民銀資本
CMBC CAPITAL HOLDINGS LIMITED

CMBC CAPITAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2018

The board (the "Board") of directors (the "Directors") of CMBC Capital Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018 (the "Reporting Year"), with the comparative figures for the nine months ended 31 December 2017 (the "Previous Period"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

	Notes	**Year ended 31 December 2018** *HK$'000*	9 months from 1 April 2017 to 31 December 2017 *HK$'000*
Continuing operations			
Revenue	*4*	**791,190**	165,180
Net (losses)/gains on financial assets at fair value through profit or loss		**(57,365)**	68,610
Net losses on financial assets at fair value through other comprehensive income		**(15,799)**	–
Other income		**7,947**	3,810
Other gains and losses	*5*	**(34,352)**	(1,951)
Administrative expenses		**(144,855)**	(76,702)
Finance costs	*6*	**(262,029)**	(29,044)
Profit before taxation from continuing operations	*7*	**284,737**	129,903
Taxation	*8*	**(39,541)**	(11,540)
Profit for the year/period from continuing operations		**245,196**	118,363
Discontinued operations			
Loss for the year/period from discontinued operations	*9*	**–**	(95)
Profit for the year/period attributable to owners of the Company		**245,196**	118,268

	Notes	Year ended 31 December 2018 HK$'000	9 months from 1 April 2017 to 31 December 2017 HK$'000
Profit for the year/period attributable to owners of the Company		**245,196**	118,268
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
– Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		**(57,555)**	–
Item that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income – net movement in fair value reserve (recycling)		**(275,804)**	–
– Unrealised loss on available-for-sale financial assets		**–**	(60)
Other comprehensive income for the year/period, net of tax		**(333,359)**	(60)
Total comprehensive income for the year/period attributable to owners of the Company		**(88,163)**	118,208
Earnings per share (HK cents)	*10*		
From continuing and discontinued operations			
– Basic		**0.53**	0.30
– Diluted		**0.53**	0.30
From continuing operations			
– Basic		**0.53**	0.30
– Diluted		**0.53**	0.30

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2018

	Notes	As at 31 December 2018 HK$'000	As at 31 December 2017 HK$'000
Non-current assets			
Property, plant and equipment		**3,130**	4,596
Goodwill		**16,391**	16,391
Intangible assets		**4,845**	6,216
Loans and advances	*12*	**880,260**	449,450
Deferred tax assets		**922**	21
Other assets		**10,183**	9,209
		915,731	485,883
Current assets			
Accounts receivable	*13*	**1,228,278**	827,121
Prepayments, deposits and other receivables		**30,383**	1,546
Interests receivable		**67,648**	10,525
Amount due from an intermediate holding company		**243**	–
Loans and advances	*12*	**3,114,777**	1,212,426
Financial assets at fair value through other comprehensive income	*14*	**3,006,050**	–
Available-for-sale financial assets	*14*	**–**	829,965
Financial assets at fair value through profit or loss	*15*	**1,056,979**	1,330,479
Cash and cash equivalents			
– Segregated accounts		**134,047**	490,141
– House accounts		**887,579**	126,761
		9,525,984	4,828,964

	Notes	As at 31 December 2018 HK$'000	As at 31 December 2017 HK$'000
Current liabilities			
Accounts payable	*16*	**369,693**	319,176
Other payables and accruals		**58,683**	191,197
Amount due to an intermediate holding company		**–**	7,197
Bank and other borrowings	*17*	**6,653,340**	3,351,038
Notes payable		**99,216**	–
Tax payable		**25,925**	9,423
Financial assets sold under repurchase agreements	*18*	**1,170,680**	7,966
Financial liabilities at fair value through profit or loss	*19*	**130,149**	–
		8,507,686	3,885,997
Net current assets		**1,018,298**	942,967
Total assets less current liabilities		**1,934,029**	1,428,850
Non-current liabilities			
Notes payable		**50,000**	148,400
Deferred tax liabilities		**7,953**	264
		57,953	148,664
NET ASSETS		**1,876,076**	1,280,186
CAPITAL AND RESERVES			
Share capital	*20*	**477,059**	457,787
Reserves		**1,399,017**	822,399
TOTAL EQUITY		**1,876,076**	1,280,186

Notes:

1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

2 APPLICATION OF NEW AND AMENDMENTS TO 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:

- HKFRS 9, Financial instruments

- HKFRS 15, Revenue from contracts with customers

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

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

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by HKFRS 15 in relation to the timing of revenue recognition and presentation of contract assets and contract liabilities. Details of the changes in accounting policies are discussed in note 2(i) for HKFRS 9 and note 2(ii) for HKFRS 15.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 and HKFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated.

The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9 and/or HKFRS 15:

	At 31 December 2017	**Impact on initial application of HKFRS 9** *(Note 2(i))*	**Impact on initial application of HKFRS 15** *(Note 2(ii))*	**At 1 January 2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loans and advances	449,450	(236)	–	449,214
Deferred tax assets	21	1,230	–	1,251
Total non-current assets	485,883	994	–	486,877
Accounts receivable	827,121	(36)	–	827,085
Loans and advances	1,212,426	(7,218)	–	1,205,208
Available-for-sale financial assets	829,965	(829,965)	–	–
Financial assets at fair value through other comprehensive income ("FVOCI")	–	829,965	–	829,965
Total current assets	**4,828,964**	**(7,254)**	**–**	**4,821,710**
Tax payable	9,423	–	(1,821)	7,602
Other payables and accruals	191,197	–	11,035	202,232
Total current liabilities	**3,885,997**	**–**	**9,214**	**3,895,211**
Net current assets	**942,967**	**(7,254)**	**(9,214)**	**926,499**
Net assets	**1,280,186**	**(6,260)**	**(9,214)**	**1,264,712**
Reserves	822,399	(6,260)	(9,214)	806,925
Total equity	**1,280,186**	**(6,260)**	**(9,214)**	**1,264,712**

(i) HKFRS 9, *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.

The Group has applied HKFRS 9 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 HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on accumulated losses and reserves and the related tax impact at 1 January 2018.

	HK$'000
Accumulated losses	
Recognition of additional expected credit losses on:	
– financial assets measured at amortised cost	(7,490)
– financial assets measured at FVOCI (recycling)	(14,002)
Related tax	1,230
Net increase in accumulated losses at 1 January 2018	(20,262)
Fair value reserve (recycling)	
Recognition of additional expected credit losses on financial assets measured at FVOCI	14,002
Net increase in fair value reserve (recycling) at 1 January 2018	14,002

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. *Classification of financial assets and financial liabilities*

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss ("FVTPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVTPL at 1 January 2018. Available-for-sale financial assets measured under HKAS 39 is now presented as financial assets at fair value through other comprehensive income under HKFRS 9.

b. *Credit losses*

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises the expected credit losses ("ECLs") earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, accounts receivable and loans and advances);

– contract assets as defined in HKFRS 15 (see note 2(ii));

– debt securities measured at FVOCI (recycling); and

– loan commitments issued, which are not measured at FVTPL.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional loss allowance amounting to HK$21,492,000, which increased accumulated losses by HK$20,262,000 and increased gross deferred tax assets by HK$1,230,000 at 1 January 2018.

