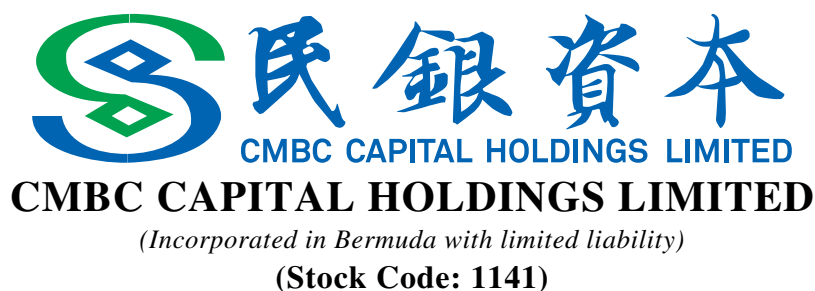


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**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

The Board of Directors (the “**Board**”) of CMBC Capital Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2017 (the “**Reporting Period**”) together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2017

		Six months ended	
		30 September	
		2017	2016
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Restated)
Continuing operations			
Revenue	4	74,700	44,906
Net gains on investments at fair value through profit or loss		55,967	119,737
Other income		4,175	15,294
Other gains and losses	5	(4,047)	(82,807)
Staff costs		(15,963)	(11,130)
Depreciation and amortisation		(1,238)	(12,381)
Other operating expenses		(22,697)	(15,929)
Finance costs	6	(7,702)	(10,651)
Profit before taxation	7	83,195	47,039
Taxation	8	(5,316)	(35,267)
Profit for the period from continuing operations		77,879	11,772
Discontinued operations			
Loss for the period from discontinued operations	9	(95)	(608)
Profit for the period attributable to owners of the Company		77,784	11,164
Earnings per share (HK cents)	10		
From continuing and discontinued operations			
–Basic		0.21	0.08
–Diluted		0.21	0.07
From continuing operations			
–Basic		0.21	0.08
–Diluted		0.21	0.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	77,784	11,164
Other comprehensive loss		
Item that may be reclassified subsequently to profit or loss:		
Unrealised loss on available-for-sale investments	<u>(7)</u>	<u>–</u>
Other comprehensive loss for the period, net of tax	<u>(7)</u>	<u>–</u>
Total comprehensive income for the period attributable to owners of the Company	<u>77,777</u>	<u>11,164</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

		As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment		4,754	4,210
Investment property		–	410,000
Goodwill		16,391	16,391
Loans and advances	14	417,961	–
Intangible assets		6,559	7,244
Available-for-sale investments	12	432,200	–
Other assets		9,300	10,046
		<u>887,165</u>	<u>447,891</u>
Current assets			
Accounts receivable	13	440,205	698,057
Prepayments, deposits and other receivables		13,421	2,242
Interests receivable		4,786	–
Loans and advances	14	269,098	–
Investments at fair value through profit or loss	15	589,863	379,107
Cash and bank balances			
–Segregated accounts		38,872	75,655
–House accounts		311,172	132,324
		<u>1,667,417</u>	<u>1,287,385</u>

		As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Current liabilities			
Accounts payable	16	36,696	106,103
Other payables and accruals		12,165	47,884
Amount due to an intermediate holding company		61	–
Bank and other borrowings	17	1,077,853	8,455
Bank overdrafts		–	44,908
Tax payables		39,542	34,042
Financial liabilities at fair value through profit or loss		10	–
		<u>1,166,327</u>	<u>241,392</u>
Net current assets		<u>501,090</u>	<u>1,045,993</u>
Total assets less current liabilities		<u>1,388,255</u>	<u>1,493,884</u>
Non-current liabilities			
Bank and other borrowings	17	–	169,807
Notes payable		148,203	147,811
Promissory notes	18	–	27,056
Deferred tax liabilities		297	361
		<u>148,500</u>	<u>345,035</u>
Net assets		<u>1,239,755</u>	<u>1,148,849</u>
Capital and reserves			
Share capital	19	457,787	180,198
Reserves		781,968	968,651
Total equity		<u>1,239,755</u>	<u>1,148,849</u>

Notes:

1 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), as well as compliance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2017, except for the accounting policy changes that are expected to be reflected in the annual financial statements. Details of any changes in accounting policies are set out in note 2.

Operations of the real estate segment were discontinued during the current interim period and the operations of the supply and procurement segment were discontinued during the last interim period, details of which are disclosed in note 9. Accordingly, the consolidated statement of profit or loss for the six months ended 30 September 2016 has been represented to conform with current period presentation.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT INFORMATION

In a manner consistent with the way in which information is reported internally to the chief operating decision maker for the purpose of resources allocation and performance assessment, the Group is currently organised into the following operating segments:

- the securities segment representing the business line of provision of brokerage services, securities margin financing services, futures and options contracts dealing services to clients and securities underwriting;
- the investment and financing segment representing investment and trading activities in equity securities, futures, bonds, funds and provision of loan financing services; and
- the asset management and advisory segment representing the provision of asset management services, financial advisory and financial arrangement services to clients.

