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中國泛海國際金融有限公司
CHINA OCEANWIDE INTERNATIONAL FINANCIAL LIMITED

(Formerly known as Quam Limited)
(Incorporated in Bermuda with limited liability)
(Stock Code: 952)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board of directors (the "Board" or "Directors") of China Oceanwide International Financial Limited (the "Company") presents the unaudited interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 September 2017, together with the comparative figures for the previous financial period, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Notes	**Six months ended 30 September 2017** ***HK$'000*** **(Unaudited)**	Six months ended 30 September 2016 *HK$'000* (Unaudited)
Revenue	4	**224,162**	184,550
Other operating income and gains less losses	5	**(3,846)**	541
Cost of services provided		**(89,031)**	(85,776)
Staff costs	6	**(64,053)**	(51,702)
Depreciation and amortisation expenses	6	**(4,312)**	(4,057)
Other operating expenses		**(31,355)**	(37,059)
Finance costs		**(6,621)**	(7,876)
Share of results of an associate		**2,207**	(797)
Share of results of joint ventures		**(1,177)**	886
Profit/(Loss) before income tax	6	**25,974**	(1,290)
Income tax (expense)/credit	7	**(4,522)**	267
Profit/(Loss) for the period, attributable to owners of the Company		**21,452**	(1,023)

	Notes	**Six months ended 30 September 2017** *HK$'000* **(Unaudited)**	Six months ended 30 September 2016 *HK$'000* (Unaudited)
Other comprehensive income, including reclassification adjustments			
Item that may be reclassified subsequently to profit or loss			
— Exchange gain/(loss) on translation of financial statements of foreign operations		**1,577**	(1,299)
Items that will not be reclassified subsequently to profit or loss			
— Changes in fair value of financial assets measured at fair value through other comprehensive income		**(433)**	1,566
— Surplus on revaluation of property, plant and equipment upon transfer to investment properties		**—**	5,255
Other comprehensive income for the period, including reclassification adjustments and net of tax		**1,144**	5,522
Total comprehensive income for the period, attributable to owners of the Company		**22,596**	4,499
		HK cent(s)	*HK cent(s)*
Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company for the period	9		
— Basic		**0.726**	(0.068)
— Diluted		**0.726**	(0.068)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2017

	Notes	30 September 2017 HK$'000 (Unaudited)	31 March 2017 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**11,806**	13,185
Investment properties		**10,000**	9,340
Goodwill		**14,695**	14,695
Development costs		**4,609**	5,356
Other intangible assets		**1,729**	2,023
Financial assets measured at fair value through other comprehensive income		**13,407**	13,840
Interest in an associate	10	**49,846**	42,096
Interests in joint ventures		**41,746**	41,344
Other assets		**23,030**	27,125
Loan receivables measured at amortised cost		**452,083**	—
Financial assets measured at fair value through profit or loss		**156,148**	—
Deposits for property, plant and equipment		**1,355**	—
Deferred tax assets		**2,063**	2,573
		782,517	171,577
Current assets			
Trade receivables	11	**1,774,584**	1,759,522
Loan receivables measured at amortised cost		**39,838**	—
Prepayments, deposits and other receivables		**20,312**	13,739
Financial assets measured at fair value through profit or loss		**398,187**	7,294
Tax recoverable		**2,004**	2,599
Trust time deposits held on behalf of clients		**565,360**	584,818
Trust bank balances held on behalf of clients		**1,155,277**	800,723
Cash and cash equivalents		**3,812,778**	63,230
		7,768,340	3,231,925

	Notes	30 September 2017 HK$'000 (Unaudited)	31 March 2017 HK$'000 (Audited)
Current liabilities			
Trade payables	12	**2,295,517**	2,298,790
Borrowings		**469,782**	476,334
Accruals and other payables		**66,096**	61,822
Tax payables		**3,112**	41
		2,834,507	2,836,987
Net current assets		**4,933,833**	394,938
Net assets		**5,716,350**	566,515
EQUITY			
Equity attributable to Company's owners			
Share capital		**20,740**	5,184
Reserves		**5,695,610**	561,331
Total equity		**5,716,350**	566,515

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and complies with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and with applicable requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation that have been used in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2017, except for the adoption of new and amended Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations.

During the interim period, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting period. The application of these new and amended HKFRSs has had no impact on the disclosures or on the amounts recognised in the Group's condensed consolidated interim financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major service lines.

The Group has identified the following reportable segments:

(a) the brokerage segment engages in discretionary and non-discretionary dealing services for securities, futures and options, securities placing and underwriting services, margin financing and money lending services, insurance broking and wealth management services;

(b) the advisory segment engages in corporate finance advisory and general advisory services;

(c) the asset management segment engages in fund management, discretionary portfolio management and portfolio management advisory services;

(d) the website management segment engages in financial media services; and

(e) the investments segment engages in investment holding and securities trading.