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018.

	HK$'000
Loss allowance at 31 December 2017 under HKAS 39	300
Additional credit loss recognised at 1 January 2018 on:	
– Accounts receivable	36
– Loans and advances	7,454
– Financial assets at fair value through other comprehensive income	14,002
Loss allowance at 1 January 2018 under HKFRS 9	21,792

c. *Hedge accounting*

The Group does not apply hedge accounting. The adoption of HKFRS 9 hedge accounting model has no significant impact on the Group's financial statements in this regard.

d. *Transition*

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current year.

– The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group).

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(ii) 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 11 and 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.

The following table summarises the impact of transition to HKFRS 15 on accumulated losses and the related tax impact at 1 January 2018:

	HK$'000
Accumulated losses	
Deferred revenue and profit recognition for financial advisory, sponsorship, arrangement fee and other service income	(11,035)
Related tax	1,821
Net increase in accumulated losses at 1 January 2018	(9,214)

Further details of the nature and effect of the changes on previous accounting policies are set out below:

a. *Timing of revenue recognition*

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on the Group's recognition of revenue from securities brokerage and underwriting businesses. However, the timing of revenue recognition for sponsorship fee and arrangement fee in relation to margin financing is affected as follows:

- Sponsorship fee: The Group receives sponsorship fee for acting as a sponsor and under the sponsor mandates entered with customers, the Group has the right to be paid for work done to date if the customers were to cancel the contract before the initial public offering ("IPO") is completed. These contracts therefore satisfy the criteria for category C for recognising revenue over time during the IPO process, whereas previously the Group recognised revenue with reference to payment schedule stipulated in the mandates. Accordingly, revenue for these contracts recognised in profit or loss later under HKFRS 15 than under HKAS 18.

- Arrangement fee in relation to margin financing: The Group receives upfront arrangement fee in respect of margin financing business and margin loans are revolving in nature without tenor. Margin clients simultaneously receives and consumes the benefits provided by the entity's provision of credit throughout the calendar year. These contracts therefore satisfy the criteria for category A for recognising revenue over time during the financial year/period, whereas previously the Group recognised revenue when the Group arranged the margin loans. Accordingly, revenue for these contracts are recognised in profit or loss later under HKFRS 15 than under HKAS 18.

As a result of this change in accounting policy, the Group has made adjustments to opening balances at 1 January 2018 which increased accumulated losses by approximately HK$9,214,000, increased contract liability by HK$11,035,000 and decreased current tax liabilities by HK$1,821,000.

b. *Significant financing components*

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

Where payment schemes include a significant financing component, the transaction price is adjusted to separately account for this component. In the case of payments in advance, such adjustment results in interest expense being accrued by the Group to reflect the effect of the financing benefit obtained by the Group from the customers during the period between the payment date and the completion date of legal assignment.

This change in accounting policy had no material impact on opening balances as at 1 January 2018.

c. Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Contract asset relating to sponsorship fee and contract liability relating to arrangement fee in relation to margin financing are presented in the statement of financial position under "prepayments, deposits and other receivables" and "other payables and accruals" respectively, and the revenue was recognised for the reasons explained in paragraph a. above.

To reflect these changes in presentation, the Group has made the following adjustments at 1 January 2018, as a result of the adoption of HKFRS 15:

"Contract liability" amounting to HK$11,035,000 is now included under "Other payables and accruals" and as explained in note 2(ii)a above, adjustments to opening balances have been made to increase contract liability approximately by HK$11,035,000 in respect of the Group's arrangement fee in relation to margin financing.

(iii) 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.

3 SEGMENT INFORMATION

In a manner consistent with the way in which information is reported internally to the Group's management, being the chief operating decision markers, for the purpose of resources allocation and assessment of segment performance focusing on types of services provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- the securities segment representing the business line of provision of brokerage services, securities margin financing services, futures and options contracts dealing services to clients and securities underwriting/placing;

- the investment and financing segment representing investment and trading activities in equity securities, futures, bonds, funds and provision of loan financing services; and

- the asset management, corporate finance and advisory segment representing provision of asset management services, sponsorship, financial advisory and financial arrangement services to clients.

The real estate segment was discontinued in the last reporting period. The segment information reported does not include any amounts for the discontinued operations, which are described in more details in note 9.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by service lines is as follows:

	Year ended 31 December 2018	9 months from 1 April 2017 to 31 December 2017
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by service lines		
– Commission income from brokerage and related services	**2,412**	5,036
– Commission income from underwriting, sub-underwriting, placing and sub-placing	**58,353**	26,035
– Financial advisory, sponsorship, arrangement fee and other service income	**178,026**	58,999
– Asset management fee income	**25,156**	–
	263,947	90,070
Revenue from other sources		
– Interest income from debt securities investments	**178,354**	17,295
– Interest income from FVTPL investments	**25,460**	–
– Interest income from provision of finance and securities margin financing	**279,185**	47,391
– Dividend income and other investment income	**44,244**	10,424
	527,243	75,110
	791,190	165,180

The Group's revenue from continuing operations from external customers are located in Hong Kong.

Disaggregation of revenue

Disaggregation of revenue is set out below:

	Securities		Investment and financing		Asset management, corporate finance and advisory		Total	
	Year ended 31 December 2018	9 months from 1 April 2017 to 31 December 2017	**Year ended 31 December 2018**	9 months from 1 April 2017 to 31 December 2017	**Year ended 31 December 2018**	9 months from 1 April 2017 to 31 December 2017	**Year ended 31 December 2018**	9 months from 1 April 2017 to 31 December 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Disaggregated by timing of revenue recognition within the scope of HKFRS 15								
Point in time	**45,367**	47,018	**–**	–	**161,125**	43,052	**206,492**	90,070
Over time	**28,658**	–	**–**	–	**28,797**	–	**57,455**	–
	74,025	47,018	**–**	–	**189,922**	43,052	**263,947**	90,070
Revenue from other sources								
– Interest income from debt securities investments	**–**	–	**178,354**	17,295	**–**	–	**178,354**	17,295
– Interest income from FVTPL investments	**–**	–	**25,460**	–	**–**	–	**25,460**	–
– Interest income from provision of finance and securities margin financing	**61,957**	26,041	**217,228**	21,350	**–**	–	**279,185**	47,391
– Dividend income and other investment income	**–**	–	**44,244**	10,424	**–**	–	**44,244**	10,424
	61,957	26,041	**465,286**	49,069	**–**	–	**527,243**	75,110
Reportable segment revenue	**135,982**	73,059	**465,286**	49,069	**189,922**	43,052	**791,190**	165,180