The real estate segment was discontinued in the current period. The segment information reported does not include any amounts for the discontinued operations, which are described in more details in note 9. Accordingly, the segment information for the six months ended 30 September 2016 has been restated.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Six months ended 30 September 2017			
			Asset	
	Securities	Investment	management	Consolidated
	HK\$'000	and financing	and advisory	HK\$'000
		HK\$'000	HK\$'000	
Continuing operations				
Segment revenue				
– Revenue from external customers	40,415	13,275	21,010	74,700
– Net gains on investments at fair value through profit or loss	–	55,967	–	55,967
	<u>40,415</u>	<u>69,242</u>	<u>21,010</u>	<u>130,667</u>
Segment results	<u>31,275</u>	<u>65,726</u>	<u>20,118</u>	<u>117,119</u>
Unallocated other income				418
Unallocated other gains and losses				(3,310)
Unallocated expenses				(26,533)
Unallocated finance costs				<u>(4,499)</u>
Profit before taxation				83,195
Taxation				<u>(5,316)</u>
Profit for the period from continuing operations				<u>77,879</u>

	Six months ended 30 September 2016		
		(Restated)	
	Securities	Investment	Consolidated
	<i>HK\$'000</i>	and financing <i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations			
Segment revenue			
– Revenue from external customers	44,906	–	44,906
– Net gains on investments at fair value through profit or loss	<u>229,916</u>	<u>(110,179)</u>	<u>119,737</u>
	274,822	(110,179)	164,643
Segment results	<u>260,402</u>	<u>(110,367)</u>	<u>150,035</u>
Unallocated other income			12,286
Unallocated other gains and losses			(92,097)
Unallocated expenses			(12,534)
Unallocated finance costs			<u>(10,651)</u>
Profit before taxation			47,039
Taxation			<u>(35,267)</u>
Profit for the period from continuing operations			<u>11,772</u>

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	As at 30 September 2017			
	Securities	Investment	Asset management	Total
	and financing	and financing	and advisory	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets				
Segment assets	653,153	1,722,295	5,656	2,381,104
Unallocated assets				
– Property, plant and equipment				4,301
– Prepayments, deposits and other receivables				12,077
– Cash and bank balances				157,100
Total				<u>2,554,582</u>
Liabilities				
Segment liabilities	305,355	847,767	–	1,153,122
Unallocated liabilities				
– Other payables and accruals				10,705
– Notes payable				148,203
– Deferred tax liabilities				297
– Tax payable				2,500
Total				<u>1,314,827</u>

	As at 31 March 2017		
	(Restated)		
	Securities	Investment and financing	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets			
Segment assets	843,921	379,107	1,223,028
Unallocated assets			
– Property, plant and equipment			3,405
– Prepayments, deposits and other receivables			8,650
– Cash and bank balances			89,222
			101,277
Assets relating to discontinued operation			410,971
Total			1,735,276
Liabilities			
Segment liabilities	164,264	–	164,264
Unallocated liabilities			
– Other payables and accruals			35,269
– Notes payable			147,811
– Promissory notes			27,056
– Deferred tax liabilities			361
– Tax payable			34,042
			244,539
Liabilities relating to discontinued operation			177,624
Total			586,427

4 REVENUE

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
		(Restated)
Continuing operations		
Commission income from brokerage and related services	4,166	18,234
Commission income from underwriting, sub-underwriting, placing and sub-placing	7,121	–
Interest income from available-for-sale (“AFS”) investments	4,788	–
Interest income from provision of finance and securities margin financing	21,953	26,672
Dividend income from investments at fair value through profit or loss	3,258	–
Financing advisory, arrangement fee and other service income	33,414	–
	<u>74,700</u>	<u>44,906</u>

5 OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Continuing operations		
(Impairment)/reversal of impairment loss recognised in respect of accounts receivable	(750)	9,317
Impairment loss recognised in respect of unlisted AFS investments	–	(12,468)
Change in fair value of contingent consideration	–	(37,964)
Loss on early settlement of promissory notes (<i>note 18</i>)	(2,852)	(41,428)
Loss on disposal of property, plant and equipment	(7)	(25)
Loss on disposal of subsidiaries	(789)	–
Net exchange gain/(loss)	351	(2)
Others	–	(237)
	<u>(4,047)</u>	<u>(82,807)</u>

6 FINANCE COSTS

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
		(Restated)
Continuing operations		
Interest expense on:		
Notes payable	4,152	4,130
Promissory notes	348	2,606
Bank borrowings and bank overdrafts	341	3,915
Loans from an intermediate holding company	2,861	–
	<u>7,702</u>	<u>10,651</u>

7 PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
		(Restated)
The Group's profit before taxation from continuing operations is arrived at after charging:		
Depreciation of property, plant and equipment	552	282
Amortisation of intangible assets	686	12,099
Minimum lease payments in respect of land and buildings	<u>6,344</u>	<u>5,419</u>

8 TAXATION

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Continuing operations		
Current period – Hong Kong Profits Tax	(5,381)	(7,087)
Deferred tax credit/(charge) for the period	<u>65</u>	<u>(28,180)</u>
	<u>(5,316)</u>	<u>(35,267)</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

9 DISCONTINUED OPERATIONS

On 9 May 2017, the Group completed the disposal of 100% equity interest in Sky Eagle Global Limited (“**Sky Eagle**”) and a mortgage loan amounting to approximately HK\$181,000,000 at cash consideration of HK\$227,000,000. The only significant asset of Sky Eagle and its subsidiary, Metro Victor Limited (“**Metro Victor**”), is an investment property. Sky Eagle and Metro Victor carried out all of the Group’s real estate operation.

