中國通海國際金融有限公司
CHINA TONGHAI INTERNATIONAL FINANCIAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 952)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors (the "Board" or "Directors") of China Tonghai International Financial Limited (the "Company") hereby announces the audited consolidated financial results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2018, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**Twelve months ended 31 December 2018** *HK$'000*	Nine months from 1 April 2017 to 31 December 2017 *HK$'000*
Fee and commission income	4	**277,429**	251,579
Interest income			
— Calculated using the effective interest method	4	**208,591**	30,951
— Other	4	**238,382**	62,626
Net investment income/(loss)	4	**(52,092)**	6,999
Total revenue		**672,310**	352,155

	Notes	Twelve months ended 31 December 2018 HK$'000	Nine months from 1 April 2017 to 31 December 2017 HK$'000
Other net operating income/(losses)	5	**23,261**	(403)
Cost of services provided		**(181,304)**	(136,505)
Staff costs		**(164,967)**	(98,006)
Depreciation and amortisation expenses	7	**(9,888)**	(6,654)
Impairment loss on financial instruments		**(89,890)**	(3,148)
Other operating expenses		**(82,306)**	(53,413)
Finance costs	6	**(59,023)**	(10,170)
Share of results of an associate		**—**	5,263
Share of results of joint ventures		**1,597**	(1,930)
Profit before income tax	7	**109,790**	47,189
Income tax expense	8	**(9,615)**	(3,904)
Profit for the twelve/nine months attributable to equity holders of the Company		**100,175**	43,285
Earnings per share for profit attributable to equity holders of the Company for the twelve/nine months	10	***HK cent(s)***	*HK cent(s)*
— Basic and diluted		**1.612**	1.069

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Twelve months ended 31 December 2018 *HK$'000*	Nine months from 1 April 2017 to 31 December 2017 *HK$'000*
Profit for the twelve/nine months	**100,175**	43,285
Other comprehensive income for the twelve/nine months, including reclassification adjustments		
Item that may be reclassified subsequently to profit or loss		
— Exchange gain/(loss) on translation of financial statements of foreign operations	**(2,461)**	2,609
Items that will not be reclassified subsequently to profit or loss		
— Changes in fair value of investments measured at fair value through other comprehensive income	**(5,294)**	(2,225)
— Capital distribution from investments measured at fair value through other comprehensive income, which represents recovery of part of the investment cost	**1,285**	—
Other comprehensive income for the twelve/nine months including reclassification adjustments	**(6,470)**	384
Total comprehensive income for the twelve/nine months attributable to equity holders of the Company	**93,705**	43,669

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2018 *HK$'000*	As at 31 December 2017 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Leasehold improvements and equipment		**21,285**	13,483
Investment properties		**11,200**	10,200
Goodwill		**14,695**	14,695
Development costs		**2,962**	4,260
Other intangible assets		**2,719**	1,543
Investments measured at fair value through other comprehensive income		**6,321**	11,615
Interests in joint ventures		**41,444**	42,028
Other assets		**17,234**	23,619
Loans, bonds and notes measured at amortised cost	12	**85,554**	458,333
Investments measured at fair value through profit or loss		**230,141**	88,007
Deferred tax assets		**25,915**	6,612
Deposits for subscription of shares		**—**	46,910
Deposits for leasehold improvements and equipment		**1,770**	1,458
		461,240	722,763
Current assets			
Accounts receivable	11	**600,288**	812,991
Margin loans		**2,810,720**	2,130,082
Loans, bonds and notes measured at amortised cost	12	**2,833,192**	889,240
Prepayments, deposits and other receivables		**26,808**	27,797
Investments measured at fair value through profit or loss		**1,766,694**	1,505,119
Tax recoverable		**—**	1,657
Bank balances held on behalf of clients		**1,321,371**	1,437,223
Cash and cash equivalents		**357,300**	1,074,932
		9,716,373	7,879,041

	Notes	As at 31 December 2018 HK$'000	As at 31 December 2017 HK$'000
Current liabilities			
Accounts payable	13	**1,846,261**	2,177,557
Obligations under repurchase agreements		**34,634**	305,708
Bank and other borrowings		**2,308,573**	255,940
Contract liabilities		**8,886**	—
Accruals and other payables		**110,122**	118,480
Tax payables		**22,523**	6,696
		4,330,999	2,864,381
Net current assets		***5,385,374***	*5,014,660*
Non-current liability			
Notes payable		**50,000**	—
Net assets		**5,796,614**	5,737,423
EQUITY			
Equity attributable to Company's owners			
Share capital		**20,657**	20,740
Reserves		**5,775,957**	5,716,683
Total equity		**5,796,614**	5,737,423

NOTES TO THE AUDITED RESULTS

For the year ended 31 December 2018

1. BASIS OF PREPARATION

These 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"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions 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.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Adoption of new and amended HKFRSs

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

(i) HKFRS 9, *Financial instruments*

(ii) HKFRS 15, *Revenue from contracts with customers*

(iii) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

HKFRS 9 (2014), Financial instruments

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

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. Further 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.

The Group has applied HKFRS 9 (2014) retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKFRS 9 (2009).