Segment revenue and results

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

	For the year ended 31 December 2018			
	Securities	**Investment and financing**	**Asset management, corporate finance and advisory**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations				
Segment revenue				
– Reportable segment revenue	**135,982**	**465,286**	**189,922**	**791,190**
– Net losses on financial assets at fair value through profit or loss	**–**	**(57,365)**	**–**	**(57,365)**
– Net losses on financial assets at fair value through other comprehensive income	**–**	**(15,799)**	**–**	**(15,799)**
	135,982	**392,122**	**189,922**	**718,026**
Segment results	**81,770**	**110,900**	**148,646**	**341,316**
Unallocated other income				**1,325**
Unallocated other gains and losses				**2,961**
Unallocated expenses				**(32,856)**
Unallocated finance costs				**(28,009)**
Profit before taxation				**284,737**

	For the nine months ended 31 December 2017			
	Securities	Investment and financing	Asset management, corporate finance and advisory	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations				
Segment revenue				
– Reportable segment revenue	73,059	49,069	43,052	165,180
– Net gains on financial assets at fair value through profit or loss	–	68,610	–	68,610
	73,059	117,679	43,052	233,790
Segment results	49,137	91,933	39,783	180,853
Unallocated other income				420
Unallocated other gains and losses				(1,484)
Unallocated expenses				(41,200)
Unallocated finance costs				(8,686)
Profit before taxation				129,903

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

Segment assets and liabilities

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

	As at 31 December 2018			
	Securities	**Investment and financing**	**Asset management, corporate finance and advisory**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Assets				
Segment assets	**1,744,932**	**8,396,156**	**62,630**	**10,203,718**
Unallocated assets:				
– Property, plant and equipment				**2,897**
– Prepayments, deposits and other receivables				**19,617**
– Amount due from an intermediate holding company				**243**
– Cash and cash equivalents				**215,240**
				237,997
Total				**10,441,715**
Liabilities				
Segment liabilities	**861,710**	**7,519,121**	**13,971**	**8,394,802**
Unallocated liabilities:				
– Other payables and accruals				**15,028**
– Notes payable				**149,216**
– Deferred tax liabilities				**1,926**
– Tax payable				**4,667**
				170,837
Total				**8,565,639**

	As at 31 December 2017			
	Securities	Investment and financing	Asset management, corporate finance and advisory	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Segment assets	1,364,640	3,867,092	8,470	5,240,202
Unallocated assets:				
– Property, plant and equipment				4,189
– Prepayments, deposits and other receivables				8,392
– Cash and cash equivalents				62,064
				74,645
Total				5,314,847
Liabilities				
Segment liabilities	730,470	3,129,421	2,146	3,862,037
Unallocated liabilities:				
– Other payables and accruals				21,460
– Notes payable				148,400
– Deferred tax liabilities				264
– Tax payable				2,500
				172,624
Total				4,034,661

Geographical information

The Group's continuing operations are carried out in Hong Kong.

The Group's revenue from continuing operations from external customers and its non-current assets are located in Hong Kong.

Information about major customers

No customer contributed over 10% of the total revenue of the Group for the year ended 31 December 2018.

Revenue of approximately HK$23,591,000 for the period ended 31 December 2017 was derived from loan financing service to a customer and accounted for more than 10% of the total revenue.

4 REVENUE

	Year ended 31 December 2018 *HK$'000*	9 months from 1 April 2017 to 31 December 2017 *HK$'000*
Commission income from brokerage and related services	**2,412**	5,036
Commission income from underwriting, sub-underwriting, placing and sub-placing	**58,353**	26,035
Interest income from debt securities investments	**178,354**	17,295
Interest income from FVTPL investments	**25,460**	–
Interest income from provision of finance and securities margin financing	**279,185**	47,391
Dividend income and other investment income	**44,244**	10,424
Financial advisory, sponsorship, arrangement fee and other service income	**178,026**	58,999
Asset management fee income	**25,156**	–
	791,190	165,180

5 OTHER GAINS AND LOSSES

	Year ended 31 December 2018 HK$'000	9 months from 1 April 2017 to 31 December 2017 HK$'000
Continuing operations		
Impairment losses		
– Loans and advances	**(20,735)**	–
– Accounts receivable	**(1,709)**	(300)
– Financial assets at fair value through other comprehensive income	**(11,519)**	–
Loss on early settlement of promissory notes *(Note)*	**–**	(2,852)
Loss on disposal of subsidiaries	**–**	(789)
Loss on disposal of property, plant and equipment	**–**	(7)
Other gains on purchase of group companies	**–**	1,477
Net exchange (loss)/gain	**(389)**	520
	(34,352)	(1,951)

Note: During the last reporting period, the promissory notes in the principal amount of HK$29,000,000 were early settled and have resulted in a loss of HK$2,852,000.

6 FINANCE COSTS

	Year ended 31 December 2018 HK$'000	9 months from 1 April 2017 to 31 December 2017 HK$'000
Continuing operations		
Interest expense on:		
Notes payable	**8,316**	6,239
Promissory notes	**–**	348
Borrowings and bank overdrafts	**19,694**	2,439
Financial assets sold under repurchase agreements	**26,714**	8
Loans from an intermediate holding company	**207,305**	20,010
	262,029	29,044

7 PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS

	Year ended 31 December 2018	9 months from 1 April 2017 to 31 December 2017
	HK$'000	*HK$'000*
Profit before taxation from continuing operations is arrived at after charging:		
Staff costs (including directors' remuneration):		
Wages and salaries	**70,583**	34,239
Retirement benefits contributions	**1,192**	616
Total staff costs	**71,775**	34,855
Auditor's remuneration	**3,298**	2,749
Depreciation of property, plant and equipment	**4,909**	867
Amortisation of intangible assets	**1,371**	1,028
Minimum lease payments in respect of land and buildings	**12,087**	9,366

8 TAXATION

	Year ended 31 December 2018	9 months from 1 April 2017 to 31 December 2017
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
Hong Kong Profits Tax	**37,270**	11,651
Over provision in prior years	**(5,747)**	(14)
	31,523	11,637
Deferred tax:		
Origination and reversal of temporary differences	**8,018**	(97)
	39,541	11,540

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both the year ended 31 December 2018 and the nine months ended 31 December 2017.

9 DISCONTINUED OPERATIONS

During the last reporting period, the Group completed the disposal of 100% equity interest in Sky Eagle Global Limited ("Sky Eagle") and a mortgage loan amounting to approximately HK$177,000,000 for cash consideration of HK$227,000,000 on 9 May 2017. Sky Eagle and its subsidiary, Metro Victor Limited, carried out all of the Group's real estate operation.

The profit or loss for the last reporting period from the discontinued operations is set out below:

	9 months from 1 April 2017 to 31 December 2017 *HK$'000*
Loss for the period	(95)

The results of the discontinued operations for the last reporting period were as follows:

	9 months from 1 April 2017 to 31 December 2017 *HK$'000*
Revenue	450
Administrative expenses	(128)
Finance costs	(417)
Loss before taxation	(95)
Taxation	–
Loss for the period	(95)

During the last reporting period, the net operating cash flows contributed by real estate operation to the Group was insignificant.

