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

(Incorporated in Bermuda with limited liability)

(Stock Code: 952)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE PERIOD FROM 1 APRIL 2017 TO 31 DECEMBER 2017

The board of directors (the "Board" or "Directors") of China Oceanwide International Financial Limited (the "Company") hereby announces the audited consolidated financial results of the Company and its subsidiaries (together, the "Group") for the period from 1 April 2017 to 31 December 2017, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 April 2017 to 31 December 2017

	Notes	**Period from 1 April 2017 to 31 December 2017** *HK$'000*	Year ended 31 March 2017 *HK$'000*
Revenue	4	**352,155**	350,346
Other operating income and gains less losses	5	**(403)**	3,394
Cost of services provided		**(136,505)**	(167,932)
Staff costs		**(98,006)**	(155,237)
Depreciation and amortisation expenses		**(6,654)**	(9,013)
Other operating expenses		**(56,561)**	(66,579)
Finance costs	6	**(10,170)**	(16,149)
Share of results of an associate		**5,263**	383
Share of results of joint ventures		**(1,930)**	1,695
Profit/(Loss) before income tax	7	**47,189**	(59,092)
Income tax (expense)/credit	8	**(3,904)**	1,145

	Notes	Period from 1 April 2017 to 31 December 2017 HK$'000	Year ended 31 March 2017 HK$'000
Profit/(Loss) for the period/year, attributable to owners of the Company		**43,285**	(57,947)
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		**2,609**	(2,544)
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		**(2,225)**	(1,540)
— Dividend from financial assets measured at fair value through other comprehensive income, which represents recovery of part of the investment cost		**—**	508
— Surplus on revaluation of property, plant and equipment upon transfer to investment properties		**—**	5,255
Other comprehensive income for the period/year, including reclassification adjustments and net of tax		**384**	1,679
Total comprehensive income for the period/year, attributable to owners of the Company		**43,669**	(56,268)
		HK cent(s)	*HK cent(s)*
Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company for the period/year	10		
— Basic		**1.069**	(3.839)
— Diluted		**1.069**	(3.839)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	31 December 2017 HK$'000	31 March 2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**13,483**	13,185
Investment properties		**10,200**	9,340
Goodwill		**14,695**	14,695
Development costs		**4,260**	5,356
Other intangible assets		**1,543**	2,023
Financial assets measured at fair value through other comprehensive income		**11,615**	13,840
Interest in an associate		**—**	42,096
Interests in joint ventures		**42,028**	41,344
Other assets		**23,619**	27,125
Loan receivables measured at amortised cost	12	**458,333**	—
Financial assets measured at fair value through profit or loss		**88,007**	—
Deferred tax assets		**6,612**	2,573
Deposits for subscription of shares		**46,910**	—
Deposits for property, plant and equipment		**1,458**	—
		722,763	171,577
Current assets			
Trade receivables	11	**2,943,073**	1,759,522
Loan receivables measured at amortised cost	12	**771,741**	—
Other financial assets measured at amortised cost		**117,499**	—
Prepayments, deposits and other receivables		**27,797**	13,739
Financial assets measured at fair value through profit or loss		**1,505,119**	7,294
Tax recoverable		**1,657**	2,599
Trust time deposits held on behalf of clients		**661,014**	584,818
Trust bank balances held on behalf of clients		**776,209**	800,723
Cash and cash equivalents		**1,074,932**	63,230
		7,879,041	3,231,925

	Notes	31 December 2017 HK$'000	31 March 2017 HK$'000
Current liabilities			
Trade payables	13	**2,177,557**	2,298,790
Financial assets sold under repurchase agreements		**305,708**	—
Bank and other borrowings		**255,940**	476,334
Accruals and other payables		**118,480**	61,822
Tax payables		**6,696**	41
		2,864,381	2,836,987
Net current assets		**5,014,660**	394,938
Net assets		**5,737,423**	566,515
EQUITY			
Equity attributable to Company's owners			
Share capital		**20,740**	5,184
Reserves		**5,716,683**	561,331
Total equity		**5,737,423**	566,515

NOTES TO THE AUDITED RESULTS

For the period from 1 April 2017 to 31 December 2017

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The financial statements have been prepared on the historical cost basis except for certain financial assets and investment properties which are measured at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Adoption of new and amended HKFRSs

During the period, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting period and relevant to the Group. Except as explained below, the adoption of these new and amended HKFRSs has no material impact on the Group's financial statements.

Amendments to HKAS 7, Disclosure Initiative

The Group has applied these amendments for the first time in the current period. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Group's liabilities arising from financing activities consist of third party interests in consolidated investment fund within accruals and other payables and financial assets sold under repurchase agreements. Reconciliations between the opening and closing balances of these items are provided in these financial statements. According to the transition provisions of the amendments, the Group is not required to disclose comparative information for the prior period. Apart from the additional disclosures, the application of these amendments has had no impact on the Group's consolidated financial statements.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured at fair value.