Each of these operating segments is managed separately as each of the service lines requires different resources as well as marketing approaches. During the six months ended 30 September 2017, there have no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss. No operating segments identified have been aggregated in arriving at the reportable segments of the Group.

	Brokerage	Advisory	Asset management	Website management	Investments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 September 2017 (Unaudited)						
Revenue						
Revenue from external customers	**147,725**	**37,839**	**9,684**	**6,323**	**22,591**	**224,162**
Revenue from other segments	**2,625**	**2,005**	**211**	**3,999**	**—**	**8,840**
Reportable segment revenue	**150,350**	**39,844**	**9,895**	**10,322**	**22,591**	**233,002**
Reportable segment result	**811**	**23,341**	**(1,921)**	**(1,738)**	**14,341**	**34,834**
30 September 2017 (Unaudited)						
Reportable segment assets	**5,217,468**	**11,095**	**19,568**	**4,033**	**617,588**	**5,869,752**
Reportable segment liabilities	**2,456,373**	**1,500**	**3,596**	**9,722**	**195,268**	**2,666,459**

	Brokerage	Advisory	Asset management	Website management	Investments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 September 2016 (Unaudited)						
Revenue						
Revenue from external customers	144,527	18,437	7,536	6,909	7,141	184,550
Revenue from other segments	—	130	322	3,178	—	3,630
Reportable segment revenue	144,527	18,567	7,858	10,087	7,141	188,180
Reportable segment result	(3,322)	1,807	225	137	2,133	980
31 March 2017 (Audited)						
Reportable segment assets	3,243,468	5,302	8,663	4,204	63,230	3,324,867
Reportable segment liabilities	2,804,485	943	3,396	7,413	—	2,816,237

The total of the Group's reportable segment result is reconciled to the Group's profit/(loss) before income tax as follows:

	Six months ended 30 September 2017	Six months ended 30 September 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reportable segment result	**34,834**	980
Gain on revaluation of investment properties	**660**	—
Other operating income and gains	**2,842**	350
Share of results of joint ventures	**(1,177)**	886
Unallocated corporate expenses	**(11,185)**	(3,506)
Profit/(Loss) before income tax	**25,974**	(1,290)

Note:

Included in unallocated corporate expenses are HK$6,127,000 (2016: Nil), representing compensation to certain employees under a phantom share scheme. Under a phantom share scheme adopted in August 2016, certain employees are entitled an awarded cash compensation, 50% of which are payable when the awardees remain as employees of the Group upon a change of control of the Company and the remaining 50% will be payable upon completion of 12 months' service with the Group following the change of control or being terminated by the Group without cause during the 12 months' service period.

4. REVENUE

	Six months ended 30 September 2017 *HK$'000* **(Unaudited)**	Six months ended 30 September 2016 *HK$'000* (Unaudited)
Brokerage:		
Commission on dealings in securities	**38,798**	22,557
Commission on dealings in futures and options contracts	**65,386**	72,865
Handling, custodian and other service fee income	**8,337**	7,200
	112,521	102,622
Interest income:		
Interest income from loans to margin clients	**28,851**	24,875
Interest income from banks and other financial institutions	**5,395**	2,375
Interest income from other loans and receivables	**3,428**	1,236
	37,674	28,486
Corporate finance:		
Placing and underwriting commission	**150**	14,301
Financial advisory fee income	**37,839**	18,437
	37,989	32,738
Asset management:		
Asset management and performance fee income	**9,684**	7,536
	9,684	7,536
Investments and others:		
Financial media service fee income	**6,323**	6,909
Net realised and unrealised gain on financial assets measured at fair value through profit or loss	**19,478**	5,059
Dividend income from financial assets measured at fair value through profit or loss	**374**	1,200
Dividend income from financial assets measured at fair value through other comprehensive income held at the end of the reporting period	**119**	—
	26,294	13,168
	224,162	184,550

5. OTHER OPERATING INCOME AND GAINS LESS LOSSES

	Six months ended 30 September 2017 *HK$'000* **(Unaudited)**	Six months ended 30 September 2016 *HK$'000* (Unaudited)
Changes in net asset value attributable to other holders of a consolidated investment fund	**(6,972)**	(2,051)
Exchange gains, net	**1,700**	611
Gain on revaluation of investment property	**660**	—
Write-back of other payables	**—**	1,286
Sundry income	**766**	695
	(3,846)	541