10 EARNINGS PER SHARE

From continuing and discontinued operations

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

	Year ended 31 December 2018 *HK$'000*	9 months from 1 April 2017 to 31 December 2017 *HK$'000*
Earnings		
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share	**245,196**	118,268

	Year ended 31 December 2018 *'000*	9 months from 1 April 2017 to 31 December 2017 *'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**46,322,906**	39,750,068

From continuing operations

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

	Year ended 31 December 2018 *HK$'000*	9 months from 1 April 2017 to 31 December 2017 *HK$'000*
Earnings figures are calculated as follow:		
Profit for the year/period attributable to the owners of the Company	**245,196**	118,268
Add: Loss for the year/period from discontinued operations	**–**	95
Earnings for the purpose of basic and diluted earnings per share from continuing operations	**245,196**	118,363

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

There was no dilutive items during the year ended 31 December 2018 and the period ended 31 December 2017.

From discontinued operations

Basic and diluted loss per share from the discontinued operations is Nil (for the nine months ended 31 December 2017: Basic and diluted loss are HK0.0002 cents per share), based on the loss for the year from discontinued operations of Nil (for the nine months ended 31 December 2017: loss of approximately HK$95,000) and the denominators detailed above for the basic and diluted loss per share.

There was no dilutive items during the year ended 31 December 2018 and the period ended 31 December 2017.

11 DIVIDENDS

	Year ended 31 December 2018 HK$'000	9 months from 1 April 2017 to 31 December 2017 HK$'000
Special cash dividend	–	612,876
Distribution in specie	–	424,212
Proposed:		
Final – HK0.2 cents per ordinary share	**95,412**	–
	95,412	1,037,088

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

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

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12 LOANS AND ADVANCES

	As at 31 December 2018 HK$'000	As at 31 December 2017 HK$'000
Loans and advances	**3,995,037**	1,661,876
Less: Amount due within one year presented under current assets	**(3,114,777)**	(1,212,426)
Amount presented under non-current assets	**880,260**	449,450
Loans and advances (non-current)	**883,044**	449,450
Less: Allowance for expected credit losses	**(2,784)**	–
	880,260	449,450
Loans and advances (current)	**3,140,182**	1,212,426
Less: Allowance for expected credit losses	**(25,405)**	–
	3,114,777	1,212,426

At 31 December 2018, loans and advances included loans to independent third parties with effective interest rates ranging from 5% to 13% (31 December 2017: 6% to 10%) per annum.

During the year, allowance for expected credit losses of HK$20,735,000 was recognised (for the nine months ended 31 December 2017: Nil) in the statement of profit or loss. One of the borrowers has been assessed by management to be individually impaired and an allowance for expected credit losses of approximately HK$24,187,000 has been provided at 31 December 2018 (31 December 2017: Nil).

Movement in expected credit losses is as follows:

	For the year ended 31 December 2018				For the nine months ended 31 December 2017		
	Expected credit losses				Loss allowances		
	Stage 1	Stage 2	Stage 3	Total	Individual	Collective	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2018/1 April 2017	–	–	–	–	–	–	–
Additional credit loss recognised at 1 January 2018	7,454	–	–	7,454	–	–	–
Impairment losses charged/(released) to profit or loss	(3,452)	–	24,187	20,735	–	–	–
At 31 December 2018/2017	4,002	–	24,187	28,189	–	–	–

13 ACCOUNTS RECEIVABLE

	As at 31 December 2018	As at 31 December 2017
	HK$'000	*HK$'000*
Accounts receivable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Clearing houses	**119**	203
– Cash clients	**235,100**	311
– Margin clients	**971,772**	814,313
– Brokers	**–**	5
	1,206,991	814,832
Accounts receivable arising from the ordinary course of business of securities underwriting	**20,915**	9,776
Accounts receivable arising from the ordinary course of business of advisory services	**2,417**	2,813
	1,230,323	827,421
Less: Allowance for expected credit losses	**(2,045)**	(300)
	1,228,278	827,121

Movement in expected credit losses is as follows:

	For the year ended 31 December 2018				For the nine months ended 31 December 2017		
	Expected credit losses				Loss allowances		
	Stage 1	Stage 2	Stage 3	Total	Individual	Collective	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2018/1 April 2017	**–**	**–**	**300**	**300**	–	–	–
Additional credit loss recognised at 1 January 2018	**36**	**–**	**–**	**36**	–	–	–
Impairment losses charged to profit or loss	**1**	**–**	**1,708**	**1,709**	300	–	300
At 31 December 2018/2017	**37**	**–**	**2,008**	**2,045**	300	–	300

Accounts receivable arising from the business of dealing in securities

The Group seeks to maintain tight control over its outstanding accounts receivable and has procedures and policies to assess its clients' credit quality and defines credit limits for each client. All client acceptances and credit limit are approved by designated approvers according to the clients' credit worthiness.

The normal settlement terms of accounts receivable from clients and clearing house, except for accounts receivable due from margin clients, arising from the ordinary course of business of securities brokerage services are two trading days after the trade date.

Accounts receivable due from cash clients

Accounts receivable due from cash clients are secured by clients' securities, which are publicly traded equity or debts securities. The fair values of the securities as at 31 December 2018 approximate HK$808,705,000 (31 December 2017: HK$81,997,000).

As at 31 December 2018, approximately 100% of the balance were secured by sufficient collateral on an individual basis. As at 31 December 2017, the directors of the Company considered the balance due from cash clients is insignificant. Included in the accounts receivable from cash clients are debtors with carrying amount of HK$235,100,000 as at 31 December 2018 (31 December 2017: HK$311,000), in which HK$26,000 (31 December 2017: HK$311,000) was past due at the end of reporting period and an allowance for expected credit loss of Nil was made against the debtors (31 December 2017: HK$300,000).

Cash client receivables which were past due bear interest at interest rates by reference to Hong Kong prime rate plus certain basis points based on management's discretion.

Accounts receivable due from margin clients

Accounts receivable due from margin clients are repayable on demand and carry interest at Hong Kong Prime Rate to Hong Kong Prime Rate plus 12.75% per annum during the year ended 31 December 2018 (during the nine months ended 31 December 2017: Hong Kong Prime Rate minus 0.35% to Hong Kong Prime Rate plus 9.15% per annum). The fair values of the pledged securities as at 31 December 2018 approximate HK$3,477,924,000 (31 December 2017: HK$4,455,263,000). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the eligible margin value of securities deposited.

As at 31 December 2018, approximately 100% (31 December 2017: 100%) of the balance were secured by sufficient collateral on an individual basis. The corresponding collaterals held could be sold at the Group's discretion to settle any outstanding amounts owed by the margin clients. The Group did not repledge collaterals held for financing as at 31 December 2017 and 2018.

No aging analysis in respect of accounts receivable from margin clients is disclosed as, in the opinion of directors of the Company, an aging analysis does not give additional value in view of the nature of this business.