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

HK(IFRIC) 22, Foreign currency transactions and advance consideration

This Interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

2.2 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2018

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16, *Leases*	1 January 2019
Annual Improvements to HKFRSs 2015–2017 Cycle	1 January 2019
HK(IFRIC) 23, *Uncertainty over income tax treatments*	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application.

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.

Following the change in the composition of the reportable segments, the corresponding segmental information for the nine months from 1 April 2017 to 31 December 2017 has been restated to conform with the current year's presentation.

The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated for the effect of application of HKFRS 15 and was prepared in accordance with HKAS 18.

	Brokerage and interest income	**Corporate finance**	**Asset management**	**Investments**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Twelve months ended 31 December 2018						
Revenue						
Fee and commission income	**200,868**	**40,669**	**24,143**	**—**	**11,749**	**277,429**
Interest income	**446,973**	**—**	**—**	**—**	**—**	**446,973**
Net investment loss	**—**	**—**	**—**	**(52,092)**	**—**	**(52,092)**
Segment revenue from external customers	**647,841**	**40,669**	**24,143**	**(52,092)**	**11,749**	**672,310**
Inter-segment revenue	**3,652**	**3,525**	**7,789**	**—**	**4,196**	**19,162**
Reportable segment revenue	**651,493**	**44,194**	**31,932**	**(52,092)**	**15,945**	**691,472**
Reportable segment result	**161,237**	**7,988**	**4,026**	**(59,260)**	**596**	**114,587**

	Brokerage and interest income	Corporate finance	Asset management	Investments	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Nine months from 1 April 2017 to 31 December 2017						
Revenue						
Fee and commission income	171,718	49,104	21,598	—	9,159	251,579
Interest income	93,577	—	—	—	—	93,577
Net investment income	—	—	—	6,999	—	6,999
Segment revenue from external customers	265,295	49,104	21,598	6,999	9,159	352,155
Inter-segment revenue	6,000	7,740	1,026	—	6,250	21,016
Reportable segment revenue	271,295	56,844	22,624	6,999	15,409	373,171
Reportable segment result	20,282	29,271	2,657	5,226	857	58,293

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:

	Twelve months ended 31 December 2018 *HK$'000*	Nine months from 1 April 2017 to 31 December 2017 *HK$'000*
Reportable segment revenue	**691,472**	373,171
Elimination of inter-segment revenue	**(19,162)**	(21,016)
Consolidated revenue	**672,310**	352,155
Reportable segment result	**114,587**	58,293
Gain on revaluation of investment properties	**1,000**	860
Other operating income	**1,655**	750
Share of results of joint ventures	**1,597**	(1,930)
Unallocated corporate expenses	**(9,049)**	(10,784)
Consolidated profit before income tax	**109,790**	47,189

Included in unallocated corporate expenses are the following items:

	Twelve months ended 31 December 2018 *HK$'000*	Nine months from 1 April 2017 to 31 December 2017 *HK$'000*
Payment to certain employees under a phantom share scheme and compensation to three executive directors of the Company	**837**	9,208
Expenses incurred in connection with the proposed rights issue, which has been terminated on 10 September 2018	**3,690**	—

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.

Under a phantom share scheme adopted in August 2016, certain employees are entitled an awarded cash payment.

Geographical information

The Group's operations are substantially located in Hong Kong and substantially all non-current assets of the Group are located in Hong Kong. Therefore, no detailed analysis of geographical information is required.

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

	Twelve months ended 31 December 2018 *HK$'000*	Nine months from 1 April 2017 to 31 December 2017 *HK$'000*
Customer A**	—	38,333

** Revenue from this customer is attributable to brokerage and interest income and corporate finance segments.

4. REVENUE

(a) Revenue analysis

	Twelve months ended 31 December 2018 *HK$'000*	Nine months from 1 April 2017 to 31 December 2017 *HK$'000* (Restated)
Brokerage business		
Fee and commission income*:		
— Commission on dealings in securities		
— Hong Kong securities	**59,925**	57,434
— Other than Hong Kong securities	**6,643**	3,836
— Commission on dealings in futures and options contracts	**119,471**	98,384
— Handling, custodian and other service fee income	**14,829**	12,064
	200,868	171,718

	Twelve months ended 31 December 2018 HK$'000	Nine months from 1 April 2017 to 31 December 2017 HK$'000 (Restated)
Interest income business		
Interest income from loans to margin clients	**178,061**	56,249
Interest income calculated using the effective interest method:		
— Interest income from structured loans	**173,859**	18,711
— Interest income from cash clients receivable	**1,832**	796
— Interest income from trust bank deposits	**11,328**	4,459
— Interest income from initial public offering loans	**673**	941
— Interest income from house money bank deposits and others	**20,899**	6,044
Interest income from bonds measured at fair value through profit or loss and others	**60,321**	6,377
	446,973	93,577
Corporate finance business		
Fee and commission income*:		
— Placing and underwriting commission income	**11,438**	2,885
— Financial and compliance advisory services fee income	**29,231**	46,219
	40,669	49,104
Asset management business		
Fee and commission income*:		
— Management fee income	**18,864**	11,096
— Performance fee income	**5,279**	10,502
	24,143	21,598