6. PROFIT/(LOSS) BEFORE INCOME TAX

	Six months ended 30 September 2017 *HK$'000* **(Unaudited)**	Six months ended 30 September 2016 *HK$'000* (Unaudited)
Profit/(Loss) before income tax is arrived at after charging/ (crediting):		
Amortisation of development costs and other intangible assets	**1,110**	774
Depreciation of property, plant and equipment	**3,202**	3,283
	4,312	4,057
Impairment of trade receivables	**15**	6,934
Net losses on disposals of property, plant and equipment	**1**	101
Staff costs (including directors' emoluments)		
— Fees, salaries, allowances, bonuses and benefits in kind	**59,761**	50,477
— Share awards expense	**—**	137
— Retirement benefits scheme contributions	**1,898**	1,610
— Other staff benefits	**2,394**	1,428
Total staff costs	**64,053**	53,652
Less: Amount capitalised into development costs	**—**	(1,950)
Amount recognised in profit or loss	**64,053**	51,702

7. INCOME TAX (EXPENSE)/CREDIT

For the six months ended 30 September 2017 and 2016, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits for the respective periods.

Tax on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 September 2017	Six months ended 30 September 2016
	HK\$'000	*HK\$'000*
	(Unaudited)	(Unaudited)
Current tax — Hong Kong profits tax		
— Current period	**(4,012)**	(132)
— Under provision in respect of prior year	**—**	(1,018)
	(4,012)	(1,150)
Deferred tax		
— Origination and reversal of temporary differences	**(510)**	1,076
— Temporary differences previously not recognised	**—**	341
	(510)	1,417
Total income tax (expense)/credit	**(4,522)**	267

8. DIVIDENDS

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 September 2017 (2016: nil).

Dividend payable to owners of the Company attributable to the previous financial year:

	Six months ended 30 September 2017	Six months ended 30 September 2016
	HK\$'000	*HK\$'000*
	(Unaudited)	(Unaudited)
Final dividend declared, approved and paid for the year ended 31 March 2016 of HK0.5 cent per ordinary share	**—**	7,557

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share for the six months ended 30 September 2017 is based on profit attributable to owners of the Company for the period of approximately HK$21,452,000 (2016: loss of HK$1,023,000) and on the weighted average number of ordinary shares in issue less any shares held for Share Award Scheme during the period of 2,955,854,263 (2016: 1,506,568,804).

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share for the six months ended 30 September 2017 is based on profit attributable to owners of the Company for the period of approximately HK$21,452,000 (2016: loss of HK$1,023,000) and on the weighted average number of 2,955,860,157 (2016: 1,506,568,804) ordinary shares outstanding during the period, after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

	Weighted average number of ordinary shares	
	Six months ended 30 September 2017 (Unaudited)	Six months ended 30 September 2016 (Unaudited)
For purpose of basic earnings/(loss) per share	**2,955,854,263**	1,506,568,804
Effect of warrants	**5,894**	—
For the purpose of diluted earnings/(loss) per share	**2,955,860,157**	1,506,568,804

During the six months ended 30 September 2016, the Company had outstanding share options which were granted on 29 February 2008 and 6 June 2008 with exercise price of HK$0.8340 and HK$0.7623, respectively. The Company also had outstanding warrants during the six months ended 30 September 2017 and 30 September 2016 which were issued on 4 April 2014 with exercise price of HK$0.50. The calculation of diluted loss per share for the six months ended 30 September 2016 did not assume an exercise of those share options and warrants and the vesting of share awards because it would result in a decrease in diluted loss per share.

10. INTEREST IN AN ASSOCIATE

	30 September 2017 ***HK$'000*** **(Unaudited)**	31 March 2017 *HK$'000* (Audited)
Share of net assets	**49,846**	42,096

In prior years, the Group incorporated Quam Funds SICAV ("SICAV"), an investment company organised under the laws of Grand Duchy of Luxembourg and launched the first sub-fund, namely, Quam Greater China UCITS Fund ("Greater China Fund"). During the six months ended 30 September 2017, the Group launched another sub-fund, known as Quam Dynamic Opp UCITS Fund ("Dynamic Opp Fund"). According to the article of incorporation, directors of SICAV shall be elected by the majority of the votes of shares within any class of a sub-fund at a general meeting. Assets and liabilities of each sub-fund will be segregated from one another and will be invested in accordance with the investment objectives and policies applicable to each sub-fund.