Accounts receivable are assessed for ECLs. During the year, allowance for expected credit losses of HK$1,709,000 was recognised (for the nine months ended 31 December 2017: HK$300,000) in the statement of profit or loss and the amount was mainly attributable to one of the margin clients (31 December 2017: one of the cash clients) who had collateral value fallen significantly below the required margin ratio or had outstanding balance past due.

Movement in the allowances for expected credit losses on accounts receivable are as follows:

	Cash clients	**Margin clients**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Balance at 1 April 2017	–	–	–
Impairment loss during the period	300	–	300
Balance at 31 December 2017	300	–	300
Additional credit loss recognised at 1 January 2018	–	36	36
Impairment loss (reversed)/recognised during the year	(300)	2,009	1,709
Balance at 31 December 2018	–	2,045	2,045

The Group offset certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances, and intends to settles on a net basis or to realise the balances simultaneously.

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

Under the settlement arrangement with clearing house, all open positions held at clearing house are treated as if they were closed out and re-opened at the relevant closing quotation as determined by clearing house. Profits or losses arising from this "mark-to-market" settlement arrangement are included in accounts receivable with clearing house.

In accordance with the agreement with brokers, mark-to-market profits or losses are treated as if they were settled and are included in accounts receivable with brokers.

Accounts receivable from clearing house and brokers represent transactions arising from the business of dealing and are not past due.

Accounts receivable arising from the ordinary course of business of securities underwriting and advisory services are not past due or aged within 3 months.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/ AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 31 December 2018	As at 31 December 2017
	HK$'000	*HK$'000*
Listed debt investments, at fair value *(Note)*	**2,570,780**	829,965
Listed equity instruments, at fair value	**435,270**	–
	3,006,050	829,965

Note: After the transition to HKFRS 9, the Group has further recognised expected credit losses amounted to HK$11,519,000 in the statement of profit or loss during the year (for the nine months ended 31 December 2017: Nil). As at 31 December 2018, allowance for expected credit losses amounted HK$25,521,000 (31 December 2017: Nil) has been included in fair value reserve (recycling).

During the year, the loss in respect of changes in fair value of the Group's financial assets at fair value through other comprehensive income recognised in other comprehensive income amounted to approximately HK$333,359,000 (31 December 2017: HK$60,000).

Interest income derived from financial assets at fair value through other comprehensive income were recognised as "Interest income from debt securities investments" for listed debt investments and as "Dividend income and other investment income" for listed equity instruments.

Movement in expected credit losses is as follows:

	For the year ended 31 December 2018				For the nine months ended 31 December 2017		
	Expected credit losses				Loss allowances		
	Stage 1	Stage 2	Stage 3	Total	Individual	Collective	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2018/1 April 2017	**–**	**–**	**–**	**–**	–	–	–
Additional credit loss recognised at 1 January 2018	**14,002**	**–**	**–**	**14,002**	–	–	–
Impairment losses charged to profit or loss	**11,519**	**–**	**–**	**11,519**	–	–	–
At 31 December 2018/2017	**25,521**	**–**	**–**	**25,521**	–	–	–

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2018	As at 31 December 2017
	HK$'000	*HK$'000*
Listed equity investments	**4,311**	2,597
Unlisted equity investments	**224,601**	–
Listed debt investments	**129,398**	–
Quoted investment funds	**–**	1,327,882
Unlisted investment funds	**193,135**	–
Unlisted convertible promissory note	**23,495**	–
Unlisted convertible debt investments	**482,039**	–
	1,056,979	1,330,479

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

16 ACCOUNTS PAYABLE

	As at 31 December 2018	As at 31 December 2017
	HK$'000	*HK$'000*
Accounts payable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Cash clients	**127,446**	307,470
– Margin clients	**6,712**	7,253
– Clearing house	**578**	4,453
– Broker	**234,957**	–
	369,693	319,176

Accounts payable arising from the business of dealing in securities

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

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

Settlement arrangements with clients follow the same settlement mechanism with clearing house or brokers as disclosed in note 13 and profits or losses arising from mark-to-market settlement arrangement were included in accounts payable with clients.

Accounts payable to clients are non-interest bearing. The settlement terms of accounts payable are one day after trade day. No aging analysis is disclosed as, in the opinion of directors of the Company, an aging analysis does not give addition value in view of the nature of this business.

17 BANK AND OTHER BORROWINGS

	As at 31 December 2018	As at 31 December 2017
	HK$'000	*HK$'000*
Unsecured bank loans	**234,957**	298,495
Loan from an intermediate holding company	**6,418,383**	3,052,543
	6,653,340	3,351,038
The carrying amounts of the above borrowings are repayable:		
Within one year	**6,653,340**	3,351,038

The above borrowings as at 31 December 2017 and 2018 are repayable within one year.

As at 31 December 2018, the Group had loans amounting to approximately HK$6,314,421,000 (31 December 2017: HK$3,032,527,000) from CMBC International Holdings Limited, an intermediate holding company and interest payable amounting to approximately HK$103,962,000 (31 December 2017: HK$20,016,000). The loans bear interest at a fixed rate of 4% per annum (31 December 2017: 4% per annum) and are repayable within one year.

As at 31 December 2018, bank borrowings amounting to HK$234,957,000 (31 December 2017: HK$298,495,000) from China Minsheng Banking Corp., Ltd. Hong Kong Branch, a branch of the ultimate holding company, carried variable interest rate at 4.5% per annum (31 December 2017: ranging from 3.6% to 4.4% per annum).

18 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 31 December 2018 *HK$'000*	As at 31 December 2017 *HK$'000*
Bonds	**1,170,680**	7,966

As at 31 December 2018, the Group entered into repurchase agreements with financial institutions to sell bonds recognised as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income with carrying amount of approximately HK$2,063,196,000 (31 December 2017: Available-for-sale financial assets of HK$15,560,000), which are subject to the simultaneous agreements to repurchase these investments at the agreed dates and prices.

Sales and repurchase agreements are transactions in which the Group sells bonds and simultaneously agrees to repurchase them (or assets that are substantially the same) at the agreed dates and prices. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those bonds sold. The bonds are not derecognised from the financial statements but regarded as "collaterals" for the liabilities because the Group retains substantially all the risks and rewards of the bonds.

19 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2018 *HK$'000*	As at 31 December 2017 *HK$'000*
Payables to interest holders of unlisted consolidated investment funds, designated at FVTPL	**130,149**	–

As at 31 December 2018, the Company held 70% interests in New China OCT Fund 2 Segregated Portfolio ("the Segregated Portfolio") as a Class A shareholder and an independent third party held 30% interests in the Segregated Portfolio as a Class B shareholder. As the Group has control over the Segregated Portfolio, it is accounted for as a subsidiary. Pursuant to the appendix of the placing memorandum of the New China OCT Fund SPC for the segregated portfolio, Class A shareholder is subject to a maximum priority expected return of up to 7.5% per annum and Class B shareholder is subject to a maximum subordinate expected return before deduction of performance fee. Any excess beyond Class B expected return after payment of other fees and expenses, shall be paid to the fund manager in the form of performance fees, where available. Accordingly, the interests of the non-controlling shareholder are classified as financial liabilities designated as at fair value through profit or loss of approximately HK$107,219,000 as at 31 December 2018.