The adoption of the amendments has no impact on the financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

2.2 New and amended HKFRSs that have been issued but are not yet effective

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been issued but are not yet effective. The Group had not adopted early any new and amended HKFRSs that are not yet effective for the current period. The directors of the Company anticipated that these new and amended HKFRSs will be adopted for the first period beginning after their effective date.

Information on new and amended HKFRSs that have not been adopted early by the Group but expected to have impact on the Group's consolidated financial statements is provided below. Other new and amended HKFRSs that have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 9 (2014), Financial Instruments

HKFRS 9 issued in November 2009, i.e. HKFRS 9 (2009), introduced new requirements for the classification and measurement of financial assets and was early adopted by the Group on 31 March 2010. HKFRS 9 was subsequently amended in November 2010, i.e. HKFRS 9 (2010), to introduce requirements for the classification and measurement of financial liabilities and for derecognition, and in December 2013, i.e. HKFRS 9 (2013), to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in September 2014, i.e. HKFRS 9 (2014), which incorporate these previous versions of HKFRS 9 and also include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements of financial assets by introducing a "fair value through other comprehensive income" measurement category for certain simple debt instruments. Entities that have adopted a previous version by 31 January 2015 may continue to apply that version until the mandatory effective date of HKFRS 9 (2014) of 1 January 2018.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of financial liability that is attributable to change in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 (2014) requires an expected credit loss models, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9 (2014), greater flexibility has been introduced to the types of transaction eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the Group's financial assets and financial liabilities as at 31 December 2017 and the facts and circumstances that exist at that date, the directors of the Company have assessed that the new classification requirement would not have a material impact on its financial assets and financial liabilities. In respect of financial assets measured at amortised cost which are subject to impairment provisions of HKFRS 9 (2014), the Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as required or permitted. As regards the loan receivables and other financial assets measured at amortised cost, the directors of the Company consider that they have low credit risk and hence expect to recognise 12-month expected credit losses for these items. In general, the directors anticipate that the application of the expected credit loss model will result in earlier recognition of credit losses for these assets. The Group does not anticipate the application of the hedge accounting requirements will have a material impact on the Group's consolidated financial statements. Changes in accounting policies resulting from the adoption of HKFRS 9 (2014) will generally be applied retrospectively. Extensive new disclosures, in particular about credit risk and expected credit losses, required under HKFRS 9 (2014) will be made in the financial statements.

HKFRS 15, Revenue from Contracts with Customers

HKFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Furthermore, extensive disclosures are required by HKFRS 15.

In June 2016, the HKICPA issued clarifications to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property, and transition.

HKFRS 15, including the amendments, will be effective for accounting period beginning on or after 1 January 2018. The Group plans to adopt HKFRS 15 in its consolidated financial statements using the retrospective approach and plans to use the practical expedients for completed contracts. Apart from providing more extensive disclosures on the Group's revenue transactions, the directors do not anticipate that the application of HKFRS 15 will have a significant impact on the financial position and/or financial performance of the Group.

HKFRS 16, Leases

The HKICPA has published the new lease standard in May 2016. The new standard will have a significant impact on many entities across various industries. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations.

From the perspective as a lessee, under the existing standard, leases are classified as either finance lease or operating lease, resulting in different accounting treatment. Finance leases are required to be accounted for "On Balance Sheet" (i.e. lease asset and corresponding liabilities are recognised in the statement of financial position); while operating lease is accounted for "Off Balance Sheet" where no asset or liabilities are recognised and the lease expenses are recognised on a straight-line basis along the lease period. Under the new standard, "On Balance Sheet" accounting treatment is required for all leases, except for certain short-term leases and leases of low-value assets.

From the perspective as a lessor, HKFRS 16 substantially carried forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will be effective for accounting period beginning on 1 January 2019. The directors of the Company anticipate that the application of HKFRS 16 in the future will have impact on the amounts reported in respect of the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 16 until the Group has completed a detailed review.

HK(IFRIC) — Int 23 — Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

HK(IFRIC) — Int 23 will be effective for accounting period beginning on 1 January 2019. The directors of the Company anticipate that the application of HK(IFRIC) — Int 23 in the future will not have significant impact on the amounts reported in respect of the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The mandatory effective date for the amendments had not been determined but available for adoption. The Group is not yet in a position to state whether this new pronouncement will result in substantial changes to the Group's accounting policies and financial statements.