During the period ended 30 September 2016, the Group entered into sale agreements to dispose of its 100% equity interest in Poly Resources (Asia) Limited and Poly Forestry International Limited (collectively the “**Disposing Subsidiaries**”) that carried out all of the Group’s supply and procurement operations at a consideration of HK\$863,000. The disposal was completed on 29 September 2016, on which date the Group lost control of the Disposing Subsidiaries.

The loss for the period from the discontinued operations is set out below. The comparative figures in the consolidated statement of profit or loss has been restated to re-present the real estate, supply and procurement operations as discontinued operations.

The results of the discontinued operations for the current and preceding interim periods were as follows:

	Six months ended 30 September	
	2017	2016
	HK\$’000	HK\$’000
		(Restated)
Revenue	450	1,132
Administrative expenses	(128)	(528)
Finance costs	(417)	(1,212)
Loss before taxation	(95)	(608)
Taxation	–	–
Loss for the period	(95)	(608)

During the current and preceding interim periods, the net operating cash flows contributed by real estate and supply and procurement operations to the Group are insignificant.

10 EARNINGS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Earnings		
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>77,784</u>	<u>11,164</u>
	Six months ended 30 September	
	2017	2016
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	36,719,251	14,445,750
Effect of dilutive potential ordinary shares:		
Warrants	<u>–</u>	<u>1,287,564</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>36,719,251</u>	<u>15,733,314</u>

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following information:

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
		(Restated)
Earnings figures are calculated as follow:		
Profit for the period attributable to the owners of the Company	77,784	11,164
Add: Loss for the period from discontinued operations	<u>95</u>	<u>608</u>
Earnings for the purpose of basic and diluted earnings per share from continuing operations	<u>77,879</u>	<u>11,772</u>

The denominators used are the same as those detailed above for the basic and diluted earnings per share.

From discontinued operations

Basic and diluted loss per share from the discontinued operations is HK0.0003 cents (2016: HK0.0039 cents) per share, based on the loss for the period from discontinued operations of approximately HK\$95,000 (2016: HK\$608,000) and the denominators detailed above for the basic and diluted earnings per share.

There was no dilutive items during the period ended 30 September 2017. The computation of diluted earnings per share for the period ended 30 September 2016 does not assume the exercise of the Company's outstanding share options as the exercise price of the share options was higher than the average market price for the six months ended 30 September 2016.

11 DIVIDENDS

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Special cash dividend	612,876	–
Distribution in specie	424,212	–
	<u>1,037,088</u>	<u>–</u>

A special cash dividend of HK\$0.03255 per share was paid in cash to the shareholders whose names are registered on the register of members of the Company on 10 May 2017. The special dividend in aggregate amount of approximately HK\$612,876,000 was paid on 24 May 2017.

The Company also declared a dividend by way of distribution in specie for certain listed equity securities listed in Hong Kong held by the Group to the shareholders whose names are registered on the register of members of the Company on 10 May 2017. The distribution in specie in aggregate amount of approximately HK\$424,212,000 was completed on 26 May 2017.

12 AVAILABLE-FOR-SALE INVESTMENTS

	As at	As at
	30 September	31 March
	2017	2017
	HK\$'000	HK\$'000
Listed debt investments, at fair value	<u>432,200</u>	<u>–</u>

13 ACCOUNTS RECEIVABLE

	As at 30 September 2017 HK\$'000	As at 31 March 2017 HK\$'000
Accounts receivable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Clearing houses	146	18,778
– Cash clients	753	23,313
– Margin clients	436,223	647,879
– Brokers	5	8,087
	<u>437,127</u>	<u>698,057</u>
Accounts receivable arising from the ordinary course of business of securities underwriting	<u>3,828</u>	<u>–</u>
	440,955	698,057
Provision for impairment	<u>(750)</u>	<u>–</u>
	<u>440,205</u>	<u>698,057</u>

Accounts receivable arising from the business of dealing in securities, futures and options contracts

The normal settlement terms of accounts receivable from clients and clearing houses, except for accounts receivable due from margin clients, arising from the ordinary course of business of securities brokerage services are two trading days after the trade date. No aging analysis is disclosed as, in the opinion of directors of the Company, an aging analysis does not give additional value in view of the nature of this business. As at 30 September 2017, the Group has concentration risk on its accounts receivable as the balance with the largest client represents 23% (31 March 2017: 18%) of the total accounts receivable from cash and margin clients. The Group has no other significant concentration risk.