As at 31 December 2018, the Company also held 60% interest of CMBCC Co-High Medical Investment Fund SP (the "Medical Fund"). As the Group has control over the Medical Fund, it is accounted for as a subsidiary. Accordingly, the interests of the non-controlling shareholder are classified as financial liabilities designated as at fair value through profit or loss of approximately HK$22,930,000 as at 31 December 2018.

20 SHARE CAPITAL

		Number of shares		Amount	
		As at	As at	**As at**	As at
		31 December	31 December	**31 December**	31 December
		2018	2017	**2018**	2017
	Notes	***'000***	*'000*	***HK$'000***	*HK$'000*
Authorised:					
Ordinary shares at HK$0.01 each		**100,000,000**	100,000,000	**1,000,000**	1,000,000
Issued and fully paid:					
At the beginning of the year/period		**45,778,758**	18,019,815	**457,787**	180,198
Issue of shares	*(i)*	**1,350,000**	26,950,000	**13,500**	269,500
Placing of shares	*(ii)*	**577,220**	–	**5,772**	–
Exercise of share options	*(iii)*	**–**	808,943	**–**	8,089
At the end of the year/period		**47,705,978**	45,778,758	**477,059**	457,787

Notes:

(i) Pursuant to the subscription agreement entered on 7 March 2017, 25,000,000,000 and 1,950,000,000 new subscription shares have been duly allotted and issued to CMBC International Investment Limited and Brilliant Decent Limited, respectively. The subscription was completed on 31 May 2017.

Pursuant to the subscription agreement entered into on 3 July 2018, the Company has conditionally agreed to allot and issue, and CMBC International Investment Limited has conditionally agreed to subscribe for 1,350,000,000 new shares, at the price of HK$0.363 per new share. The subscription was completed on 15 October 2018.

(ii) Pursuant to the placing agreement entered into on 3 July 2018, the Company has conditionally agreed to place, through placing agents, up to 830,000,000 new shares to not less than six placees at the placing price of HK$0.363 per new share. The placing of 577,220,000 new shares was completed on 20 July 2018.

(iii) The Company granted 1,005,598,000 share options to subscribe for ordinary shares of HK$0.01 each in the share capital of the Company under the share option scheme on 18 September 2015 and 12 October 2015 to eligible participants. The share options granted on 18 September 2015 and 12 October 2015 can be exercised at any time during the period on or after the grant dates but not later than 17 September 2018 and 11 October 2018, respectively. During the period ended 31 December 2017, 808,943,000 new shares were issued as a result of exercise of share options.

BUSINESS REVIEW

The Group is currently licensed to engage in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, as well as the licensed money lending business and has all material licenses required for services expected to be required by most of its existing and potential clients at current stage.

During the Reporting Year, the Group's profit attributable to the owners of the Company was approximately HK$245.2 million (the Previous Period: profit of HK$118.3 million), representing an increase of 107.3%. The Group's basic and diluted earnings per share were HK0.53 cents (31 December 2017: basic and diluted earnings per share of HK0.30 cents).

The Group's revenue increased by 379.0% to approximately HK$791.2 million during the Reporting Year, compared to approximately HK$165.2 million in the Previous Period. It was mainly due to the growth of the three major businesses of the Group, including the securities segment, the investment and financing segment and the asset management, corporate finance and advisory segment.

The table below presents the breakdown of segment revenue and segment results:

	Segment Revenue		**Segment Results**	
	For the year ended 31 December 2018 *HK$'000*	For the nine months ended 31 December 2017 *HK$'000*	**For the year ended 31 December 2018** *HK$'000*	For the nine months ended 31 December 2017 *HK$'000*
Securities	**135,982**	73,059	**81,770**	49,137
Investment and financing	**392,122**	117,679	**110,900**	91,933
Asset management, corporate finance and advisory	**189,922**	43,052	**148,646**	39,783
Total	**718,026**	233,790	**341,316**	180,853

Securities

The Group's securities business mainly includes the provision of brokerage services, securities margin financing services, futures and options contracts dealing services and securities underwriting/placing services to clients. During the Reporting Year, the Group completed 25 public offering bonds underwriting transactions for Chinese enterprises and financial corporates. The Group acted as a global coordinator in 12 projects out of those transactions. The bond products include the establishment, drawdown and issuance of interim notes and the issuance of senior bonds, hybrid perpetual bonds and bank capital instruments. The Group's debt capital market business segment also provides some significant bonds issuer clients with international rating advisory services.

During the Reporting Year, the revenue and profit contributed by the securities segment were approximately HK$136.0 million and HK$81.8 million, respectively, compared to the revenue and profit of approximately HK$73.1 million and HK$49.1 million, respectively in the Previous Period. The profit in the segment was mainly attributed to the increase in commission income generated by the underwriting services for the bonds and new shares issued by the clients.

The Group solidly developed securities brokerage business and margin financing business. Our securities brokerage business includes trading securities, bonds and other marketable securities of listed companies on behalf of clients. Margin financing business includes provision of stock secured financing for retail, corporate clients and high-net-worth clients who need finance for purchasing securities. Since the overall market in 2018 was relatively static, the Group adopted a relatively cautious development strategy as to our securities brokerage business and margin financing business.

The scale of the Group's margin client investment portfolio was enlarged. Loan balance at the end of the year and average monthly loan balance have increased when compared with those in the Previous Period. Margin value and collateral market value have also increased to generate growth in interest income from margin financing for the Reporting Year.

Investment and financing

During the Reporting Year, revenue from the investment and financing segment, which included coupon, dividend and distribution income from listed bonds, listed equities, unlisted equity investments, quoted investment funds, unlisted funds, unlisted convertible notes and debt investments, as well as interest income from loans, amounted to HK$392.1 million in aggregate as compared to HK$117.7 million in the Previous Period. The segment profit increased from HK$91.9 million in the Previous Period to HK$110.9 million in the Reporting Year. The segment profit was mainly attributable to dividend and interest income from investments of approximately HK$465.3 million and net loss on investments of approximately HK$73.2 million (Previous Period: dividend and interest income from investments of HK$49.1 million and net gain on investments of approximately HK$68.6 million, respectively). The increase in segment profit was mainly attributable to the enlargement of diversified investment and financing portfolio size.