As at 31 March 2017, the percentage of interests held by the Group in SICAV via its shareholding in Greater China Fund was approximately 49% and the Group had recognised its equity interests as an associate in accordance to HKFRSs. In June 2017, the Group's interests in SICAV had increased to more than 50% as a result of redemption of certain shares by other holders. The Group obtained the control of Greater China Fund and accounted for this as acquisition of a subsidiary. Following the subsequent subscription of new shares by others in Dynamic Opp Fund in September 2017, the Group's interests in SICAV was diluted again to less than 50%. Because the Group as the investment manager of the investment fund can be removed by a simple majority vote from other shareholders, the directors of the Company are of the opinion that the Group is subject to substantive removal rights held by other parties and therefore did not have control but retained significant influence since then.

With the immediate effect of gaining and losing control in Greater China Fund, the Group recognised and derecognised the following assets and liabilities during the period. No goodwill nor gain or loss was recognised due to the changes in control over the above-mentioned investment fund during the period.

	Recognised 06/2017 ***HK$'000***	**Derecognised 09/2017** ***HK$'000***
Financial assets measured at fair value through profit or loss	87,619	91,631
Prepayments, deposits and other receivables	1,189	1,080
Cash and cash equivalents	18,225	6,130
Accruals and other payables	(62,959)	(49,224)
Net assets	44,074	49,617

	06/2017 ***HK$'000***	**09/2017** ***HK$'000***
Included in "Accruals and other payables" above is the following amount of third-party interests in Greater China Fund	45,265	48,351
Net cash inflow/(outflow) upon change of control	18,225	(6,130)

11. TRADE RECEIVABLES

	Notes	**30 September 2017** ***HK$'000*** **(Unaudited)**	31 March 2017 *HK$'000* (Audited)
Accounts receivable from dealings in securities, futures and options contracts			
— Brokers and clearing houses	(a)	**743,423**	944,585
— Cash clients	(a)	**8,628**	9,867
— Margin clients	(b)	**1,028,548**	814,043
— Clients for subscription of securities	(a)	**925**	3,054
Accounts receivable from asset management, advisory and other services			
— Clients	(a)	**13,572**	8,471
		1,795,096	1,780,020
Less: Provision for impairment		**(20,512)**	(20,498)
	(c)	**1,774,584**	1,759,522

Notes:

(a) Amounts due from brokers, clearing house and cash clients for the dealings in securities are required to be settled on the settlement dates of their respective transactions (normally two or three business days after the respective trade dates) and the amounts due from clients for subscription of securities are required to be settled upon the allotment of the securities subscribed. Amounts due from brokers and clearing houses for the dealings in futures and options contracts are repayable on demand except for the required margin deposits for the trading of futures and options contracts. There are no credit terms granted to clients for its asset management, advisory and other services. The amounts due from cash clients after the settlement dates bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread) and the amounts due from clients for subscription of securities as at 30 September 2017 bear interest at a fixed rate of 2.0% (31 March 2017: 2.7%) per annum.

(b) Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. As at 30 September 2017, the market value of securities pledged by margin clients to the Group as collateral was HK$7,211,133,000 (31 March 2017: HK$5,819,590,000) and the Group is permitted to sell these collaterals if the client defaults in payments. The amounts due from margin clients are repayable on demand and bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread).

(c) Ageing analysis of trade receivables based on due date and net of provision is as follows:

	30 September 2017 ***HK$'000*** **(Unaudited)**	31 March 2017 *HK$'000* (Audited)
Repayable on demand	**1,016,367**	801,371
0–30 days	**753,609**	955,699
31–60 days	**1,374**	512
61–90 days	**2,292**	90
91–180 days	**339**	135
181–360 days	**8**	160
Over 360 days	**595**	1,555
	1,774,584	1,759,522

12. TRADE PAYABLES

	Notes	**30 September 2017** ***HK$'000*** **(Unaudited)**	31 March 2017 *HK$'000* (Audited)
Accounts payable from dealings in securities, futures and options contracts			
— Brokers and clearing house	(a)	**90,102**	73,538
— Cash clients	(a)	**687,049**	726,569
— Margin clients	(b)	**1,514,961**	1,497,414
Accounts payable from financial information and other services			
— Clients	(c)	**3,405**	1,269
		2,295,517	2,298,790

Notes:

(a) Accounts payable to brokers, clearing house and cash clients are repayable on demand up to the settlement dates of their respective transactions (normally two or three business days after the respective trade dates).

(b) Accounts payable to margin clients are repayable on demand except for the required margin deposits received from clients for their trading of futures and options contracts.

(c) No ageing analysis in respect of accounts payable from dealing in securities, futures and options contracts is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the business nature. Ageing analysis of accounts payable from financial information and other services is as follows:

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 180 days	**3,292**	1,262
Over 180 days	**113**	7
	3,405	1,269

RESULT AND OVERVIEW

For the period from 1 April 2017 to 30 September 2017 (the "Current Period"), the Group returned to be profitable from a previously loss-making situation and reports an after tax profit of roughly HK$21,452,000 (2016: loss of HK$1,023,000). The revenue of the Group has increased by 21% to HK$224,162,000 in the Current Period (2016: HK$184,550,000).