Accounts receivable due from margin clients are repayable on demand and carry interest ranging from Hong Kong Prime Rate to Hong Kong Prime Rate plus 6.75% per annum during the six months ended 30 September 2017 (31 March 2017: Hong Kong Prime Rate plus 4% to 8%). As at 30 September 2017, 100% (31 March 2017: 92%) of the margin clients receivable balance were secured by sufficient collaterals on an individual basis. Management of the Company considers that no impairment is necessary (31 March 2017: Nil).

14 LOANS AND ADVANCES

	As at 30 September 2017 <i>HK\$'000</i>	As at 31 March 2017 <i>HK\$'000</i>
Loans and advances	687,059	–
Less: Amount due within one year shown under current assets	<u>(269,098)</u>	<u>–</u>
Amount shown under non-current assets	<u>417,961</u>	<u>–</u>

At 30 September 2017, loans and advances included loans to independent third parties with effective interest rates ranging from 6% to 9% (31 March 2017: Nil) per annum. Certain loans and advances were secured and/or backed by guarantees or collaterals and certain loan and advance was backed by a keepwell and liquidity deed. Regular reviews on these loans are conducted by the risk management department based on the latest status of these loans, and the latest available information about the borrowers and the underlying collaterals held.

Management of the Group believes that the amount is considered recoverable given the collateral is sufficient to cover the entire balance of the secured loans and advances and no recent history of default of borrowers was noted. Management of the Company believes that no impairment is necessary.

15 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2017 <i>HK\$'000</i>	As at 31 March 2017 <i>HK\$'000</i>
Held for trading:		
Equity securities listed in Hong Kong	2,042	379,107
Investment funds	<u>587,821</u>	<u>–</u>
	<u>589,863</u>	<u>379,107</u>

The fair values of the listed equity securities investments and investment funds were determined based on the quoted market prices. The investment funds mainly invest in listed debt investments.

16 ACCOUNTS PAYABLE

	As at 30 September 2017 HK\$'000	As at 31 March 2017 HK\$'000
Accounts payable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Cash clients	11,884	65,045
– Margin clients	7,196	41,058
– Clearing houses	17,616	–
	<u>36,696</u>	<u>106,103</u>

Accounts payable arising from the business of dealing in securities, futures and options contracts

The accounts payable balances arising from the ordinary course of business of securities brokerage services are normally settled in two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which are repayable on demand. No aging analysis is disclosed as, in the opinion of directors of the Company, an aging analysis does not give additional value in view of the nature of this business.

17 BANK AND OTHER BORROWINGS

	As at 30 September 2017 HK\$'000	As at 31 March 2017 HK\$'000
Secured bank loans	–	638
Mortgaged bank loans	–	177,624
Loan from an intermediate holding company	1,077,853	–
	<u>1,077,853</u>	<u>178,262</u>

The carrying amounts of the above borrowings are repayable:

Within one year	1,077,853	8,455
Within a period of more than one year but not exceeding two years	–	8,143
Within a period of more than two years but not exceeding five years	–	25,800
With a period of more than five years	–	135,864
	<u>1,077,853</u>	<u>178,262</u>
Less: Amount due within one year shown under current liabilities	<u>(1,077,853)</u>	<u>(8,455)</u>
Amount shown under non-current liabilities	<u>–</u>	<u>169,807</u>

As at 30 September 2017, the Group had loans amounting to approximately HK\$1,074,993,000 from CMBC International Holdings Limited, an intermediate holding company and interest payable amounting to approximately HK\$2,860,000. The loans bear interest at a fixed rate of 4% per annum and are repayable within one year.

Bank borrowings were secured by marketable securities and investment property. The mortgaged bank loans were also guaranteed by a former substantial shareholder. As at 31 March 2017, bank borrowings carried variable interest rates ranging from 2.3% to 5% per annum.

18 PROMISSORY NOTES

During the current interim period, the promissory notes were early settled and have resulted in a loss of HK\$2,852,000.

19 SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 April 2017 and 30 September 2017		
– Ordinary shares of HK\$0.01 each	<u>100,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
At 1 April 2017	18,019,813	180,198
– Ordinary shares of HK\$0.01 each		
Issue of shares (<i>Note i</i>)	26,950,000	269,500
Exercise of share options (<i>Note ii</i>)	<u>808,943</u>	<u>8,089</u>
At 30 September 2017		
– Ordinary shares of HK\$0.01 each	<u>45,778,756</u>	<u>457,787</u>

Notes:

- (i) Pursuant to the subscription agreement entered on 7 March 2017, 25,000,000,000 and 1,950,000,000 new subscription shares have been duly allotted and issued to CMBC International Investment Limited and Brilliant Decent Limited, respectively. The subscription was completed on 31 May 2017.
- (ii) The Company granted 1,005,598,000 share options to subscribe for ordinary shares of HK\$0.01 each in the share capital of the Company under the Share Option Scheme on 18 September 2015 and 12 October 2015 to eligible participants. The share options granted on 18 September 2015 and 12 October 2015 can be exercised at any time during the period on or after the grant dates but not later than 17 September 2018 and 11 October 2018, respectively. During the period ended 30 September 2017, 808,943,000 new shares were issued as a result of exercise of share options.