	Twelve months ended 31 December 2018 HK$'000	Nine months from 1 April 2017 to 31 December 2017 HK$'000 (Restated)
Investments and others business		
Fee and commission income*:		
— Financial media service fee income	**11,749**	9,159
Net investment income/(loss):		
— Net realised loss on bonds measured at amortised cost	**(5,348)**	—
— Net realised and unrealised gain/(loss) on investments measured at fair value through profit or loss	**(63,244)**	6,087
— Dividend income from investments measured at fair value through profit or loss	**16,416**	793
— Dividend income from investments measured at fair value through other comprehension income	**84**	119
	(40,343)	16,158
	672,310	352,155

* The Group has initially applied HKFRS 15 using cumulative effect method. Under this method, the comparative information of those revenue from contracts with customers within the scope of HKFRS 15 is not restated for the effect of application of HKFRS 15, and was prepared in accordance with HKAS 18.

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts with customers and did not disclose information about the remaining performance obligations under the contracts that had an original expected duration of one year or less.

5. OTHER NET OPERATING INCOME/(LOSSES)

	Twelve months ended 31 December 2018 *HK$'000*	Nine months from 1 April 2017 to 31 December 2017 *HK$'000*
Changes in net asset value attributable to other holders of a consolidated investment fund	**13,738**	(5,469)
Exchange gains, net	**3,045**	2,611
Gain on revaluation of investment properties	**1,000**	860
Write-back of other payables	**1,368**	—
Sundry income	**4,110**	1,595
	23,261	(403)

6. FINANCE COSTS

	Twelve months ended 31 December 2018 *HK$'000*	Nine months from 1 April 2017 to 31 December 2017 *HK$'000*
Finance charges on obligations under repurchase agreements	**3,456**	1,459
Interest on bank and other borrowings and notes payable	**55,567**	8,711
	59,023	10,170

7. PROFIT BEFORE INCOME TAX

	Twelve months ended 31 December 2018 *HK$'000*	Nine months from 1 April 2017 to 31 December 2017 *HK$'000*
Profit before income tax is arrived at after charging:		
Depreciation and amortisation		
— Development costs and other intangible assets	**2,421**	1,645
— Leasehold improvements and equipment	**7,467**	5,009
	9,888	6,654
Other items		
— Auditors' remuneration	**2,290**	1,957
— Minimum lease payments under operating leases in respect of land and buildings	**39,677**	24,184
— Net losses on disposals of leasehold improvements and equipment	**153**	1
— Direct operating expenses related to investment properties	**24**	20

8. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of qualifying corporations are taxed at 8.25%, and assessable profits above HK$2 million are taxed at 16.5%. The profits of corporation not qualifying the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the twelve months ended 31 December 2018, Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime. For the nine months from 1 April 2017 to 31 December 2017, Hong Kong profits tax was provided at a flat rate of 16.5% on the estimated assessable profits.

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.

	Twelve months ended 31 December 2018	Nine months from 1 April 2017 to 31 December 2017
	HK$'000	*HK$'000*
Current tax — Hong Kong profits tax		
— For the twelve/nine months	**28,469**	7,943
— Over provision in prior year	**(420)**	—
	28,049	7,943
Deferred tax	**(18,434)**	(4,039)
Total income tax expense	**9,615**	3,904

9. DIVIDENDS

The board resolved not to declare the payment of dividend for the financial year ended 31 December 2018 (31 December 2017: Nil).

10. EARNINGS PER SHARE

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

	Twelve months ended 31 December 2018	Nine months from 1 April 2017 to 31 December 2017
	HK$'000	*HK$'000*
For purpose of basic and diluted earnings per share	**100,175**	43,285

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

	Twelve months ended 31 December 2018	Nine months from 1 April 2017 to 31 December 2017
For purpose of basic earnings per share	**6,214,004,697**	4,047,821,652
Effect of warrants	**—**	3,922
For purpose of diluted earnings per share	**6,214,004,697**	4,047,825,574

11. ACCOUNTS RECEIVABLE

	Notes	**As at 31 December 2018** ***HK\$'000***	**As at 1 January 2018** ***HK\$'000***	As at 31 December 2017 *HK\$'000*
Accounts receivable from dealings in securities, futures and options contracts				
— Brokers and clearing houses	(a)	**568,126**	**771,640**	771,640
— Cash clients	(a)	**13,245**	**12,684**	12,684
— Clients for subscription of securities	(a)	**27**	**15,425**	15,425
Less: Impairment allowance		**(5,770)**	**(4,230)**	(4,230)
		575,628	**795,519**	795,519
Accounts receivable from asset management, advisory and other services				
— Clients	(a)	**30,466**	**21,410**	21,410
Less: Impairment allowance		**(5,806)**	**(4,169)**	(3,938)
		24,660	**17,241**	17,472
Net accounts receivable	(b)	**600,288**	**812,760**	812,991

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 2018 bear interest at a fixed rate of 2.5% (31 December 2017: 2.0%) per annum.