The Group does not recommend any interim dividend for the Current Period.

MACRO REVIEW

Macro environment

During the Current Period, the global economy gained further momentum and had been stronger than expected, driven by the Euro zone and Asian countries as revealed in a recent International Monetary Fund ("IMF") report. As a result, IMF has also raised its global growth forecast to 3.6% for 2017 compared to 3.2% in 2016. Having the encouraging backdrop, the investment community had been accommodating well ahead of the US Fed tapering measures. Led by a resilient US equity market, most major stock markets registered decent gain during the period, despite the strength in Euro and Renminbi against the US Dollars.

Furthermore, the Chinese economy had been holding up well with third-quarter GDP growth being 6.8% as the economy is going through structural changes. The Government's effort in the supply-side reform is evidenced with a higher utilization rate of industrial capacity, reaching 76.6% for the first three quarters ended September, up 3.5 percentage points over the same period last year. China's inflation rate also recovered from a two-year low of 0.8% in early 2017 to 1.6% in September, contributed mainly by price increase in non-food items. Growth in retail sales had been hoovering around the 10% level most of the time since 2016 indicates a healthy domestic market. Export numbers had been stabilizing and seeing mild growth over the same period last year. Overall, the country's economy is pointing towards a steady recovery.

Hong Kong Stock Market

For the Current Period, the Hang Seng Index has mainly in the upward trend and fluctuated between 24,000 and 28,000. The Hang Seng Index recorded 27,554.30 at the last trading day of September 2017, which represents a year-on-year increase of 18.3% from 23,297.15 at the last trading day of September 2016 and an increase of 25.2% over 22,000.56 at the last trading day in December 2016. For the nine months ending September 2017, the market sentiment has been very optimistic, the average daily turnover of the secondary market of Hong Kong stock market surged to HK$82.0 billion, which represents a year-on-year increase of 21% from approximately HK$67.8 billion for the same period last year. As at 30 September 2017, the total Hong Kong stock market capitalisation reached HK$31,412.4 billion, which represents a growth of 23% from HK$25,595.0 billion as at 30 September 2016. For the nine months ending September 2017, in the primary market of Hong Kong, there were 114 newly listed companies, which represents a year-on-year increase of 52% from 75 for the same period of last year. Total funds raised through IPOs for the nine months ending September 2017 were HK$85.7 billion, which accounts for a year-on-year drop of 37.0% from HK$135.9 billion for the same period of last year.

BUSINESS REVIEW

The Group has a significant increase in our capital base after a roughly HK$5.1 billion rights issue in August 2017. Since then, the Group has started to deploy such capital into a series of significant transactions in a bid to create higher profit and to provide a better return to our shareholders. Out of them, several transactions were disclosed during the Current Period, such as the HK$500,000,000 lending through a syndicate in August, US$20,000,000 investment in a private equity fund and US$50,000,000 investment in the preference shares of Postal Savings Bank of China Co., Ltd. in September 2017. As the Current Period ended only roughly 1.5 months after the rights issue, the impact of the above-mentioned transactions on the bottom line of this interim report is still limited.

The Company has changed its name from Quam Limited to China Oceanwide International Financial Limited in August 2017 and marked a new era of the Company. The Company has also changed its financial year end from March to December and the next annual report of the Company will cover only nine months from April 2017 to December 2017.

FINANCIAL REVIEW

Brokerage business

Total revenue from brokerage business recorded around HK$112,521,000, which represents a year-on-year increase of 10% from around HK$102,622,000 in the same period last year.

Commission on Securities Trading recorded around HK$38,798,000 in the Current Period, which represents a year-on-year growth of 72% from around HK$22,557,000 in the same period last year. The increase is mainly due to a significant increase in our market share of secondary market trade in Hong Kong as well as increase in the daily market turnover of The Stock Exchange of Hong Kong Limited ("HKEx"). Commission on Futures and Options Trading recorded around HK$65,386,000 in the Current Period, which represents a year-on-year drop of 10% from around HK$72,865,000 in the same period last year. The drop is mainly due to a slight decline in the number of transactions conducted by our clients. Handling, custodian and other service fee income recorded around HK$8,337,000, which represents a year-on-year increase of 16% from around HK$7,200,000 in the same period last year.