20 ACQUISITION OF SUBSIDIARIES

Acquisition of CMBC International Capital Limited (“CMBCIC”) and CMBC Capital Finance Limited (“CMBCCF”)

As disclosed in the Company’s announcement dated 27 July 2017, the Company entered into an acquisition agreement with CMBC International Holdings Limited, an intermediate holding company of the Company, pursuant to which the Company agreed to acquire the entire issued share capital of CMBCIC and CMBCCF for a consideration of HK\$19,931,674 and HK\$1, respectively. During the current interim period, the Group completed the acquisition of CMBCCF and the net asset acquired was insignificant.

CMBCIC has been licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since March 2017. CMBCIC will principally engage in the provision of corporate finance services. CMBCCF has obtained a money lender license in Hong Kong since July 2017. CMBCCF will principally engage in the provision of loan financing business. The directors of the Company are of the view that the acquisitions will further broaden the Group’s client bases, procure new sources of revenue for the Group and create synergy effect of the Group’s principal businesses.

The acquisition of CMBCIC was completed on 30 October 2017 and CMBCIC become a directly wholly owned subsidiary of the Company.

21 DISPOSAL OF SUBSIDIARIES

During the current interim period, the Group completed the disposal of group companies other than the three licensed corporations as a result of the group reorganisation and completed the disposal of Sky Eagle and Metro Victor. The transactions resulted in a loss of approximately HK\$789,000.

Analysis of assets and liabilities of the subsidiaries upon disposal is as follows:

	<i>HK\$’000</i>
Assets	
Plant and equipment	273
Investment property	410,000
Prepayments, deposits and other receivables	221
Bank and cash balances	1
	410,495
Liabilities	
Other payables and accruals	5,518
Bank borrowings	176,988
	182,506
Net assets	227,989
Loss on disposal of subsidiaries	(789)
	227,200
Cash consideration	227,200
Net cash inflow arising from disposal	
Cash consideration	227,200
Less: Cash deposit received	(22,000)
Less: Cash and cash equivalents disposed of	(1)
	205,199

BUSINESS REVIEW

During the Reporting Period, the Group's profit attributable to the owners of the Company has increased to approximately HK\$77.8 million, representing approximately 697% of the profit of approximately HK\$11.2 million attributable to the owners of the Company during the six months ended 30 September 2016 (the "**Previous Period**"). The Group's basic earnings per share were HK0.21 cents (30 September 2016: HK0.08 cents) and diluted earnings per share of HK0.21 cents (30 September 2016: HK0.07 cents).

During the Reporting Period:

1. On 31 May 2017, CMBC International Investment Limited ("**CMBCI Investment**") and Brilliant Decent Limited ("**Brilliant Decent**") (i) acquired 2,527,200,000 Shares and 900,000,000 Shares from, Mr. Lam Hoi Sze and Ms. Ai Qing, the then substantial shareholders of the Company, both at the price of HK\$0.06 per Share, respectively, pursuant to the sale and purchase agreements dated 7 March 2017 (the "**Acquisitions**"); and (ii) subscribed 25,000,000,000 new Shares and 1,950,000,000 new Shares allotted and issued by the Company, both at the price of HK\$0.032 per Share, respectively (the "**Subscriptions**"). Upon the completion of the Acquisitions and the Subscriptions, CMBCI Investment became a controlling shareholder of the Company.
2. On 27 July 2017, the Company entered into an acquisition agreement with CMBC International Holdings Limited ("**CMBCI**"), pursuant to which the Company agreed to acquire and CMBCI agreed to sell the entire issued share capital of CMBC International Capital Limited ("**CMBCIC**") for a consideration of HK\$19,931,674 (the "**CMBCIC Acquisition**"). The CMBCIC Acquisition was completed on 30 October 2017 and CMBCIC became a direct wholly-owned subsidiary of the Company.
3. On 27 July 2017, the Company entered into an acquisition agreement with CMBCI, pursuant to which the Company agreed to acquire and CMBCI agreed to sell the entire issued share capital of CMBC Capital Finance Limited ("**CMBCCF**") for a consideration of HK\$1 (the "**CMBCCF Acquisition**"). The CMBCCF Acquisition was completed on 4 August 2017 and CMBCCF became a direct wholly-owned subsidiary of the Company.
4. On 9 May 2017, the Group disposed 1 share or 100% issued share capital of Sky Eagle Global Limited ("**Sky Eagle**") and a loan amounting to approximately HK\$181 million to Celestial Lodge Limited at a cash consideration of HK\$227,000,000 pursuant to a sale and purchase agreement and a supplemental agreement dated 28 November 2016 and 7 March 2017, respectively ("**Sky Eagle Disposal**"). The only significant asset of Sky Eagle and its subsidiary, Metro Victor Limited is an investment property.