3. SEGMENT INFORMATION

The executive directors have identified the Group's five service lines as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Brokerage	Advisory	Asset management	Website management	Investments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Period from 1 April 2017 to 31 December 2017						
Revenue						
From external customers	257,775	46,496	19,563	9,159	19,162	352,155
From other segments	6,000	7,740	1,026	6,250	—	21,016
Reportable segment revenue	263,775	54,236	20,589	15,409	19,162	373,171
Reportable segment result	16,343	29,664	159	857	10,413	57,436
Interest income from loans to margin clients	56,708	—	—	—	—	56,708
Interest income from banks and other financial assets measured at amortised cost	25,051	—	208	1	475	25,735
Interest income from financial assets measured at fair value through profit or loss	—	—	—	—	6,377	6,377
Depreciation and amortisation	5,825	200	105	245	—	6,375
Increase in net assets attributable to other holders of a consolidated investment fund	—	—	—	—	5,469	5,469
Finance costs	8,711	—	—	—	1,459	10,170
Impairment of trade receivables	3,130	18	—	—	—	3,148
Share of results of an associate	—	—	—	—	5,263	5,263
Additions to non-current assets*	1,873	2,005	54	1,796	—	5,728
At 31 December 2017						
Reportable segment assets	6,045,806	63,247	31,853	16,474	1,671,524	7,828,904
Reportable segment liabilities	2,452,183	1,210	2,562	10,287	359,832	2,826,074

	Brokerage	Advisory	Asset management	Website management	Investments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2017						
Revenue						
From external customers	285,393	22,193	16,096	13,982	12,682	350,346
From other segments	—	731	796	7,907	—	9,434
Reportable segment revenue	285,393	22,924	16,892	21,889	12,682	359,780
Reportable segment result	(7,772)	(7,848)	(893)	(590)	5,905	(11,198)
Interest income from loans to margin clients	49,300	—	—	—	—	49,300
Interest income from banks and other financial assets measured at amortised cost	5,995	—	—	1	139	6,135
Depreciation and amortisation	7,774	525	139	197	—	8,635
Increase in net assets attributable to other holders of a consolidated investment fund	—	—	—	—	4,034	4,034
Finance costs	16,149	—	—	—	—	16,149
Impairment of trade receivables	5,299	—	—	3	—	5,302
Reversal of impairment of trade receivables	—	20	—	—	—	20
Share awards expense	174	68	(2)	21	—	261
Share of results of an associate	—	—	—	—	383	383
Write-back of other payables	1,111	—	—	751	—	1,862
Additions to non-current assets*	11,004	57	19	144	—	11,224
At 31 March 2017						
Reportable segment assets	3,243,468	5,302	8,663	4,204	63,230	3,324,867
Interest in an associate	—	—	—	—	42,096	42,096
Reportable segment liabilities	2,804,485	943	3,396	7,413	—	2,816,237

The totals presented for the Group's operating segments are reconciled to the Group's key financial figures as presented in the consolidated financial statements as follows:

	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017
	HK$'000	*HK$'000*
Reportable segment revenue	**373,171**	359,780
Elimination of inter-segment revenue	**(21,016)**	(9,434)
Consolidated revenue	**352,155**	350,346
Reportable segment result	**57,436**	(11,198)
Gain on revaluation of investment properties	**860**	1,340
Other operating income and gains	**5,652**	1,366
Share of results of joint ventures	**(1,930)**	1,695
Unallocated corporate expenses	**(14,829)**	(52,295)
Consolidated profit/(loss) before income tax	**47,189**	(59,092)

	31 December 2017	31 March 2017
	HK$'000	*HK$'000*
Reportable segment assets	**7,828,904**	3,324,867
Investment properties	**10,200**	9,340
Interests in joint ventures	**42,028**	41,344
Deferred tax assets	**6,612**	2,573
Tax recoverable	**1,657**	2,599
Unallocated corporate assets	**712,403**	22,779
Consolidated assets	**8,601,804**	3,403,502
Reportable segment liabilities	**2,826,074**	2,816,237
Tax payables	**6,696**	41
Unallocated corporate liabilities	**31,611**	20,709
Consolidated liabilities	**2,864,381**	2,836,987

	Reportable segment total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Period from 1 April 2017 to 31 December 2017			
Other material items			
Interest income from banks and other financial assets measured at amortised cost	**25,735**	**4,480**	**30,215**
Depreciation and amortisation	**6,375**	**279**	**6,654**
Additions to non-current assets*	**5,728**	**1,094**	**6,822**
Year ended 31 March 2017			
Other material items			
Interest income from banks and other financial assets measured at amortised cost	6,135	1	6,136
Depreciation and amortisation	8,635	378	9,013
Share awards expense	261	41	302
Write-back of other payables	1,862	591	2,453
Additions to non-current assets*	11,224	68	11,292

Included in unallocated corporate assets and corporate liabilities are cash and cash equivalents of HK$706,784,000 (31 March 2017: HK$20,106,000) and accruals and other payables of HK$30,167,000 (31 March 2017: HK$19,139,000) of the Company, respectively. Included in unallocated corporate expenses are the following items:

	Period from 1 April 2017 to 31 December 2017 *HK$'000*	Year ended 31 March 2017 *HK$'000*
Payment to certain employees under a phantom share scheme and compensation to three executive directors of the Company	**9,208**	46,029
Expenses incurred in connection with the acquisition of Company's shares by its immediate holding company and agreements entered into with CMBC International Holdings Limited	—	2,437

In accordance with the service agreements of three executive directors, each of them are entitled a lump sum equivalent to their 12 months' salaries and HK$4.0 million compensation upon a change of control of the Company. In addition, under a phantom share scheme adopted in August 2016, certain employees are entitled an awarded cash payment, 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. As at 31 December 2017 and 31 March 2017, the 12 months' salaries to the three executive directors was unpaid and included in "Accruals and other payables".

