective on 1 January 2014	<u>4,000,000,000</u>	<u>3,000,000,000</u>	<u>4,000,000,000</u>	<u>1,945,578,404</u>

For each of the three months and nine months ended 30 September 2016 (unaudited) and 30 September 2017 (unaudited), there were no potential ordinary shares in issue, thus no diluted earnings per share is presented.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Following the continuous rising trend from January to August 2017, Hong Kong Hang Seng Index dropped 416.0 points in September. An accumulative increase of 5553.7 points or 25.2% was recorded in the first nine months of 2017. The average daily turnover for the first nine months in 2017 was HK\$81.97 billion, representing an increase of 20.9% as compared with HK\$67.79 billion for the corresponding period last year. A total of 114 new companies (including listed companies transferred from the GEM Board to the Main Board) were listed on the Stock Exchange in the first nine months, representing a year-on-year increase of 52.0% as compared with 75 newly listed companies for the corresponding period last year.

The Group has seized market opportunities and all of its businesses outperformed the same period in 2016. For the nine months ended 30 September 2017, the Group recorded a total operating revenue of HK\$618,815,511, representing an increase of approximately 79.8% as compared with HK\$344,202,029 for the corresponding period in 2016. Profit after taxation was HK\$121,472,503, representing an increase of approximately 58.4% as compared with HK\$76,704,152 for the corresponding period in 2016. As at 30 September 2017, the Group's total assets were HK\$14,437,501,105, representing an increase of approximately 51.0% as compared with HK\$9,563,158,770 for the corresponding period in 2016. The Group had net assets of HK\$4,378,456,095, representing an increase of approximately 46.3% as compared with HK\$2,993,239,666 for the corresponding period in 2016.

For the nine months ended 30 September 2017, the Group was committed to implementing the internationalisation strategy. As it continued to consolidate the securities and futures brokerage business, it accelerated the development of institutional clients, corporate finance and asset management businesses, and steadily promoted the financial products and investments business. These not only enhanced the overall operating revenue, but also diversified the income structure as compared to the corresponding period of last year. Revenue from financial products and investments as a percentage of the total operating revenue increased from 28.6% to 33.6%. The percentage of the income from investment banking services increased from 1.7% to 6.1%. While the revenue from loans and financing services increased, its share in the total operating revenue decreased from 46.5% to 36.6%. The commission and fee income from brokerage services (including insurance brokerage service), and the fee income from asset management service as a percentage of operating revenue were broadly unchanged as compared with the corresponding period in 2016.

Looking ahead, the development of the “Belt and Road” initiative and the “Mutual Market Access” mechanism for the onshore and offshore markets will maintain the vitality of the Hong Kong securities market and bring new development opportunities. The Group will continue to capitalise on market opportunities, maintain development momentum and control risks in a prudent manner.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from (i) brokerage; (ii) loans and financing; (iii) investment banking; (iv) assets management; (v) financial products and investments.

	For the three months ended		For the nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Commission and fee income from				
brokerage services (<i>note</i>)	55,304,935	26,946,737	138,238,742	74,178,846
Interest income from loans and financing services	82,818,190	57,046,429	226,753,726	160,175,985
Income from investment banking services	18,062,703	669,580	37,547,462	5,717,366
Management fee and advisory fee from				
asset management services	2,265,041	2,772,802	8,563,022	5,803,750
Income from financial products and investments	101,984,596	87,950,545	207,712,559	98,326,082
	<u>260,435,465</u>	<u>175,386,093</u>	<u>618,815,511</u>	<u>344,202,029</u>

Note: Such services include securities, futures and options, and insurance brokerage service

All of the Group's businesses outperformed the corresponding period of 2016. For the nine months ended 30 September 2017, the Group's operating revenue increased by HK\$274,613,482 or 79.8% as compared to the corresponding period of 2016. Profit after taxation increased by HK\$44,768,351 or 58.4% as compared to the corresponding period of 2016.

Given the overall active sentiment in the Hong Kong stock market, client assets and turnover volume of the Group recorded continuous growth, and revenue from brokerage business and interest income from the loans and financing services increased steadily. The Group actively developed the investment business while adopting risk control measures, leading to a significant increase of revenue from financial products and investment business. Seizing market opportunities, the Group achieved rapid growth in the new debt securities related business as compared to the corresponding period of 2016. Up to 30 September 2017, the Group completed 16 bond issuance projects as the underwriter. Meanwhile, its equity securities business also recorded remarkable growth. The Group strived to expand the asset management business, which saw year-on-year growth in terms of revenue.