5. On 26 May 2017, the Group distributed in specie of all 1,215,971,647 shares of China Soft Power Technology Holdings Limited and 315,692,000 shares of Future World Financial Holdings Limited then held by the Group, to the shareholders whose names are registered on the register of members of the Company on 10 May 2017.
6. On 24 May 2017, the Group paid a special cash dividend in aggregate amount of approximately HK\$612,876,000 to its then shareholders.
7. In April 2017, all of the outstanding share options at 31 March 2017 were exercised by the option holders. Upon the exercise of these share options, 808,943,000 new ordinary shares of the Company were issued and the net proceeds from the exercise of share options were approximately HK\$187,818,000.

Revenue

The Group's revenue increased by approximately 66.3% to approximately HK\$74.7 million during the Reporting Period, compared to approximately HK\$44.9 million in the Previous Period. It was mainly due to the contribution from the investment and financing segment and the asset management and advisory segment during the current period. The analysis of the Group's revenue by reportable segments is as below.

Securities

During the Reporting Period, the revenue and profit contributed by securities segment were approximately HK\$40.4 million and HK\$31.3 million, respectively, compared to the revenue and profit of approximately HK\$44.9 million and HK\$260.4 million, respectively in the Previous Period. The profit in the Previous Period was attributed to the fair value gain from investment in equity securities which were disposed subsequently during the last financial year.

Investment and financing

During the Reporting Period, the segment revenue, which included dividend income from investments in listed equity securities and funds, interest income from investment in bonds, interest bearing notes and loans, amounted to HK\$13.3 million as compared to nil revenue in the Previous Period. The segment results changed from segment loss of HK\$110.4 million in the Previous Period to segment profit of HK\$65.7 million in the Reporting Period. The segment profit was mainly attributable to:

- (1) the unrealized gain on investments at fair value through profit or loss of approximately HK\$9.7 million, compared to the unrealized loss of approximately HK\$110.2 million for the Previous Period; and

- (2) the realized gain on investments at fair value through profit or loss of approximately HK\$46.3 million, compared to nil realized gain on investments at fair value through profit or loss for the Previous Period.

At the end of the Reporting Period, the Group's investment portfolio mainly constituted of listed equity securities, listed debt securities, funds, interest bearing notes and loans.

Asset management and advisory

The Group's asset management and advisory segment represents the provision of asset management services, financial advisory and financial arrangement services to clients. During the Reporting Period, the Group commenced the preparation work for its asset management services, including, *inter alia*, setting up the product structure, distribution network and negotiating with potential investors. For recent development of the Group's asset management services, see "Events after the Reporting Period" in this announcement. The segment recorded advisory and arrangement income of approximately HK\$21.0 million and segment profit of approximately HK\$20.1 million during the Reporting Period whereas there was no such segment in the Previous Period.

Discontinued Operations

To satisfy the conditions precedent to the Subscriptions, the Group has disposed of the Group's companies other than the three licensed corporations comprising CMBC Securities Company Limited (formerly known as Skyway Securities Investment Limited), CMBC International Futures Company Limited (formerly known as Skyway Futures Limited) and CMBC Asset Management Company Limited (formerly known as Skyway Asset Management Limited) (the "**Remaining Group**"). As such, the Group considers the operations other than the Remaining Group to be discontinued during the six months ended 30 September 2017.

INTERIM DIVIDEND

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

CHANGE OF COMPANY NAME

With effect from 31 May 2017, English name of the Company has been changed from “SKYWAY SECURITIES GROUP LIMITED” to “CMBC CAPITAL HOLDINGS LIMITED” and the Chinese name “民銀資本控股有限公司” has been adopted as the secondary name of the Company to replace its former Chinese name “天順證券集團有限公司”, which was formerly adopted for identification purpose only.

FINANCIAL REVIEWS

Capital Structure

During the Reporting Period, the Company had (i) allotted and issued 317,305,500 new Shares in April 2017 pursuant to the exercise of the share options under the share option scheme (adopted on 24 September 2012) (the “**Share Option Scheme**”) at the adjusted exercise price of HK\$0.234 per Share; (ii) allotted and issued 491,637,500 new Shares in April 2017 pursuant to the exercise of the share options under the Share Option Scheme at the adjusted exercise price of HK\$0.231 per Share; and (iii) allotted and issued 26,950,000,000 new Shares at HK\$0.032 per share on 31 May 2017 pursuant to the Subscriptions. As at 30 September 2017, the total number of the issued share capital with the par value of HK\$0.01 each was 45,778,757,729 and total equity attributable to shareholders was approximately HK\$1,239.8 million (31 March 2017: HK\$1,148.8 million).

During the Reporting Period, no shares have been purchased or granted to the selected persons of the Group under the share award scheme or the share option scheme.

Liquidity and Financial Resources

The Group primarily financed its operations with internally generated cash flows, borrowings, and by its internal resources and shareholder’s equity.