(b) Ageing analysis of accounts receivable based on due date and net of provision is as follows:

	As at 31 December 2018 ***HK$'000***	As at 31 December 2017 *HK$'000*
Repayable on demand	**1,524**	619
0–30 days	**590,751**	803,761
31–90 days	**3,982**	4,858
Over 90 days	**4,031**	3,753
Net accounts receivable	**600,288**	812,991

12. LOANS, BONDS AND NOTES MEASURED AT AMORTISED COST

	Notes	As at 31 December 2018 HK$'000	As at 1 January 2018 HK$'000	As at 31 December 2017 HK$'000
Loans				
— Secured	(a)	**749,407**	**1,125,425**	1,125,425
— Guaranteed	(a)	**1,793,309**	**89,649**	89,649
— Unsecured	(a)	**83,066**	**15,043**	15,043
Corporate bonds				
— Guaranteed	(b)	**109,640**	**117,499**	117,499
Corporate notes				
— Secured	(c)	**49,590**	**—**	—
— Unsecured	(d)	**229,893**	**—**	—
		3,014,905	**1,347,616**	1,347,616
Less: impairment allowance		**(96,159)**	**(9,462)**	(43)
		2,918,746	**1,338,154**	1,347,573
Non-current		**85,554**	**458,318**	458,333
Current		**2,833,192**	**879,836**	889,240
		2,918,746	**1,338,154**	1,347,573

Notes:

(a) Loans bear interest at fixed rate ranging from 5%–9.5% (31 December 2017: 5%–12%) per annum.

(b) The guaranteed corporate bonds carry interest at 6.25% (31 December 2017: 6.25%) per annum and have been overdue since December 2018.

(c) The secured corporate notes carry interest at 6.25% and 8.25% (31 December 2017: Nil) per annum for each of the first and second anniversary of the issue date and due in June 2020.

(d) The unsecured corporate notes carry interest at 9.5% (31 December 2017: Nil) per annum and due in March and June 2019.

(e) As at 31 December 2018, the collaterals held by the Group for the secured loans and corporate notes mainly include shares of other listed companies, notes issued by the Company and assets of private companies.

13. ACCOUNTS PAYABLE

	Notes	**As at 31 December 2018** ***HK$'000***	As at 31 December 2017 *HK$'000*
Accounts payable from dealings in securities, futures and options contracts			
— Brokers and clearing house	(a)	**30,905**	48,975
— Cash clients	(a)	**706,408**	663,527
— Margin clients	(b)	**1,107,775**	1,462,000
Accounts payable from asset management, financial information and other services		**1,173**	3,055
	(c)	**1,846,261**	2,177,557

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 is disclosed as, in the opinion of the Board, the ageing analysis does not give additional value in view of the business nature.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2018 (for the nine-month ended 31 December 2017: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND OVERVIEW

The Group embarks to a new chapter in 2018, representing the first 12-month financial year since its right issue. Given the Company's financial year end date for 2017 changed from the end of March to the end of December, the comparative figures in the consolidated statement of profit or loss for 2018 covers nine months between 1 April to 31 December 2017, while the current year covers 12 months.

The Group recorded revenue of HK$672 million for 2018 financial year, as compared to HK$352 million for 2017 financial year which only covers nine months, representing average monthly growth of 43%. Profit before income tax for 2018 financial year was HK$110 million, as compared to HK$47 million for 2017 financial year, representing average monthly growth of 76%. Profit for 2018 financial year was around HK$100 million, as compared to HK$43 million for 2017 financial year, representing average monthly growth of 74%.

Excluding the impact of certain material items (since those items would distort the comparative figures of the previous year, the adjusted data allows reader to enhance the understanding of actual business conditions of the Group), the Group's adjusted revenue for 2018 financial year was HK$690 million, as compared to HK$352 million for 2017 financial year, representing average monthly growth of 47%. Adjusted profit before income tax for 2018 financial year was around HK$199 million, as compared to HK$47 million for 2017 financial year, representing average monthly growth of 218%.

Adjusted results	**Twelve months ended 31 December 2018** *HK$'000*	Nine months from 1 April 2017 to 31 December 2017 *HK$'000*
Adjusted revenue	**689,844**	352,155
Other net operating income/(losses)	**23,261**	(403)
Adjusted total expenses	**(515,453)**	(307,896)
Share of results of an associate	**—**	5,263
Share of results of joint ventures	**1,597**	(1,930)
Adjusted profit before income tax	**199,249**	47,189

Since the Company considers that its accounting method would distort readers' understanding on the Group's normal businesses, specific descriptions are made for the following major items of the Group. The Group invested US$15 million in a 1-year bond of China Energy Reserve since 2017. An event of default of China Energy Reserve occurred in the first half of 2018, and the Company also sold some of the bond with a coupon value of US$1 million in the second half of 2018. According to our understanding, the respective debt reorganisation has not been validly approved by relevant creditors. Nevertheless, considering that the respective interests due in 2018 have been paid and the Company is actively facilitating the debt reorganisation proposal, the Company accounted for the bond with a coupon value of US$14 million held by it at the end of 2018 at its amortised cost, with an impairment rate of around 68%. Besides, the Group also invested around HK$390 million in the H shares of a Mainland broker firm listed in Hong Kong in the first half of 2018 and was still holding it at the end of the year. Since the volatility of the share price of the said H shares is relatively large, the Company accounted for such shares at its closing market price. This accounting treatment has a relatively significant impact on the income statement of the Company, yet it is not related to our Company's own business operation. The share price of the said H shares has already increased as at the date of this announcement. The Group also invested around HK$157 million in the private equity fund managed by the Group's asset management team, of which the underlying assets comprise of several high-quality unlisted enterprises. The Company has engaged an independent valuer to conduct valuation and accounted for the valuation pursuant to the financial accounting standards. The valuation rose sharply, and its fair value increase is reflected in the account, yet the asset would not be realised immediately, and it is uncertain whether any such increase in fair value would be attained in future financial years.