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's non-current assets*. The geographical location of customers is based on the location at which services were provided. The geographical location of non-current assets* is based on the physical location of the asset, in the case of property, plant and equipment and investment properties, the location of the operation to which they are allocated, in the case of goodwill, development costs, other intangible assets and deposits for property, plant and equipment, and the location of the operations, in the case of interests in an associate and joint ventures.

	Revenue from external customers		**Non-current assets***	
	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017	**31 December 2017**	31 March 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)#	**348,900**	348,971	**45,403**	86,463
Mainland China	**—**	—	**42,264**	41,576
Others	**3,255**	1,375	**—**	—
	352,155	350,346	**87,667**	128,039

* Non-current assets exclude financial assets measured at fair value through other comprehensive income, other assets, loan receivables measured at amortised cost, financial assets measured at fair value through profit or loss, deferred tax assets and deposits for subscription of shares.

\# The Company is an investment holding company incorporated in Bermuda where the Group does not have any activities. The Group has the majority of its operations in Hong Kong, and therefore, Hong Kong is considered as the Group's place of domicile for the purpose of disclosures as required by HKFRS 8 "Operating Segments".

The Group's customers include the following with whom transactions have exceeded 10% of the Groups' revenue:

	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017
	HK$'000	*HK$'000*
Customer A**	**38,333**	N/A

** Revenue from this customer is attributable to brokerage and advisory segments.

4. REVENUE

	Period from 1 April 2017 to 31 December 2017 *HK$'000*	Year ended 31 March 2017 *HK$'000*
Brokerage:		
Commission on dealings in securities	**61,270**	52,903
Commission on dealings in futures and options contracts	**98,384**	135,575
Handling, custodian and other service fee income	**14,099**	14,719
	173,753	203,197
Interest income:		
Interest income from loans to margin clients	**56,708**	49,300
Interest income from banks and other financial institutions	**10,021**	4,688
Interest income from other loans and receivables	**19,970**	1,448
Interest income from corporate bonds	**6,601**	—
	93,300	55,436
Corporate finance:		
Placing and underwriting commission	**2,885**	27,804
Financial advisory fee income	**46,496**	22,193
	49,381	49,997
Asset management:		
Management and performance fee income	**19,563**	16,096
	19,563	16,096
Investments and others:		
Financial media service fee income	**9,159**	13,982
Net realised and unrealised gain on financial assets measured at fair value through profit or loss	**6,087**	8,983
Dividend income from financial assets measured at fair value through profit or loss	**912**	2,655
	16,158	25,620
	352,155	350,346

5. OTHER OPERATING INCOME AND GAINS LESS LOSSES

	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017
	HK$'000	*HK$'000*
Changes in net asset value attributable to other holders of a consolidated investment fund	**(5,469)**	(4,034)
Exchange gains, net	**2,611**	1,642
Gain on revaluation of investment properties	**860**	1,340
Reversal of impairment of trade receivables	**—**	20
Write-back of other payables	**—**	2,453
Sundry income	**1,595**	1,973
	(403)	3,394

6. FINANCE COSTS

	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017
	HK$'000	*HK$'000*
Finance charges under repurchase agreements	**1,459**	—
Interest on bank and other loans and note payables	**8,711**	16,149
Interest expense on financial liabilities not at fair value through profit or loss	**10,170**	16,149

7. PROFIT/(LOSS) BEFORE INCOME TAX

	Period from 1 April 2017 to 31 December 2017 *HK$'000*	Year ended 31 March 2017 *HK$'000*
Profit/(Loss) before income tax is arrived at after charging:		
Auditors' remuneration	**1,957**	1,637
Amortisation of development costs and other intangible assets	**1,645**	2,163
Depreciation of property, plant and equipment	**5,009**	6,850
	6,654	9,013
Impairment of trade receivables	**3,148**	5,302
Minimum lease payments under operating leases in respect of land and buildings	**24,184**	30,248
Net losses on disposals of property, plant and equipment	**1**	103
Outgoings in respect of investment properties	**20**	13

8. INCOME TAX EXPENSE/(CREDIT)

For the current period and the previous year, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits for the respective period/year.

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.