Interest Income business

Interest income from loans to margin clients recorded around HK$28,851,000, which represents a year-on-year increase of 16% from around HK$24,875,000 in the same period last year. The increase is mainly due to the increase in average loan balance (settlement date basis) of 24% to HK$851,000,000 for the Current Period. The Group had about HK$903,000,000 of the margin loans outstanding (settlement date basis) as at 30 September 2017. Interest income from bank and other financial institutions recorded around HK$5,395,000 for the Current Period, which represents a year-on-year increase of 127% from around HK$2,375,000 in the same period last year. Such increase is mainly due to bank interest arising from the significant rights issue proceed from August 2017. Interest income from other loans and receivables recorded around HK$3,428,000 for the Current Period, which represents a year-on-year increase of 177% from around HK$1,236,000 in the same period last year. The increase arises mainly in our HK$500,000,000 participation in the Huge Group syndicated loan in August 2017. The Group had about HK$491,921,000 of loan receivables outstanding as at 30 September 2017.

Corporate Finance business

Total revenue from corporate finance business recorded around HK$37,989,000 for the Current Period, which represents a year-on-year increase of 16% from around HK$32,738,000 in the same period last year. Commission income (from placing, underwriting and sub-underwriting deals) recorded around HK$150,000 in the Current Period, which represents a year-on-year drop of 99% from around HK$14,301,000 in the same period last year. Fee income (from sponsorship, financial advisory, compliance advisory engagements) recorded around HK$37,839,000 for the Current Period, which represents a year-on-year increase of 105% from around HK$18,437,000 in the same period last year. The increase is due mainly to a higher average fee per project. A total of 12 (2016: 23) transactions were signed, 3 (2016: 11) were placing, underwriting and sub-underwriting transactions, 3 (2016: 2) were IPO sponsorships, 4 (2016: 9) were financial advisory transactions and 2 (2016: 1) were other mandates.

Asset Management business

Total revenue from asset management business recorded around HK$9,684,000 for the Current Period, which represents a year-on-year increase of 29% from around HK$7,536,000 in the same period last year. The increase is mainly arising from the increase of performance fee out of our delivery of good investment return on Quam China Focus Segregated Portfolio (QCF) and the discretionary accounts. Our asset management business now includes managing QCF, a private fund registered in Cayman, Quam Greater China UCITS fund (Quam UCITS fund), a European public fund registered in Luxembourg and various discretionary accounts. The Asset Under Management (AUM) was US$104,000,000 as at 30 September 2017, which represents a drop of 3% from around US$107,000,000 as at 31 March 2017.

Investments and others business

Total revenue from investments and others business recorded around HK$26,294,000 for the Current Period, which represents a year-on-year increase of 100% from around HK$13,168,000 in the same period last year. The increase is mainly due to short term investment gain in our proprietary investment in equity as well as the fair value gain on our seeding in the two above-mentioned funds. Financial media service fee income recorded around HK$6,323,000, which represents a slight year-on-year drop of 8% from around HK$6,909,000 in the same period last year.

Expenses

Cost of service recorded around HK$89,031,000 for the Current Period, which represents a year-on-year increase of 4% from around HK$85,776,000 in the same period last year. The increase is mainly arising from the increase in revenue from brokerage business. Staff costs recorded around HK$64,053,000 for the Current Period, which represents a year-on-year increase of 24% from around HK$51,702,000 in the same period last year. The increase is mainly arising from the one-off HK$6,127,000 cost in retaining senior management staff over the transition period in relation to the Oceanwide's acquisition early this year and a moderate increase in headcount and salary level. Other operating expenses recorded around HK$31,355,000 for the Current Period, which represents a year-on-year drop of 15% from around HK$37,059,000 in the same period last year. The decrease is due mainly to the Group does not need to make any provision for accounts receivable in the Current Period.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow as well through the use of banking facilities and short term loans from independent third parties. From time to time, the Company may raise capital by issuing new shares or issuance of debt instruments. The note instrument issued in April 2014 to the principal amount of HK$100,229,000 was fully redeemed at maturity in April 2017. All funds raised were mainly applied as working capital for the Group's business, for provision of financing (including margin loans and investments), as well as to ensure liquidity for our trading and underwriting activities.

As at 30 September 2017, the Group had available aggregate banking facilities of approximately HK$1,284,400,000 (31 March 2017: HK$1,244,400,000), mostly secured through legal charges on certain securities owned by the Group's margin and money lending clients. As at 30 September 2017, approximately HK$138,000,000 (31 March 2017: HK$374,527,000) of these banking facilities were utilized.

The Group's cash and short term deposits as at 30 September 2017 stood at approximately HK$3,812,778,000 (31 March 2017: HK$63,230,000).