The following table sets out the breakdown of investment and financing:

	31/12/2018	31/12/2017
	HK$'000	*HK$'000*
Investment		
Listed equities	**4,311**	2,597
Unlisted equity interests	**224,601**	–
Listed bonds (measured at FVOCI)	**3,006,050**	829,965
Listed bonds (measured at FVTPL)	**129,398**	–
Quoted investment funds	**–**	1,327,882
Unlisted funds	**193,135**	–
Unlisted convertible notes	**23,495**	–
Unlisted convertible debt investments	**482,039**	–
Total	**4,063,029**	2,160,444
Financing		
Loans and advances	**3,995,037**	1,661,876

As at 31 December 2018, the Group's investment portfolio mainly comprised listed bonds, listed equities, unlisted equity investments, unlisted funds, unlisted convertible notes and convertible debt investments, covering a wide range of sectors such as industrial, pharmaceuticals, technology, consumer goods, real estate and finance.

As at 31 December 2018, the assets of the proprietary investment of the Company amounted to HK$4,063.0 million, including bond investment of HK$3,135.4 million.

The Company maintains a solid proprietary bonds investment style and is committed to a revenue-based (including charging fixed contractual interest income and receiving gains on disposal) trading strategy. Adopting a consistent top-down/bottom-up approach in its investment analysis, the Company pursues high-level and sustainable revenue distribution with limited volatility. It implements a prudent risk management strategy to strike a balance between risk management and revenue and diversify investment to a broad portfolio. Position in any single bond shall not account for more than 5% of the overall position, thereby avoiding the risk of substantial market adjustment.

At the same time, the private direct investment business of the Group, including non-listed equity, funds and convertible note projects, centred around trending industries, such as high-end technology, great healthcare and artificial intelligence, and recorded stable growth in terms of overall value of investment projects held during the Reporting Year.

Through the selection of quality customers and projects and focus on short-to-mid term financing, the loan business maintained the liquidity of assets of the Company. Loans were granted to various industries, such as finance, technology, medical healthcare, sports and well-being, education and real estate, to create a diversified loan portfolio. Concentration, maturity profile and risk-to-revenue ratio of the asset portfolio were under constant monitoring. Thorough pre-, peri- and post-investment management were implemented to put in place practicable and effective risk prevention and control measures, for the purpose of credit risk prevention.

Asset management, corporate finance and advisory

The Group's asset management, corporate finance and advisory segment represents the provision of asset management services, corporate finance and financial advisory services. During the Reporting Year, revenue of approximately HK$189.9 million and profit of approximately HK$148.6 million were recorded for this segment respectively, as compared to revenue of approximately HK$43.1 million and profit of approximately HK$39.8 million in the Previous Period respectively. The increase in segment profit was mainly attributable to the growth of corporate finance and sponsorship services and the expansion of assets under management during the Reporting Year.

(I) Asset management

During the Reporting Year, with the establishment of a number of fixed-income private funds, unlisted equity investment funds and corporate discretionary accounts, the Group saw a drastic increase in assets under management to approximately US$600 million, which contributed to a significant increase in management fee income.

In 2018, the capital market in Hong Kong was marked by a general trend of an eventual decline following an initial upswing with an overall poor performance. The investment team from the asset management segment of the Group adopted a prudent investment approach and achieved excellent overall performance in its investment products. While the two fixed-income private funds recorded absolute positive returns, the unlisted equity investment business made steady progress. The asset management segment focused on investment opportunities involving high growth fields such as technology and healthcare. Two of the companies engaging in financial technology in which the Group had invested saw considerable value appreciation. The Group will also continuously expand the scale of its investment in the healthcare sector in the future.

(II) Corporate finance and advisory

The corporate finance and advisory segment is mainly responsible for listing of enterprises in Hong Kong, merger and acquisition and issuance in the secondary market. It covers a full range of work including project design, leading and coordinating respective parties and execution of securities issuance, with a view to establishing a win-win cooperative relationship with clients over the long term. The investment banking team has introduced outstanding sponsors, merger and acquisition advisors and teams for the equity capital market with diversified backgrounds (including sizeable investment banks, regulatory bodies and accountants) to the capital market in Hong Kong.

The Group maximises market value for our clients by providing all-round execution and advisory services of first-class standards. Amidst the persistent tensions in international trade and the abnormal fluctuations in global stock markets, the corporate finance department has been maintaining rapid and healthy development since its establishment and keeping itself abreast of the latest trends of industry development. During the Reporting Year, three projects have been successfully listed on the main board of the Hong Kong Stock Exchange, in two of which CMBC International Capital Limited, a wholly-owned subsidiary of the Company, acted as the sponsor and global coordinator and in the remaining one as the joint bookrunner. Aside from IPO sponsorship and underwriting, our team from the corporate finance department also acts as a financial advisor for merger and acquisition projects of listed companies, including their appointment as the financial advisor of the offeror and that of the subject listed company in two projects which received considerable market response.

Administrative Expenses and Finance Costs

Administrative expenses and finance costs for the year ended 31 December 2018 amounted to HK$406.9 million in aggregate (for the nine months ended 31 December 2017: HK$105.7 million). The analysis is set out below:

	For the year ended 31 December 2018	For the nine months ended 31 December 2017
	HK$'000	*HK$'000*
Staff costs	**71,775**	34,855
Depreciation and amortisation	**6,280**	1,895
Other administrative expenses	**66,800**	39,952
Finance costs	**262,029**	29,044
Total	**406,884**	105,746

Staff costs increased by 105.9% due to the investment in human resources to support the expansion of each business segment.

As the estimated recovery costs for office premises increased, depreciation and amortisation increased accordingly.

The increase in finance costs was mainly due to the expansion of the size of investment portfolio and loan financing business, which resulted in the increase in borrowings (including bank and other borrowings and financial assets sold under repurchase agreements).

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK0.2 cents per share for the year ended 31 December 2018 (31 December 2017: Nil), subject to the approval by the shareholders of the Company at the forthcoming annual general meeting (the "AGM"). A circular, among other things, further details and the information required by the Listing Rules, together with a notice of AGM, will be despatched to the shareholders in due course.

FINANCIAL REVIEWS

Capital Structure

During the Reporting Year, the Company had (i) placed 577,220,000 new shares at HK$0.363 per share on 20 July 2018 pursuant to the placing agreement; and (ii) allotted and issued 1,350,000,000 new shares at HK$0.363 per share on 15 October 2018 pursuant to the 2018 subscription agreement.

As at 31 December 2018, the total number of the issued share capital with the par value of HK$0.01 each was 47,705,977,729 and total equity attributable to shareholders was approximately HK$1,876.1 million (31 December 2017: HK$1,280.2 million).

During the Reporting Year, no shares had been purchased or granted to the selected persons of the Group under the share award scheme which was adopted in February 2016 (the "Share Award Scheme").

Liquidity and Financial Resources

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

As at 31 December 2018, the Group had current assets of approximately HK$9,526.0 million (31 December 2017: HK$4,829.0 million) and liquid assets comprising cash (excluding segregated bank accounts) and investment in listed equity securities and listed debt investments totalling approximately HK$4,027.3 million (31 December 2017: HK$2,287.2 million). The Group's current ratio, calculated based on current assets of approximately HK$9,526.0 million (31 December 2017: HK$4,829.0 million) over current liabilities of approximately HK$8,507.7 million (31 December 2017: HK$3,886.0 million), was at a ratio of approximately 1.1 at the end of the Reporting Year (31 December 2017: 1.2).