	Period from 1 April 2017 to 31 December 2017 *HK$'000*	Year ended 31 March 2017 *HK$'000*
Current tax — Hong Kong profits tax		
— Current period/year	**7,943**	136
— Under provision in prior year	**—**	847
	7,943	983
Deferred tax		
— Origination and reversal of temporary differences	**86**	(503)
— Temporary differences and tax losses previously not recognised	**(4,125)**	(2,070)
— Write-down of deferred tax assets	**—**	445
	(4,039)	(2,128)
Total income tax expense/(credit)	**3,904**	(1,145)

9. DIVIDENDS

The board resolved not to declare the payment of dividend for the financial years ended 31 December 2017 and 31 March 2017.

A final dividend in respect of the year ended 31 March 2016 of HK0.5 cent per ordinary share totaling HK$7,557,000 was paid on 15 September 2016.

10. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the followings:

Earnings/(Loss)

	Period from 1 April 2017 to 31 December 2017 *HK$'000*	Year ended 31 March 2017 *HK$'000*
For purpose of basic earnings/(loss) per share	**43,285**	(57,947)
For purpose of diluted earnings/(loss) per share	**43,285**	(57,947)

Weighted average number of ordinary shares in issue less shares held for Share Award Scheme

	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017
For purpose of basic earnings/(loss) per share	**4,047,821,652**	1,509,624,951
Effect of warrants	**3,922**	—
For purpose of diluted earnings/(loss) per share	**4,047,825,574**	1,509,624,951

During the year ended 31 March 2017, the Company has 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 has outstanding warrants during the current period and previous year which were issued on 4 April 2014 with exercise price of HK$0.50. The calculation of diluted loss per share for the year ended 31 March 2017 does not assume an exercise of those share options and warrants because it would result in a decrease in diluted loss per share.

11. TRADE RECEIVABLES

	Notes	31 December 2017 HK$'000	31 March 2017 HK$'000
Accounts receivable from dealings in securities, futures and options contracts			
— Brokers and clearing houses	(a)	**771,640**	944,585
— Cash clients	(a)	**12,684**	9,867
— Margin clients	(b)	**2,145,556**	814,043
— Clients for subscription of securities	(a)	**15,425**	3,054
Accounts receivable from asset management, advisory and other services			
— Clients	(a)	**21,410**	8,471
		2,966,715	1,780,020
Less: Provision for impairment		**(23,642)**	(20,498)
	(c)	**2,943,073**	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 31 December 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 comprehensive analysis including but not limited to loan-to-market and loan-to-discounted value ratios ("lending ratios"), concentration risk, illiquid collaterals and overall availability of funds. The Group exercises continuous monitoring of outstanding margin loans to see if the lending ratios have exceeded the pre-determined levels as a credit risk control mechanism. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. As at 31 December 2017, the market value of securities pledged by margin clients to the Group as collateral was HK$11,593,398,000 (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:

	31 December 2017 *HK$'000*	31 March 2017 *HK$'000*
Repayable on demand	**2,130,701**	801,371
0–30 days	**803,761**	955,699
31–60 days	**4,236**	512
61–90 days	**622**	90
91–180 days	**2,888**	135
181–360 days	**101**	160
Over 360 days	**764**	1,555
	2,943,073	1,759,522

12. LOAN RECEIVABLES MEASURED AT AMORTISED COST

	Note	**31 December 2017** *HK$'000*	31 March 2017 *HK$'000*
Loan receivables from money lending services			
— Secured		**1,215,074**	—
— Unsecured		**15,043**	43
	(a)	**1,230,117**	43
Less: Provision for impairment		**(43)**	(43)
		1,230,074	—

The maturity profile of the loan receivables and net of provision are as follows:

	31 December 2017 *HK$'000*	31 March 2017 *HK$'000*
On demand or within 1 year	**771,741**	—
In the 2nd to 5th years	**458,333**	—
	1,230,074	—

Note:

(a) Except for an amount of HK$43,000 (31 March 2017: HK$43,000), the balances were neither past due nor impaired (31 March 2017: Nil). Loan receivables that were neither past due nor impaired related to borrowers for whom there is no significant change in credit quality or the balance has been subsequently settled. The loan receivables bear interest at fixed rate ranging from 5%–12% (31 March 2017: 5%) per annum.

13. TRADE PAYABLES

	Notes	**31 December 2017** *HK$'000*	31 March 2017 *HK$'000*
Accounts payable from dealings in securities, futures and options contracts			
— Brokers and clearing house	(a)	**48,975**	73,538
— Cash clients	(a)	**663,527**	726,569
— Margin clients	(b)	**1,462,000**	1,497,414
Accounts payable from financial information and other services			
— Clients	(c)	**3,055**	1,269
		2,177,557	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:

	31 December 2017 *HK$'000*	31 March 2017 *HK$'000*
Within 180 days	**2,944**	1,262
Over 180 days	**111**	7
	3,055	1,269

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the nine months ended 31 December 2017 (March 2017: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT AND OVERVIEW

For the period from 1 April 2017 to 31 December 2017 (the "Current Year"), the Group turned profit from a previously loss-making situation and reported an after tax profit of approximately HK$43.29 million (Year ended 31 March 2017: loss of approximately HK$57.95 million). As this is the first annual report since our change of financial year end date from March to December, the comparative figures in the consolidated statement of comprehensive income show 12-month period from 1 April 2016 to 31 March 2017 (the "Last Year"), whereas the Current Year covers a 9-month period. The revenue of the Group has increased from HK$350 million in the Last Year to HK$352 million in the Current Year, which represents an average monthly revenue growth of 34%.