The Group's gearing ratio was 8% as at 30 September 2017 (31 March 2017: 84%), being calculated as borrowings over net assets. The borrowings are attributable mainly to the facilitation of securities margin lending business. The management has applied prudent risk and credit management on the increased lending to clients and borrowings from banks. In addition, the Group is required to strictly follow regulatory re-pledging ratios and prudent bank borrowing benchmarks that govern the extent of borrowings in the securities margin lending business.

Application of Rights issue proceed

The Company completed a rights issue on 7 August 2017, pursuant to which the Company has issued 4,666,536,915 rights shares at HK$1.1 per rights share. The net proceeds of the rights issue were approximately HK$5,127,131,000. As at 30 September 2017, out of the net proceeds, approximately HK$1,826,000,000 has been applied as its intended use as stated in the prospectus of the right issue dated 14 July 2017. The Group will report the application of the remaining balance of HK$3,301,131,000 in the near future. The Group had utilised the net proceeds of the rights issue as follows:

(i) Approximately HK$1,670,000,000 used in capital injection to our operating subsidiary in securities brokerage business; and

(ii) Approximately HK$156,000,000 used in seed money in new fund launched to develop its asset management business.

PROSPECTS

The capital base of the Group has increased significantly after the completion of the rights issue in August 2017. This has enabled the Group to undertake a larger volume of business. As can be seen from the results of the Group for the six months ended 30 September 2017, the benefits from the increased capital base is starting to become evident. The collaboration with the Oceanwide Group has also facilitated the growth of the Group during the Current Period. It is expected that business opportunities from such collaboration will substantially increase following the approval of the framework services agreements with China Oceanwide Holdings Limited, Oceanwide Holdings Co., Ltd. and Tohigh Holdings Co., Ltd.

The Group has continued to increase its loan (including margin loans) and investment portfolios subsequent to the Current Period, including the announced HK$290,000,000 loan facility provided to an independent third party in October and the subscription of US$120,000,000 of unsecured, guaranteed senior notes issued by a subsidiary of Oceanwide Holdings Co., Ltd. The Group will cautiously increase its proprietary investments, on the one hand to capture short term market opportunities that may arise from time to time, and on the other hand to provide stable revenue stream by investing in longer term fixed income products. The Group will continue to develop its securities brokerage business and increase its market share in secondary market trading. The increase in investments and brokerage activities has created synergy with the Group's corporate finance business, generating much more activities in the financial advisory and capital markets segments.

In a bid to attract AUM and increase the revenue of the asset management business, the Group will proceed with seeding our own funds to ramp up the scale of the funds, coupled with a good investment track record and services.

The Group will continue to assess its financial position and look for opportunities to strengthen its balance sheet to support its development in various areas and to capture acquisition/investment opportunities that would enhance shareholders' value.

OTHER INFORMATION

Material Acquisitions, disposals and significant investments

For the Current Period, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. As at 30 September 2017, the Group did not hold any significant investments.

Charge on the Group's assets

No asset of the Group was subject to any charge as at 30 September 2017 and 31 March 2017.

Employees and remuneration policies

As of 30 September 2017, the Group had 178 full time employees and 3 part time employees in Hong Kong (2016: 167 full time employees and 1 part time employee in Hong Kong), together with 39 full time employees based in the Mainland China (2016: 45 full time employees based in the Mainland China). In addition, the Group has 119 commission sales representatives (2016: 134). The total headcount of the Group as at 30 September 2017 is 339 (2016: 347). Competitive total remuneration packages are offered to employees by reference to prevailing market practices and standards and individual merit. Salaries are reviewed annually and bonuses are paid with reference to individual performance appraisals, prevailing market conditions and the Group's financial performance. Other benefits offered by the Group include a mandatory provident fund scheme and medical and health insurance. In addition, the Group has maintained a restricted share award scheme and a phantom share scheme as a means for reward and staff retention.

RISK MANAGEMENT

The Group adopts stringent risk management policies and monitoring systems to contain exposure associated with credit, liquidity, market and IT systems in all its major operations. In addition, compliance and regulatory risk is continually monitored. We do appoint outside parties annually to monitor different aspects of our business such as money-laundering, treasury control and systems, staff procedure and compliance. The management believes it is of utmost importance that every aspect of our business be regularly probed and tested by outside parties.

Credit Risk

The Group's Credit Committee within the securities and futures operation meets regularly to review credit limits for clients and identify and assess risks associated with financial products. The Credit Committee, which is appointed by the Executive Committee of the Company and ultimately reporting to the Board, is responsible for the approval of individual stocks acceptable for margin lending. The stock list is revised as and when deemed necessary by the Committee. The Committee reviews regularly lending limits on individual stocks and/or for each individual client, taking into account loan and stock concentration exposures.