The Group's finance costs for the Reporting Year mainly represented the effective interest on notes payable of approximately HK$8.3 million (Previous Period: HK$6.2 million), effective interest on promissory notes of Nil (Previous Period: HK$0.3 million), interest on bank borrowings and bank overdrafts of approximately HK$19.7 million (Previous Period: HK$2.4 million), interest on loans from an intermediate holding company of approximately HK$207.3 million (Previous Period: HK$20.0 million), and interest on financial assets sold under repurchase agreements of approximately HK$26.7 million (Previous Period: HK$8,000).

As at 31 December 2018, the Group's indebtedness comprised loans from an intermediate holding company, bank borrowing, notes payable and financial assets sold under repurchase agreements of approximately HK$7,869.3 million (31 December 2017: HK$3,487.4 million). The loans from an intermediate holding company of approximately HK$6,314.4 million (31 December 2017: HK$3,032.5 million) were denominated in Hong Kong dollars and United States dollars, due on the second anniversary from the drawdown date, and borne interest at 4% per annum. The notes payable in the aggregate principal amount of HK$150 million (31 December 2017: HK$150 million) was denominated in Hong Kong dollars, due on the seventh anniversary from the respective issue dates of the notes, and borne interest at 5% fixed rate per annum.

The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was at a ratio of approximately 80.7% (31 December 2017: 73.1%).

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

Significant Investments Held

For the year ended 31 December 2018, the Group did not hold any single significant investment which accounted for over 5% of the total assets.

Material Acquisitions and Disposals of Subsidiaries and Associates

For the year ended 31 December 2018, the Group had no material acquisitions or disposals of subsidiaries and associates.

FOREIGN CURRENCY RISK MANAGEMENT

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

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2018, the Group had about 80 (31 December 2017: about 60) employees including Directors. For the Reporting Year, total staff costs, including Directors' remuneration, was approximately HK$71.8 million (Previous Period: HK$34.9 million). Remuneration packages for employees and Directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include mandatory provident fund scheme, subsidised training programme, share option scheme, share award scheme and discretionary bonuses.

PROSPECTS

The Company will further enhance its profitability by establishing and optimising the investment and financing business and fostering a comprehensive upgrade in the corporate finance and advisory and asset management business. In particular, the Group intends to, inter alia:

(1) optimize the structure of the investment and financing business, focus on ancillary investment and financing services for high-quality clients who have needs regarding corporate finance and advisory and asset management. Upon selection of target industries and companies, the Company will focus on providing all-round financial services for enterprises with sustainable and steady growth in the fields of new technology, healthcare and bulk consumption, with a view to fostering the rapid growth of the investment banking and asset management business by capitalising on the investment and financing business;

(2) further develop services related to sponsorship for listing and merger and acquisition advisory. Based on the foundation the Company built by successfully providing various enterprises with listing sponsorship and merger and acquisition services in the Reporting Year, the Company will provide elite enterprises in Mainland China with highly efficient services, fully bring into play the high-quality private enterprise client resources cultivated in Mainland China by China Minsheng and provide services for their cross-border listing and merger and acquisition; the Company will focus on team building, launching projects in strict compliance with the law, effectively preventing any risk of violating the laws and regulations. With these efforts, the Company will gain recognition from both clients and regulatory bodies so that the Company may gradually become the leading Hong Kong-based Chinese financial services provider in the field of sponsorship for listing and merger and acquisition advisory;

(3) make use of innovative products and services as well as the advantages of China Minsheng in terms of clientele and networks, taking into account the diversified needs of high-net-worth clients in Greater China and leveraging the diversified portfolio of private equity products to effectively foster the upgrade and development of asset management business, with a view to providing different kinds of high-net-worth individual clients or high-quality corporate clients with diversified asset management services; and

(4) pay close attention to the investment targets or partners which create synergy with the Group and China Minsheng in order to enhance the quality and pace of the Group's development. The Group will expedite its development and enhance its competitiveness among its peers through strategic financial investments or establishment of close cooperation. The Group will continue to focus on emerging enterprises with synergy, healthy fundamentals and continuous increase in both revenue and profit as potential targets for cooperation.

On the whole, the Group will press ahead with the upgraded "one-body and two-wings" strategy to develop our business. The upgraded "one-body" refers to the optimisation of the existing investment and financing structure with a focus on addressing the balance of direct benefits and indirect benefits from investment and financing activities and promoting close integration between the investment and financing business and businesses such as merger and acquisition, listing and asset management. Closer ties between the development of the investment and financing business and that of the investment banking and asset management business will be established. While the upgraded "two-wings" strategy will strengthen the development of the investment banking and asset management business in such aspects as human resources, financial resources and various systems and mechanisms, due attention will be paid to the enhancement of quality and branding in the development of the corporate financing and advisory and asset management segment, instead of a mere consideration in respect of the number of projects handled or revenue.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's announcement dated 21 February 2019, after arm's length negotiation, CMBC Capital Finance Limited ("CMBCCF"), a wholly-owned subsidiary of the Company has entered into the amendment agreement with the borrower to renew the facility agreement entered into between CMBCCF and the borrower on 17 August 2018 and extend the date of repayment to 21 August 2019 subject to the terms and conditions of the amendment agreement. The loan in relation to the facility agreement amounted to HK$500,000,000. For details, please refer to the Company's announcements published on 17 August 2018 and 21 February 2019 respectively.

RISK MANAGEMENT CAPABILITIES

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

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the reporting year except for the following deviation with reasons as explained:

ATTENDANCE OF THE ANNUAL GENERAL MEETING

Code Provision E.1.2

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

It further stipulates that the chairman of the independent board committee should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.

Deviation

The chairmen and members of the nomination committee and the remuneration committee were unable to attend the annual general meeting of the Company held on 29 June 2018 (the "AGM") due to their other business engagement. However, the chairman of the Board had chaired the AGM and answered questions from the shareholders of the Company. The AGM has provided a channel for communication between the Board and the shareholders.

The chairman of the independent board committee did not attend the special general meeting of the Company held on 20 September 2018 due to other important business engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by the Directors of the Company. In response to specific enquiry made by the Company, all Directors confirmed that they have fully complied with the required standards as set out in the Model Code throughout the Reporting Year.

OTHER INFORMATION

Audit Committee

The audited consolidated financial statements of the Company for the year ended 31 December 2018 have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

Scope of work of KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in this announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by KPMG on this announcement.

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

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

PUBLICATION OF ANNUAL REPORT

The annual report 2018 of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.cmbccap.com) in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business partners and other professional parties for their support throughout the Reporting Year.

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

Hong Kong, 28 March 2019

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

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

Non-executive Directors:
Mr. Ren Hailong
Mr. Liao Zhaohui

Independent Non-executive Directors:
Mr. Lee, Cheuk Yin Dannis
Mr. Wu Bin
Mr. Wang Lihua