The Group does not recommend any final dividend for the Current Year.

MACRO REVIEW

Macro environment

In 2017, the global economy is estimated to have a 3.7% gain in gross domestic product ("GDP") according to International Monetary Fund ("IMF") report. The increase in growth was broad based with upside surprises in Europe and Asia. As a result, IMF also raised its global growth projection for 2018 and 2019 to 3.9%. The revision reflects increased growth momentum and the expected impact of the recently approved US tax policy changes. Led by a strong US equity market, most major stock markets recorded decent gain in 2017, despite strong currencies namely Euro and Renminbi appreciating by 14.2% and 6.6% respectively.

Moreover, the Chinese economy was holding up well with 2017 GDP growth being 6.9% as the economy is going through structural change. China's inflation rate also recovered from a two-year low of 0.8% in February 2017 to 1.8% in December 2017, contributed mainly by price increase in non-food items. Government's effort in the supply-side reform is evidenced with a higher utilisation rate of industrial capacity, reaching 77.0% in 2017, up 3.7% from a year earlier. Growth in retail sales was hovering at the 10.0% level since 2016 indicates a healthy domestic market. Export numbers were stabilising and saw mild growth over the same period last year. Overall, the country's economy was making a steady and quality recovery.

Hong Kong Stock Market

For the Current Year, the Hang Seng Index mainly trended upward from a low of around 24,000 points to a high of around 31,000 points. The Hang Seng Index reached its peak in December 2017 and recorded a year-on-year increase of 36% to 29,919.15 points on the last trading day in 2017. As at 31 December 2017, the total Hong Kong stock market capitalisation reached around HK$34 trillion, which represents a year-on-year growth of 37%. In 2017, the market sentiment was very optimistic with quite active trading volume. The average daily turnover of the secondary market of Hong Kong stock market surged to HK$88.2 billion, which represents a year-on-year increase of 32% from approximately HK$66.9 billion in 2016. The average daily turnover of futures and options of the market in Hong Kong in 2017 was 869,819 contracts, an increase of 14% from 761,744 contracts in 2016. The average daily turnover of stock options of the market in Hong Kong in 2017 was 428,499 contracts, an increase of 44% from 297,903 contracts in 2016.

In 2017, there were 174 newly listed companies in the primary market of Hong Kong, which represents a year-on-year increase of 38% from 126 in 2016. Total funds raised (including IPOs) in 2017 were HK$579.9 billion, which represents a year-on-year increase of 18% from HK$490.1 billion in 2016.

BUSINESS REVIEW

In the Current Year, the Group marked a new era after the acquisition by Oceanwide Holdings Co., Ltd, the change of company name and the subsequent HK$5.1 billion rights issue in August 2017. The Group changed its financial year end from March to December and this financial year covers a period of only nine months. The Group turned around to make a profit of HK$43.29 million in the Current Year even though it was only 4.5 months after the deployment of rights issues proceeds.

In the Current Year, the Group expanded its business rapidly by taking the following approaches: to increase our margin loan portfolio significantly, to utilise our capital to support our European public fund, to invest in self-managed private equity fund, to obtain stable income by investing in corporate bonds, to diversify our loan portfolio by tapping into structured finance loan, to utilise our capital to support our DCM business and to capture short-term equity market opportunities by investing in IPOs, etc.

In terms of operating parameters, the Group achieved a higher market share in the secondary market of the Hong Kong stock market in the Current Year. The Group recorded a much higher margin loan book of HK$2.15 billion as at 31 December 2017 as compared to HK$814 million as at 31 March 2017. The Group also made slight improvement in the IPO sponsorship mandates and financial advisory/independent financial advisory mandates signed in the Current Year. Our assets under management ("AUM") has shown modest improvement across two financial years.

FINANCIAL REVIEW

Brokerage business

Total revenue of HK$174 million from brokerage business was recorded in the Current Year, as compared to HK$203 million in the Last Year, representing an average monthly revenue growth of around 14%.

Commission on dealing in securities of HK$61 million was recorded in the Current Year as compared to HK$53 million in the 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. Commission on dealing in futures and options contracts of HK$98 million was recorded in the Current Year as compared to HK$136 million in the Last Year. The drop is mainly due to a decline in the number of transactions conducted by our clients.

Interest Income business

Total revenue of HK$93 million from interest income business was recorded in the Current Year, as compared to HK$55 million in the Last Year, representing an average monthly revenue growth of around 125%.