The Group does not recommend the distribution of any final dividend for the current year.

MACRO ENVIRONMENT

According to a recent report from the International Monetary Fund (IMF), the global economic growth of 2018 is projected to reach 3.7%. In 2018, gross domestic products (GDP) of Mainland China exceeded RMB90 trillion for the first time, representing a growth rate of 6.6% and was in line with the pre-determined development target of 6.5% growth by the Mainland government at the beginning of last year. The downturn of global economy in the second half of 2018 was expected to continue, and the forecasted global economic growth rate for 2019 is 3.5%. Such growth trend of global economy was due to the uncertainties on trade policies as well as concerns on the economic prospects of Mainland China. It was encouraging to see the United States and China called a 90-day truce in their trade war on 1 December last year, yet the possibility of re-occurrence of trade conflicts in Spring this year casts a shadow on the prospects of global economy. For interest rate, the U.S. Federal Reserve lifted up the interest rate for four times for the Fed Funds, totaling 100 base points in 2018, but implied that the rate of interest hike would decelerate in 2019.

2018 Market Review

In review of 2018, the Hang Seng Index had a fluctuating trend. The upward trend by the end of 2017 carried forward at the beginning of this year and reached its highest at 33,154 points on 26 January, but subsequently stumbled to the lowest at 24,585 points on 30 October, with a volatility rate of 8,569 points. The Hang Seng Index recorded 25,846 points by the end of December 2018, representing a year-on-year decrease of 13.6%. Major global stock markets witnessed significant volatility during the period and worldwide financial markets continued to fluctuate. Investment atmosphere was hampered by uncertainties arising from intensifying US-China trade conflicts, geo-political risks in various regions as well as policies implemented by major central banks. However, the daily transaction quotas for Shanghai Connect and Shenzhen Connect have raised by three times since May 2018. The inclusion of A shares by MSCI Index in June also paved the path for further rise for the industry. As at the end of 2018, the total Hong Kong Stock Market capitalization amounted to around HK$29.9 trillion. The average daily turnover of the secondary stock market in Hong Kong amounted to HK$107.4 billion, 21.7% higher than that in 2017. In 2018, the turnover of the futures and options of Hong Kong Derivatives Market amounted to around 296 million contracts, around 37.9% higher than that in 2017.

In 2018, there were a total of 218 newly listed companies in the Hong Kong market[#], increasing by around 25.3% from 174 in 2017. Among these companies, 7 were companies with weighted voting rights structure or biotech companies listed in accordance with the newly added chapters of the Listing Rules. Total equity funds raised during the year amounted to around HK$541.7 billion, representing a decrease of around 6.8% as compared to around HK$581.4 billion in 2017, among which, HK$94.0 billion were from those 7 companies with weighted voting rights structure or biotech companies.

Including companies on the Main Board and the GEM (the number of listed companies that were transferred from GEM to the Main Board is included)

BUSINESS REVIEW

In 2018, the Group continued to effectively develop various businesses while proactively built up necessary personnel and systems. In 2018, the Company was renamed from "China Oceanwide International Financial Limited" to "China Tonghai International Financial Limited", and its subsidiaries also made the corresponding changes to their company names in the second half of the year. The Company has also changed to engage KPMG as its auditor and considered that such change was in pursuit of good corporate governance practices as well as enhanced the independence of its auditor.

The Group expanded its business scope through enhancing the capital fund of the securities company, optimised its institutional securities sales team, enhanced its securities sales capability to capture more corporate finance business, increased resources support for debt capital market business, continued to expand structured finance loans to enlarge loan portfolios and diversify risks from reliance on margin loans. The Group also invested in shares of high-quality and industry leading listed companies when opportunities arise to attain capital return. In light of market fluctuations, the Company actively strengthened its risk control, reduced its proprietary investments in seed fund, better controlled the proportion of low leverage of the Group and adopted a more prudent manner towards approving new margin loans.

In respect of operating targets, in 2018, the Group's market share in the secondary market of Hong Kong Stock Market decreased. At the end of 2018, the Group's balance of margin loans was HK$2,811 million (trade date basis), representing a significant increase as compared to HK$2,130 million (trade date basis) at the end of 2017. Fair value loss on margin loans in 2018 was relatively immaterial, accounting for less than 0.1%. The sponsorship engagement for initial public offerings executed by the Group in 2018 had also shown slight improvement. We also made a breakthrough in respect of merger and acquisition financing while completing 6 debt underwriting/placing projects. As at the end of 2018, our assets under management (AUM) significantly exceeded that at the end of 2017 due to the additional capital brought by the Group's newly developed products.