The increase of operating revenue was attributable to the growth of all businesses, of which, income from investment banking services had a year-on-year growth of HK\$31,830,096 or 556.7%. Revenue from financial products and investment had a year-on-year growth of HK\$109,386,477 or 111.2%. Commission and fee income from brokerage services showed a year-on-year increase of HK\$64,059,896 or 86.4%. Management fee and advisory fee from asset management services showed a year-on-year increase of HK\$2,759,272 or 47.5%. Interest income from loans and financing services increased by HK\$66,577,741 or 41.6% as compared to the corresponding period of last year.

Profit for the period

During the nine months ended 30 September 2017, the Group recorded a total comprehensive income attributable to owners of the Company of HK\$164,131,294 (2016: HK\$73,025,243), representing a growth of HK\$91,106,051 or 124.8%. Such growth was due to the increase in operating revenue, and other comprehensive income recorded during the period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the nine months ended 30 September 2017, the Group financed its operations by cash flows from business operation and financing activities. As at 30 September 2017, the Group had net current assets of HK\$1,707,834,920 (30 September 2016: HK\$888,956,321), including bank balances of HK\$2,076,940,343 (30 September 2016: HK\$287,775,582). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.2 times as at 30 September 2017 (30 September 2016: 1.1 times).

As at 30 September 2017, the Group had total bank and other borrowings of HK\$6,141,034,114 (30 September 2016: HK\$3,268,796,163). As at 30 September 2017, the notes outstanding of the Group were HK\$93,717,600 (30 September 2016: Nil).

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to HK\$4,378,456,095 as at 30 September 2017 (30 September 2016: HK\$2,993,239,666).

EMPLOYEE INFORMATION

As at 30 September 2017, the Group had 154 full-time employees (30 September 2016: 123 full-time employees), including the Directors. Total remuneration for the nine months ended 30 September 2017 was HK\$131,364,182 (2016: HK\$96,116,163). Such increase was mainly due to the increase in staff salaries and bonus as a result of reorganization of staff structure and increase in headcount.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the nine months ended 30 September 2017.

FOREIGN EXCHANGE RISKS

The Group's exposure to foreign currency risks is primarily related to transactions denominated in a currency other than Hong Kong dollars. The Group's financial products and investments business primarily comprises bond and other fixed income product investments denominated in US dollars. Despite the fact that the Hong Kong dollar is pegged to the US dollar under the Linked Exchange Rate System, the exchange rate of Hong Kong dollar has shown substantial volatility lately. The Group will closely monitor the exchange rate trend and adopt hedging measures as and when appropriate. The Group does not expect significant foreign exchange risk arising from US dollar denominated monetary items.

CONTINGENT LIABILITIES

The Group did not have any material contingent liability in the nine months ended 30 September 2017 and up to the date of this announcement.

EVENT AFTER THE REPORTING PERIOD

Up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the reporting period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

COMPETING INTERESTS

Save for the continuing connected transactions as disclosed in the section headed "Relationship with the controlling shareholders" and "Connected transactions" in the prospectus of the Company dated 30 September 2016, none of the Directors or the controlling shareholders of the Company nor their respective close associates (as defined in the GEM Listing Rules) had any interest in business that competed or might compete with business of the Group during the nine months ended 30 September 2017.

COMPLIANCE ADVISER'S INTERESTS

As at 30 September 2017, save and except for the compliance adviser's agreement entered into between the Company and Haitong International Capital Limited (the "Compliance Adviser") dated 8 June 2016, neither the Compliance Adviser, nor any of its directors, employees or close associates had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the nine months ended 30 September 2017.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 15 to the GEM Listing Rules during the nine months ended 30 September 2017.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises a non-executive Director and two independent non-executive Directors, namely Mr. Huang Yilin, Ms. Hong Ying and Mr. Tian Li. The chairlady of the Audit Committee is Ms. Hong Ying.

The Group’s unaudited condensed consolidated results for the nine months ended 30 September 2017 have been reviewed by the Audit Committee, which was of the opinion that such results have complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable requirement and that adequate disclosures have been made.

By Order of the Board

China Industrial Securities International Financial Group Limited

Lan Rong

Chairman

Hong Kong, 3 November 2017

As at the date of this announcement, the Board comprises two non-executive Directors, namely Mr. Lan Rong (Chairman) and Mr. Huang Yilin, three executive Directors, namely Mr. Huang Jinguang, Mr. Wang Xiang and Ms. Zeng Yanxia, and three independent non-executive Directors, namely Ms. Hong Ying, Mr. Tian Li and Mr. Qin Shuo.

This announcement will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company (www.xyzq.com.hk).