Interest income of HK$57 million from loans to margin clients was recorded in the Current Year as compared to HK$49 million in the Last Year, mainly due to the increase in average loan balance. The Group had about HK$2.12 billion of margin loans outstanding (settlement date basis) as at 31 December 2017. Interest income of around HK$10 million from banks and other financial institutions was recorded in the Current Year as compared to HK$5 million in the Last Year. Such increase is mainly due to higher bank balance arising from the significant rights issue proceeds from August 2017. Interest income from other loans and receivables was HK$20 million in the Current Year as compared to HK$1 million in the Last Year. The increase arises mainly in our HK$500 million participation in the Huge Group syndicated loan in August 2017. The Group had about HK$1.23 billion (current: HK$772 million; non current: HK$458 million) loan receivables outstanding as at 31 December 2017. Interest income of HK$7 million from corporate bonds was recorded in the Current Year as compared to nil in the Last Year. The increase is mainly due to our strategic utilisation of capital in achieving stable income through purchase of corporate bonds, e.g. the acquisition of US$120 million corporate bond from a subsidiary of Oceanwide Holdings Co., Ltd in November 2017, which has been grouped under financial asset at fair value through profit or loss in the consolidated statement of financial position.

Corporate Finance business

Total revenue of HK$49 million from corporate finance business was recorded in the Current Year, as compared to HK$50 million in the Last Year, representing an average monthly growth of around 31%.

Commission income (from placing, underwriting and sub-underwriting deals) was HK$3 million in the Current Year as compared to HK$28 million in the Last Year. Fee income (from sponsorship, financial advisory, compliance advisory engagements) was around HK$46 million in the Current Year as compared to HK$22 million in the Last Year. A total of 32 (Last Year: 39) mandates were signed, 14 (Last Year: 20) were placing, underwriting and sub-underwriting transactions, 3 (Last Year: 2) were IPO sponsorships, 13 (Last Year: 14) were financial advisory transactions and 2 (Last Year: 3) were other mandates.

Asset Management business

Total revenue of HK$20 million from asset management business was recorded in the Current Year, as compared to HK$16 million in the Last Year, representing an average monthly growth of around 67%.

The increase is mainly arising from the increase of performance fee out of our delivery of good investment return on Oceanwide China Focus Segregated Portfolio (OCF) and discretionary accounts. Our asset management business now mainly includes managing OCF, a private fund registered in Cayman Islands, Oceanwide Greater China UCITS Fund (UCITS), a European public fund registered in Luxembourg, a private equity fund called Oceanwide Pioneer Limited Partnership and various discretionary accounts. AUM was US$171 million as at 31 December 2017, which represents a rise of 60% from US$107 million as at 31 March 2017.

Investment and other business

Total revenue of HK$16 million from investment and other business was recorded in the Current Year, as compared to HK$26 million in the Last Year, representing an average monthly decline of around 18%. The decrease is mainly due to short-term stock market fluctuation in December 2017 which adversely affected our investment in seed funding in both OCF and UCITS. Financial media service fee income was around HK$9 million in the Current Year as compared to HK$14 million in the Last Year.

Expenses

Cost of service of HK$137 million was recorded in the Current Year as compared to HK$168 million in the Last Year, representing an average monthly increase of around 9%. The increase is mainly arising from the increase in revenue from brokerage business. Staff costs was HK$98 million in the Current Year as compared to HK$155 million in the Last Year, representing an average monthly decrease of around 16%, mainly from the inclusion in the comparative figure of the one-off HK$46 million cost being compensation for the then 3 executive directors and payment to several senior management staff due to the change of control in January 2017. Other operating expenses recorded around HK$57 million in the Current Year, as compared to HK$67 million in the Last Year, representing an average monthly increase of around 13%. The increase is mainly due to an increase in advertising and promotion expenses and staff recruitment cost.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow as well as 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 debt instruments.

As at 31 December 2017, the Group had available aggregate banking facilities of approximately HK$1.28 billion (31 March 2017: HK$1.24 billion), mostly secured through legal charges on certain securities owned by the Group's margin and money lending clients. As at 31 December 2017, approximately HK$256 million (31 March 2017: HK$375 million) of these banking facilities were utilised. In addition, the Group entered into several repurchase agreements on fixed income product and recorded financial assets sold under repurchase agreements of HK$306 million as at 31 December 2017.

The Group's cash and short-term deposits as at 31 December 2017 stood at approximately HK$1.07 billion (31 March 2017: HK$63 million).