As at 30 September 2017, the Group had current assets of approximately HK\$1,667.4 million (31 March 2017: HK\$1,287.4 million) and liquid assets comprising cash (excluding segregated bank accounts) and investment in equity securities and funds totaling approximately HK\$901.0 million (31 March 2017: HK\$511.4 million). The Group’s current ratio, calculated based on current assets of approximately HK\$1,667.4 million (31 March 2017: HK\$1,287.4 million) over current liabilities of approximately HK\$1,166.3 million (31 March 2017: HK\$241.4 million), was at a ratio of approximately 1.4 at the end of the Reporting Period (31 March 2017: 5.3).

The Group's finance costs for the current period represented the effective interest on notes payable of approximately HK\$4.2 million (30 September 2016: HK\$4.1 million), effective interest on promissory notes of approximately HK\$0.3 million (30 September 2016: HK\$2.6 million), interest on bank borrowings and bank overdrafts of approximately HK\$0.3 million (30 September 2016: HK\$3.9 million), and interest on loans from an intermediate holding company of approximately HK\$2.9 million (30 September 2016: Nil).

As at 30 September 2017, the Group's indebtedness comprised loans from an intermediate holding company and notes payable of approximately HK\$1,226.1 million (31 March 2017: bank borrowings and bank overdrafts, mortgage bank loans, promissory notes and notes payable totaling HK\$398.0 million). The loans from an intermediate holding company of approximately HK\$1,077.9 million (31 March 2017: Nil) were denominated in HK\$ and US\$, due on the first anniversary from the drawdown date, and borne interests at 4% fixed rate per annum. The notes payable in the aggregate principal amount of HK\$150 million (31 March 2017: HK\$150 million) was denominated in HK\$, due on the seventh anniversary from the respective issue dates of the notes, and borne interests at 5% fixed rate per annum. Promissory notes in the principal amount of HK\$29 million were fully repaid and bank loans of approximately HK\$177.0 million were disposed together with the subsidiary, Sky Eagle Global Limited, during the Reporting Period.

The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was at a ratio of approximately 49.7% (31 March 2017: 25.7%).

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Pledge of Assets

As at 30 September 2017, the Group did not charge or pledge any assets. As at 31 March 2017, the Group had pledged its investment property with a carrying value of HK\$410 million to a commercial bank for a mortgage loan of approximately HK\$177.6 million. The mortgage loans were disposed of during the Reporting Period.

Contingent Liability

As at 30 September 2017, the Group had no significant contingent liability (31 March 2017: Nil).

Capital Commitment

As at 30 September 2017, the Group had no significant capital commitment (31 March 2017: Nil).

FOREIGN CURRENCY RISK MANAGEMENT

The Group's revenue has been mainly denominated in US dollars and Hong Kong dollars while its expenditure is mainly denominated in Hong Kong dollars. The Group foreign exchange exposure is mainly from the translation of assets and liabilities denominated in US dollars. As Hong Kong dollars are pegged with US dollars, the Directors believe that the Group's foreign exchange exposure is manageable and the Group will closely monitor this risk exposure from time to time.

HUMAN RESOURCES AND REMUNERATION POLICY

At 30 September 2017, the Group had about 45 (30 September 2016: about 49) employees including Directors. For the Reporting Period, total staff costs, including Directors' remuneration, was approximately HK\$16.0 million (30 September 2016: HK\$11.1 million). Remuneration packages for employees and Directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include mandatory provident fund scheme, subsidised training programme, share option scheme, share award scheme and discretionary bonuses.

PROSPECTS

The Company intends to enhance profitability by offering a one-stop securities and investment banking solution encompassing cross-border and innovative financial products and services. In particular, leveraging on the strong reputation, expertise and capability of China Minsheng Banking Corp., Ltd., the Group intends to, *inter alia*:

- (i) further expand its loan and financing business by offering more diversified structured finance services, thereby generating stable revenue stream, as well as creating synergy with the Group's corporate advisory services as well as debt and equity issuance and underwriting business;

- (ii) maintain and further develop its brokerage and underwriting services. The Group intends to build an effective business collaboration and referral mechanism for underwriting business opportunities with CMBCI and its subsidiaries;
- (iii) commence and expand the corporate finance advisory business with a view to establishing a full spectrum finance services platform in Hong Kong, as well as to generating additional revenue stream for the Group. On 27 July 2017, the Company entered into an acquisition agreement with CMBCI for the CMBCIC Acquisition. CMBCIC is a corporate licensed by the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. On 28 September 2017, CMBCIC was qualified to act as sponsor. The CMBCIC Acquisition was completed on 30 October 2017. After the completion of such acquisition, the Group has all material licenses required for services expected to be required by most of its potential clients at current stage;
- (iv) offer diversified assets management services. The target clients for the assets management services include CMBCI and its associates, as well as Hong Kong and mainland clients who have demands for diversified and globalised assets management; and
- (v) from time to time, consider to acquire suitable companies and business when opportunities arise. As at the date of this announcement, the Group did not have any concrete plan to make any acquisition. The Group intends to strengthen its profitability and optimise its asset structure through acquisition and new investment when opportunities arises. Although the Group currently does not have any specific acquisition plan, the Group will closely monitor the development trend in different markets such as Hong Kong and North-East Asia for its future globalised development. The Group will also look for potential acquisition targets with team advantage, profitability and sustainable growth.