FINANCIAL REVIEW

Brokerage Business

In 2018, total income from brokerage business recorded around HK$201 million, which is higher than that of HK$172 million in 2017, however, in monthly average measurement, it has declined around 12%. Commission on dealings in Hong Kong securities recorded a decline in a larger extent, which was mainly due to the decrease in our market share in the secondary market dealings in Hong Kong. As a result, although the commission on dealings in securities increased from HK$61 million in 2017 to HK$67 million in 2018, the average monthly income declined by around 18%. In addition, the monthly average commission on dealings in global futures contracts also decreased, which was mainly due to the decrease in monthly average contracts of our clients' dealings. Although the commission on dealings in futures and options increased from HK$98 million in 2017 to HK$119 million in 2018, the average monthly revenue declined by around 9%.

Interest Income Business

The Group's interest income business includes interest income from margin loans, interest income from structured loans, interest income from proprietary investment business and interest income from treasury operation. Total revenue from interest income business in 2018 recorded HK$447 million, as compared to HK$94 million in 2017, representing average monthly revenue growth of around 257%. In particular, interest income from loans to margin clients recorded HK$178 million in 2018, as compared to HK$56 million in 2017, representing average monthly revenue growth of around 138%, which was mainly due to the increase in balance of average margin loans. In addition, interest income from structured loans also rose sharply in 2018, increasing from HK$19 million in 2017 to HK$174 million in 2018, and representing average monthly revenue growth of around 587%. The increase was mainly due to the significant growth of structured loan balance, which also took into account of loans to connected parties through the continuing connected transaction frameworks. For proprietary investment and treasury operation, interest income from the treasury business of clients' trust capital and house money as well as the investment business of proprietary investment in fixed income products in 2018 recorded around HK$93 million, as compared to HK$17 million in 2017, representing average monthly revenue growth of around 310%. The increase was mainly due to the significant increase in the portion of proprietary debt investment, which included the purchase of bonds from connected parties conducted in accordance with the continuing connected transactions framework as well as the significant surge in the available average house money for treasury business. Interest income from structured loans mainly represents the interests arising from loans and notes measured at amortised costs. Interest income from proprietary investment and treasury operation mainly comprise of interests arising from trust fixed deposits at bank, bonds measured at amortised costs and bonds measured at fair value through profit or loss.

Corporate Finance Business

The Group's corporate finance business comprises sponsorship for listing, financial advisory, financing consultation service, equity capital market and debt capital market. In 2018, total revenue from corporate finance business recorded HK$41 million, as compared to HK$49 million in 2017, representing average monthly revenue decline of around 37%. In 2018, commission income (from placing, underwriting and sub-underwriting deals) amounted to HK$11.44 million, as compared to HK$2.89 million in 2017, representing average monthly revenue growth of around 197%. The major reason was the increase in the number of mandates on underwriting/placing of bonds, which increased from 1 in 2017 to 6 in 2018. In 2018, fee income (from sponsorship, financial advisory, compliance advisory engagements) was around HK$29.23 million, as compared to HK$46.22 million in 2017, representing average monthly revenue decline of around 53%. The decline was mainly due to the change of the respective team at the beginning of the year, which in turn affected the development of its business. In 2018, 4 (2017: 3) sponsorship mandates for initial public offerings were signed, 12 (2017: 13) financial advisory mandates and independent financial advisory mandates were signed and 1 (2017: nil) compliance advisory mandates were signed.

Asset Management Business

In 2018, total revenue from asset management business recorded HK$24.14 million, which is higher than that of HK$21.60 million in 2017, however, in monthly average measurement, it has declined around 16%. Indeed, management income recorded considerable growth due to the launch of various funds, and the decline in monthly average revenue was mainly due to the decrease in performance fees. Our asset management business currently includes the management of China Tonghai China Focus Segregated Portfolio ("CTCF", a private fund incorporated in the Cayman Islands), Oceanwide Greater China UCITS fund ("UCITS", a European public fund registered in Luxemburg), a private equity fund named Oceanwide Pioneer Limited Partnership, CRS Trust-Oceanwide Hong Kong Stock Connect Fund, China Tonghai Kilmorey Guaranteed Return Segregated Portfolio, Golden Global Segregated Portfolio No. 1, a Merger and Acquisition Fund and various discretionary accounts and so on. AUM was US$250 million at the end of 2018, representing a surge of 46% from US$171 million at the end of 2017.

Investments and Others Business

In 2018, losses from investments and others business recorded around HK$40.34 million, as compared to a gain of HK$16.16 million in 2017. The main reasons for the losses were, firstly, the fair value loss of H shares of a Mainland broker firm held by the Company, and secondly, the provision of support to UCITS seed fund invested by the asset management business of the Company, which incurred investment loss resulting from market fluctuation. Fortunately, the fair value increase in the aforesaid private equity fund invested by the Company had offset part of the negative impact brought by both factors.