The credit control department is responsible for monitoring and making margin calls to clients when limits have been exceeded and when concentration risks for particular counters have been reached and posed a strategic risk. Failure to meet margin calls can result in liquidation of the customer's positions. The credit control department runs stress tests on loan portfolios to determine the impact on the firm's financial position and exposure.

Liquidity Risk

The Group's operating units are subject to various liquidity requirements as prescribed by the authorities and financial market regulators. The Group has put in place monitoring systems to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the relevant rules including Financial Resources Rules.

As a further safeguard, the Group has maintained banking facilities to meet contingencies in its operations. The Company will consider the need for raising capital whenever justified by the business operations growth. Even in periods of high market volatility, the management believes the Group's working capital is adequate to meet its financial obligations.

Market Risk

The Group offers margin trading in securities and futures and options products. Clients are required to maintain a margin in order to hold positions and meet margin calls when there are changes in value of the underlying asset. The margins to be maintained for futures and options products are based on requirements set by the exchanges and counter party brokers. The margin ratios for securities margin loans are based on a combination of factors including indicative acceptable lending rates from our bankers, the quality of the company represented by the securities, the liquidity of the securities, and the concentration level of securities held. All margin ratios are reviewed and assessed by the Credit Committee. In situations where there may be sudden volatile market movement (e.g. market gap opening) affecting client's positions, the liquidation of these positions can be compromised due to market liquidity and thereby, exposing the Group to credit and delivery risk. Thus the importance of monitoring the quality of client exposure.

The Group's exposure to underwriting commitments is subject to market volatility and sentiment. In that respect, the Group follows strict limits as to the maximum exposure to any underwriting commitment. The Board has established prudent guidelines in respect to net exposure commitment per issue and aggregate exposure commitment at any one time as measured against the net asset value of the Group.

IT Risk

The Group is very conscious of data security and access control risk associated with client data and trading platforms that allow clients access to trading systems. The Group deploys industry best practice in its IT architecture, implementing firewalls, intrusion surveillance, and the prevention of denial of service attacks. Furthermore, a full on back up and contingency plan is established to ensure continuity in case of systems fall over.

Legal and Regulatory Risk

As a financial group operating the regulated businesses, we endeavor to meet the stringent and evolving regulatory requirements, including but not limited to those related to investor protection, market integrity and anti-money laundering. Our compliance team working together with third party professionals, continually review and scrutinizes our internal control processes to reduce the legal and regulatory risk that can impact the Group's operation.

INTERIM DIVIDEND

The Board of the Company has resolved not to declare an interim dividend in respect of the six months ended 30 September 2017 (2016: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 September 2017, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 of the Listing Rules. The code of conduct is also updated from time to time in order to keep abreast with the latest changes in the Listing Rules. It has also been extended to specific employees of the Company who are likely to be in possession of unpublished price-sensitive information in respect of their dealings in the securities of the Company.

Having made specific enquiry of all the Directors, all of them confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 September 2017.

CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the principles and complied with the code provisions set out in Appendix 14 of the Listing Rules, titled "Corporate Governance Code and Corporate Governance Report", throughout the six months ended 30 September 2017, save for the deviations from code provision A.5.1 which stipulates that a Nomination Committee should be established. In view of the existing size of the board and business operation of the Group, it is considered more beneficial and effective to have the relevant function performed by the Board itself rather than through the establishment of such committee.

AUDIT COMMITTEE REVIEW

The audit committee of the Company comprises four independent non-executive Directors. The audit committee has met with BDO Limited, the external auditor of the Group, to review the accounting policies and practices adopted by the Group and review the unaudited condensed consolidated financial results of the Company for the six months ended 30 September 2017.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The announcement of unaudited interim results for the six months ended 30 September 2017 of the Group is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.oceanwidefinancial.com respectively. The Interim Report 2017 of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

On behalf of the Board
China Oceanwide International Financial Limited
HAN Xiaosheng
Chairman

Hong Kong, 28 November 2017

As at the date of this announcement, the board of directors of China Oceanwide International Financial Limited comprises five executive directors, namely Mr. HAN Xiaosheng, Mr. ZHANG Bo, Mr. ZHANG Xifang, Mr. LIU Hongwei and Mr. Kenneth LAM Kin Hing; four non-executive directors, namely Mr. Bernard POULIOT, Mr. LIU Bing, Mr. FENG Henian and Mr. ZHAO Xiaoxia; and four independent non-executive directors, namely Mr. Roy LO Wa Kei, Mr. KONG Aiguo, Mr. HE Xuehui and Mr. HUANG Yajun.