The Group's gearing ratio was 10% as at 31 December 2017 (31 March 2017: 84%), being calculated as total debts over net assets. Total debts include financial assets sold under repurchase agreements and bank and other borrowings. Total debts are attributable mainly to the facilitation of securities margin lending business and fixed income investment 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 PROCEEDS

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$5,127.1 million. As at 31 December 2017, all the net proceeds of this rights issue have been applied to its intended use as stated in the prospectus of the rights issue dated 14 July 2017. The Group has utilised the net proceeds of the rights issue as follows:

1. approximately 65% of the net proceeds, i.e. HK$3,332.6 million, in securities brokerage business area including HK$1,670.0 million (approximately 33% of the net proceeds) in capital injection to our operating subsidiary in securities brokerage business, HK$831.3 million (approximately 16% of the net proceeds) in developing structured finance business and HK$831.3 million (approximately 16% of the net proceeds) in developing its debt capital market business;

2. approximately 15% of the net proceeds, i.e. HK$769.1 million, in asset management business area including HK$470.0 million (approximately 9% of the net proceeds) in seed money in existing and new funds and HK$299.1 million (approximately 6% of the net proceeds) in developing its asset management business in relation to capital injection to our operating subsidiary in asset management business and increase in working capital for asset management business for hiring new staff and purchase of new IT system, etc.; and

3. approximately 20% of the net proceeds, i.e. HK$1,025.4 million, for general working capital purpose, including increase of share capital of subsidiaries, increase of liquidity of daily operation and repayment of loans etc.

PROSPECTS

In the near future, the Company will undergo tremendous expansion by way of increase in share capital through rights issue of approximately HK$18.3 billion announced in December 2017. Adding that into the existing net asset, the net asset figure after this rights issue for the Group will exceed HK$24 billion. We hope this rights issue could be completed soon despite some delay in its completion. Under the current structure of this rights issue, the major shareholder of the Company will be changed from under the corporate structure of Oceanwide Holdings Co., Ltd (000046.SZ) to a company owned by Mr. LU Zhiqiang and Ms. LU Xiaoyun, daughter of Mr. LU Zhiqiang.

In response to the request from the Registrar of Company in Hong Kong, our Company will change its name, which is the second time in less than 12 months. We hope stakeholders can understand it. We will be launching marketing campaign including TV commercials and/or press advertisements to promote our new company name.

The Group will take advantage of a much larger share capital and adopt capital-based intermediary approach. We will utilise our capital to support and develop our fee-based businesses such as asset management, DCM, ECM and structured finance. We aim to increase our revenue from corporate finance, asset management and investment and other businesses and to reduce our reliance on brokerage and interest income businesses. With the rapid growth in our share capital, we will find means to deliver a decent return on equity to our shareholders. An appropriate level of leverage is healthy and we will increase our borrowings to enhance equity return. If opportunities arise, we may enter into M&A activities swiftly to bring in return in addition to organic growth as well as possible regional presences. We will be continuously improving our risk control mechanism on our investments which we expect to be more diversified in the near future. The Group will continue to expand its securities brokerage business and increase its market share in secondary market trading as well as the size of our margin loan book. To achieve all these, recruitment and retention of high calibre staff are essential. The Group will improve staff benefits including but not limited to the adoption of stock option plan and share award schemes at the right timing.

We understand shareholders are concerned about the share price performance of our Company. We will strive to deliver good results and to enhance our investor relations in a bid to let the market better appreciate the value of our Company.

However, there are still uncertainties in the outlook of the global macro economy, geo-political environment in Asia and the business environment in Hong Kong in the near future. The plan set by the Group may be subject to change in response to changes in the external objective environment. The Group will try its best to deliver a good result in terms of overall profitability, return on equity, operating efficiency and bring better return to our shareholders.

All in all, the Group is poised to expand rapidly in the near future. We have set our aim of becoming a leading Chinese privately-owned international financial platform, based in Hong Kong with presences in overseas.

CHARGES ON THE GROUP'S ASSETS

No asset of the Group was subject to any charge as at both financial year end dates.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 December 2017, the Group had 192 full time employees in Hong Kong (31 March 2017: 161), together with 37 full time employees based in Mainland China (31 March 2017: 41). In addition, the Group has 116 commission sales representatives (31 March 2017: 128).

Competitive total remuneration packages are offered to employees by reference to industry salary survey report, 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 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 yearly outside parties 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 the 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 reports 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 will prescribe from time to time lending limits on individual stocks and/or 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 Group'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 to raise capital whenever business operations growth justifies these. 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 interest. 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 monitoring the quality of client exposure is important.

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 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 regulated businesses, we endeavour 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 scrutinise our internal control processes to reduce legal and regulatory risks that can impact the Group's operation.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the Current Year, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any listed securities of the Company.

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 Current Year and subsequent period up to the date of this announcement, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the 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.

In response to specific enquiry, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the Current Year.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company comprises five independent non-executive Directors. The Audit Committee has met with BDO Limited, the external auditor of the Company, to review the accounting policies and practices adopted by the Company, and review the audited consolidated financial results of the Company for the period from 1 April 2017 to 31 December 2017.

PUBLICATION OF THE AUDITED RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the period from 1 April 2017 to 31 December 2017 is published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.oceanwidefinancial.com respectively. The Annual Report for the nine months ended 31 December 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 March 2018

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