Expenses

Direct costs recorded HK$181 million in 2018, which is higher than that of HK$137 million in 2017, however, in monthly average measurement, it has declined around 0.9%. The decline was mainly due to the decrease in income from brokerage business which in turn resulted in the decline in commission income. Staff costs recorded HK$165 million in 2018, as compared to HK$98 million in 2017, representing average monthly growth of around 26%. The increase was mainly resulted from three factors: firstly, one-off bonus before Chinese New Year in 2018; secondly, a systematic initial remuneration adjustment became effective in January 2018, which aimed to partially align the remuneration level of the Group's staff with industry average; thirdly, the Group continued to strengthen personal establishment in 2018, and thus headcount increased by around 10% from the end of 2017. Other operating expenses and impairment loss on financial instruments recorded around HK$172 million in 2018, as compared to HK$57 million in 2017, representing average monthly growth of around 126%. Excluding the impairment provision of around HK$72 million for the bond of China Energy Reserve, the average monthly amount only increased by around 32%, which was mainly due to additional rental expenses for additional offices, increase in professional fees for various corporate actions of the listed company as well as advertisement and promotion expenses. Finance costs in 2018 rose sharply, increasing from HK$10 million in 2017 to HK$59 million in 2018 and representing average monthly growth of around 343%. The major reason was the gradual enhancement of the Group's leverage, whereas borrowings as at the end of 2018 increased by 326% from HK$562 million as at the end of 2017 to HK$2,393 million, with an aim to effectively utilise capital.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow as well as through the utilisation of banking facilities and short-term loans and notes from independent third parties. From time to time, the Company may raise capital by issuing new shares or issuing debt instruments. The Group's cash and short term deposits as at the end of 2018 stood at around HK$357 million (the end of 2017: HK$1,075 million).

At the end of 2018, the Group's total borrowings amounted to HK$2,393 million, increased by 326% from HK$562 million at the end of 2017. Borrowings mainly consisted of three components. The first component was bank facilities and secured financing of around HK$2,308 million (the end of 2017: HK$256 million), of which the Group had available aggregate banking facilities of around HK$3,840 million (the end of 2017: HK$1,280 million), and most was secured by the legal charge on certain securities as owned by the margin clients of the Group. The second component was the obligations under repurchase agreement, which recorded HK$35 million as at the end of 2018 (the end of 2017: HK$306 million). The third component was notes issued to independent third parties, which recorded HK$50 million as at the end of 2018 (the end of 2017: nil). At the end of 2018, the Group's gearing ratio (leverage) was 41% (the end of 2017: 10%), being calculated as total debts over net assets. The management has applied prudent risk and credit management on the increased borrowing. In addition, the Group is required to strictly follow regulatory re-pledging ratios and prudent bank borrowing benchmarks that govern the extent of bank borrowings in the securities margin lending business.

PROSPECTS

In light of market fluctuation and uncertainties on external political environment, the Company will adopt a prudent operation strategy in the future, and will stay alert in the course of development. Although the Company's overall leverage is still among the lowest in the industry, we will slightly increase our leverage to strike a balance between risks and equity return.

Besides, the Company will carry forward the structural transformation of revenue. By adopting a capital-based intermediary approach, the Group will develop fee-based businesses such as asset management, debt capital market, equity capital market and structured financing. We will continue to develop and expand the brokerage business for institutional clients to better support and develop the Group's capital market business. We aim to substantially increase the proportion of revenue from structured financing, corporate financing, asset management and investment business while increasing the absolute amount of income from traditional brokerage commission and interest income from margin loans, so as to reduce our reliance on the latter.

The Company will also strive to enhance the business interaction between Oceanwide Holdings and Tohigh Holdings. Under the continuing connected transaction frameworks approved by shareholders at the end of 2017, the Company has greatly explored transactions with the parent company. Since certain businesses are currently not included in the frameworks, the scope of connected transactions will be expanded upon next renewal. Meanwhile, the Company will take advantage of various established networks and competitive edges of our substantial shareholders to generate income for the Group.

After adjusting the remuneration to be closer with the industry level in 2018, the Group will continue to improve our remuneration and welfare structure in a systematic manner in the future (including the completion of remuneration adjustment in line with the industry level) and put in place suitable incentive schemes (including but not limited to the adoption of share option scheme and share award scheme) at the right timing in order to attract talents and ensure that our high caliber core employees are fully committed to serving the Group.

We attach great awareness on the share price of the Company. By delivering excellent results and strengthening investor relation, the Group strive to better reflect the value of the Company in the market. We will also edge up our efforts on investor relation activities to make the public understand our overall development strategies and operation. In 2018, the Company was conferred the "Listed Company Award of Excellence 2018" (Main Board) by Hong Kong Economic Journal, evidencing its recognition in the business sector and among investors. The Company has also formulated a written dividend policy based on the requirements of the Listing Rules of the Hong Kong Stock Exchange.

All in all, the Group is endeavoured to become an international financial platform owned by a leading China private enterprise, with a base in Hong Kong, support from Mainland and presences in overseas.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

For the current year, the Group had not made any material acquisitions and disposals of subsidiaries and associated companies. As at the end of the current year, the Group did not hold any significant investments

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2018, HK$810 million (2017: Nil) corporate bonds were charged to bank for facilities.