In the whole, the Group will continue to implement the “one-body two-wings” strategy. “One-body” refers to the structural financing services provided by the Group. Benefiting from its bank-owned background, the Group is able to provide full-spectrum services (such as corporate advisory and consultation services) and one-stop solutions to clients with different funding requirements. “Two-wings” refers to the Group’s security business and assets management services. Leveraging on the development of “one-body” structural financing services, the Group is expected to achieve mutual growth in its security business and assets management business.

EVENTS AFTER THE REPORTING PERIOD

1. On 3 October 2017, the Company (for itself and on behalf of other members of the Group) entered into a service agreement (the “**Service Agreement**”) with CMBCI (for itself and on behalf of its subsidiaries (other than the members of the Group)), pursuant to which, among other things:
 - (a) the Group agreed to provide asset management services or ancillary services to CMBCI, its associates or any third parties who are deemed to be connected with the Company under Rule 14A.20 of the Listing Rules. The scope of the assets management services will be agreed and specified in the individual client agreement and may include, *inter alia*, overseeing the operations of the investment portfolios, provision of investment policies and strategies, making general investment decisions and monitoring the performance of the investment portfolio(s), and provision of administrative and management services to the investment portfolio(s) will be agreed and specified in the individual client agreement; and
 - (b) CMBCI and its subsidiaries (other than the members of the Group) agreed to introduce, refer and communicate underwriting opportunities offered by independent third parties to the Group. Underwriting opportunities include opportunities for placing, underwriting and sub-underwriting services of initial public offering of shares, placing of shares and securities convertible into shares, public and private issuance of bonds offered by any independent third party which generally involves type 1 regulated activity in Hong Kong.

The Service Agreement and the transactions thereunder were approved by the shareholders of the Company (other than CMBCI Investment and its associates) at a special general meeting of the Company on 26 October 2017.

2. On 30 October 2017, the Company acquired the entire issued share capital of CMBCIC, a corporate licensed by the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Upon completion of such acquisition, CMBCIC has become a wholly owned subsidiary of the Company.

RISK MANAGEMENT CAPABILITIES

The Board recognises risk management as one of the key elements to the success of the Company and endeavours to improve risk management system to align with its business development strategically. The Group takes a pragmatic approach to manage different risks including credit risks, market risks and operation risks. As at the date of this announcement, the Group has implemented various risk management policies and procedures, covering different business sectors. The Group has also established centralised internal control and compliance management system to effectively monitor the Group's operation and dealings. The Group will continue to enhance the risk management practices and internal control system and adopt a stringent governance framework with reference to the best practices in the market.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules throughout the Reporting Period except for the following deviation with reasons as explained:

Insurance cover for directors

Code Provision A.1.8

Code Provision A.1.8 of the GC Code provides that an issuer should arrange appropriate insurance cover in respect of legal action against its directors.

Deviation

In June 2017, the liability insurance for Directors expired due to the change of control of the Board and the Company had not arranged for replacing insurance during the remaining term of the Reporting Period. The reason for such deviation is that the Company needs time to identify an appropriate insurer and insurance plan that are suitable for its current business operation. As at the date of this announcement, the Company is in the course of negotiating the insurance policy with potential insurer and will arrange for appropriate insurance cover in respect of legal action against its Directors as soon as practicable.

Appointment of Directors

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election.

Deviation

All the non-executive Directors were not appointed for a specific term. Notwithstanding such deviation, all Directors are subject to the retirement by rotation according to the provisions of the bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Attendance of the Annual General Meeting

Code Provision E.1.2

Code provision E.1.2 stipulates that the chairman of the Board should invite for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairmen of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting of the Company.

Deviation

The chairmen and members of the nomination committee and the remuneration committee were unable to attend the annual general meeting of the Company held on 8 September 2017 (the "AGM") due to their other business engagement. However, the chairman of the Board had chaired the AGM and answered questions from the shareholders of the Company. The AGM has provided a channel for communication between the Board and the shareholders.

OTHER INFORMATION

Audit Committee

The unaudited condensed consolidated interim financial statements of the Company for the Reporting Period have been reviewed by the audit committee of the Company and the Company's independent auditor, Messrs. KPMG, 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 HKICPA. The independent auditor, on the basis of their review, concluded that nothing has come to their attention that cause them to believe that the condensed consolidated interim financial statements are not prepared, in all material aspects, in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

By order of the Board
CMBC Capital Holdings Limited
Li Jinze
Chairman

Hong Kong, 7 November 2017

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Mr. Li Jinze (*Chairman*)
Mr. Ding Zhisuo
Mr. Ng Hoi Kam

Non-executive Directors:

Mr. Ren Hailong
Mr. Liao Zhaohui

Independent Non-executive Directors:

Mr. Lee, Cheuk Yin Dannis
Mr. Wu Bin
Mr. Wang Lihua