EMPLOYEES AND REMUNERATION POLICIES

As of the end of 2018, the Group had 221 full time employees (the end of 2017: 192) in Hong Kong and 31 full time employees (the end of 2017: 37) in Mainland China. In addition, the Group has 91 commission sales representatives (the end of 2017: 116). Competitive total remuneration packages are offered to employees by reference to industry remuneration research reports, 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's business is closely related to the economy and market fluctuation of Hong Kong and China, and indirectly affected by other overseas financial markets. To cope with the unpredictable market fluctuation and minimize risks, the Group takes preventive measures and establish a three-tier defense system in risk management, with defined segregation of duty between business departments on the front line, internal control units such as the Risk Management Department and Compliance Department, as well as the periodic audit reviews by Internal Audit Department of the holding company.

The Group established the Risk Management Department in 2017 which is responsible for overseeing all risk management functions. These functions primarily include risk identification, risk limits setting, measurement and monitoring of risk limits, analysis of risk scenarios, and produce timely reports to the management. The Risk Management Department (RMD) team also perform pre and post risk assessments on both asset and liability items, as well as having control and supervision over newly developed financial products and businesses.

Credit Risk

Credit risk is the risk in respect of loss arising from incompetence of a borrower, counterparty or issuer of financial instruments to meet its obligation, or potential deterioration of credit ratings. The Group has Credit Risk Approving Policy and Post Lending Monitoring Policy in place to dictate procedures and approving authorities required for all credit applications relating to increases in credit risk.

The credit risks of the Group mainly arise from six business areas: brokerage business, asset management business, debt and equity underwriting/trading business, loans lending business, propriety investment and capital raising business. The Group's management has also set up a Business Assessment Committee to review and approve credit risky products/transactions within each of the business line.

Advance risk systems are also developed and implemented by the Group to conduct daily monitoring on credit and concentration risk limits, as well as periodic stress tests applied on margin financing products.

Market Risk

Market risk refers to potential losses due to market price movement of investment positions held, which includes interest rates risk, equity prices risk and foreign exchange rates risk.

RMD is an independent department from business lines responsible for setting up market risk limits and investment guidelines for the Group's various business functions and their investment activities. Investments which carries market risks potential are, where appropriate, assessed and approved by RMD. Daily monitoring and assessments of market risks positions are conducted timely, and significant risks shall be reported to senior management to ensure the market risks of the Group collectively is controlled within an acceptable level.

The Group continues to modify the market risk models though periodic back-testing and stress scenarios tests. The RMD recently brought in a more comprehensive system to consolidate market risks exposures of various business lines to increase the efficiency of risk return analysis and resources allocation.

Liquidity risk

Liquidity risk refers to the risk that the Group might face in obtaining sufficient capital and funds in a timely manner to meet its payment obligations and capital requirements for normal business activities. The Treasury Department is responsible for management and allocation of funds for the Group. The Finance Department has a monitoring system to ensure compliance to relevant rules, including Financial Resources Rules (FRR). In addition, the Group has maintained good relationships with banks to secure stable channels for short-term financing such as borrowing and repurchases. The Group may also raise long-term working capital through public and private offerings of corporate bonds. The Group has also established a liquidity system to ensure it has sufficient liquid assets to meet any emergency liquidity needs.

Operational risk

Operational risk is the risk of financial loss arises mainly from negligence or omission of internal procedural management, information system failures or personnel misconduct of staffs. The Group actively schedules briefing sessions to improve risk awareness amongst employees, and instructs all departments to establish internal procedural and control guidelines. There is an Operational Risk Events Reporting procedure to ensure that all risk events are timely reported to the Risk, Compliance and IT departments for immediate implementation of remedial action. In 2018, the Group has further invested in enhancing the contingency system to ensure continuity of business in case of system failures.

Regulatory Compliance 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 has continually reviewed and scrutinized our internal control processes to reduce regulatory risks that can impact the Group's operation.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 December 2018, the Company repurchased a total of 25,000,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK$18,634,214 pursuant to the general mandate to repurchases shares approved by the Shareholders at the last annual general meeting. All the repurchased Shares were subsequently cancelled. Particulars of the repurchase during the year ended 31 December 2018 are as follows:

Month	Number of Shares repurchased	Purchase price per shares		Aggregate consideration (before expenses)
		Highest	Lowest	
		(HK$)	*(HK$)*	*(HK$)*
September 2018	9,230,000	0.770	0.740	6,917,431
October 2018	12,590,000	0.790	0.690	9,557,083
November 2018	3,180,000	0.701	0.600	2,159,700
Total	25,000,000			18,634,214

The Directors believe that the repurchase of Shares are in the best interests of the Company and its Shareholders and would lead to an enhancement of the earnings per share. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any listed securities of the Company during the year ended 31 December 2018.

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 year ended 31 December 2018 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 stage of business growth, 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 year ended 31 December 2018.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company (which comprises five independent non-executive directors) has met with KPMG, the external auditor of the Company. The Audit Committee has reviewed the audited consolidated financial results of the Company for the year ended 31 December 2018.

PUBLICATION OF THE AUDITED RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 December 2018 is published on the websites of Hong Kong Exchanges and Clearing Limited at www3.hkexnews.hk and the website of the Company at www.tonghaifinancial.com respectively. The Annual Report for the year ended 31 December 2018 of the Company will be despatched to the shareholders of the Company and made available on the above websites before the time limit as required by the Listing Rules.

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

Hong Kong, 28 March 2019

As at the date of this announcement, the board of directors of China Tonghai 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.