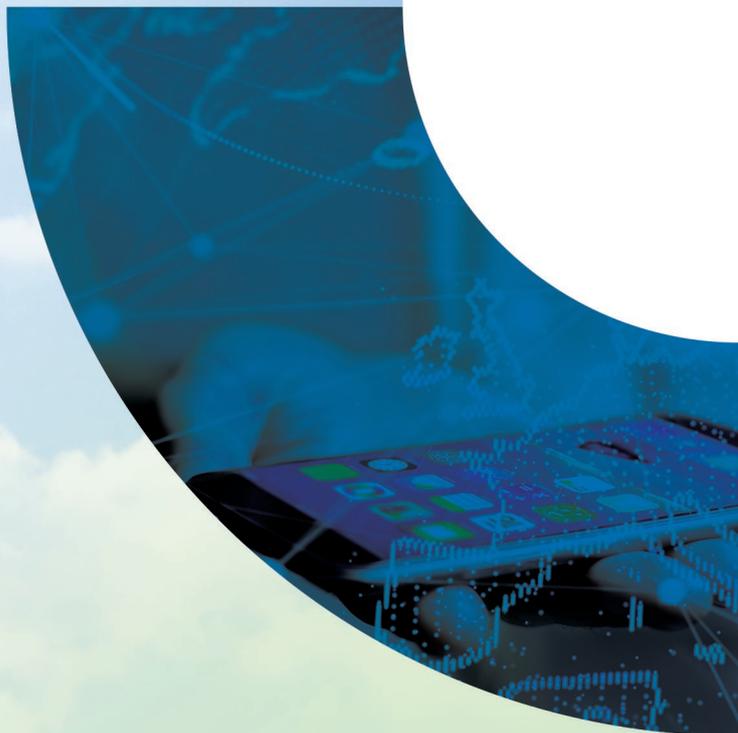
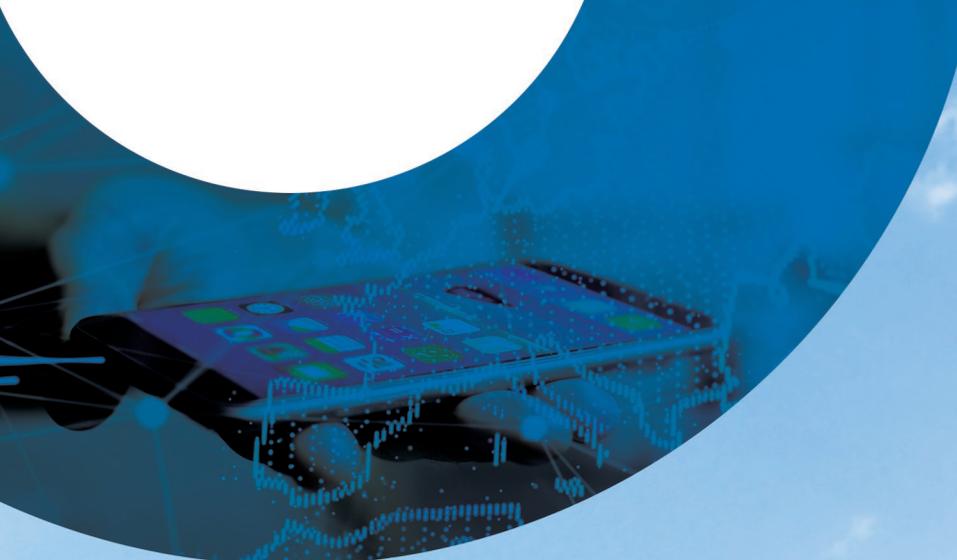




*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 1141)**



**INTERIM  
REPORT  
2017**



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## Abbreviations

In this interim report, the following abbreviations have the following meanings unless otherwise specified:

“Board”	board of Directors
“Brilliant Decent”	Brilliant Decent Limited
“Company”	CMBC Capital Holdings Limited
“CMBC Securities”	CMBC Securities Company Limited
“CMBCI”	CMBC International Holdings Limited
“CMBCI Investment”	CMBC International Investment Limited
“CMBCCF”	CMBC Capital Finance Limited
“CMBCIC”	CMBC International Capital Limited
“Directors”	directors of the Company
“Group”	Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Previous Period”	the six months ended 30 September 2016
“Reporting Period”	the six months ended 30 September 2017
“Shares”	the shares of the Company
“Sky Eagle”	Sky Eagle Global Limited
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme adopted by the Company on 24 September 2012
“Share Award Scheme”	the share award scheme adopted by the Company on 19 February 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$” and “cents”	Hong Kong dollars and cents
“%”	per cent.

# Corporate Information

## BOARD OF DIRECTORS

### 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

## AUDIT COMMITTEE

Mr. Lee, Cheuk Yin Dannis (*Chairman*)  
Mr. Wu Bin  
Mr. Wang Lihua

## REMUNERATION COMMITTEE

Mr. Wu Bin (*Chairman*)  
Mr. Ren Hailong  
Mr. Wang Lihua

## NOMINATION COMMITTEE

Mr. Wu Bin (*Chairman*)  
Mr. Ren Hailong  
Mr. Wang Lihua

## COMPANY SECRETARY

Mr. Dong Qizhen

## TRADING OF SHARES

The Stock Exchange of Hong Kong  
Limited (Stock Code: 1141)

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 6601A and 6607-6608  
Level 66  
International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

## PRINCIPAL BANKERS

China Minsheng Banking Corp., Ltd  
OCBC Wing Hang Bank Limited  
Wing Lung Bank Limited  
Shanghai Pudong Development  
Bank Co., Ltd

## LEGAL ADVISER

Jun He Law Offices

## AUDITOR

KPMG  
Certified Public Accountants  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
26 Burnaby Street  
Hamilton HM11  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## WEBSITE

<http://www.cmbccap.com>



# Management Discussion and Analysis

## FINANCIAL RESULTS AND BUSINESS REVIEW

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

During the Reporting Period:

1. On 31 May 2017, CMBCI Investment and Brilliant Decent (i) acquired 2,527,200,000 Shares and 900,000,000 Shares from, Mr. Lam Hoi Sze and Ms. Ai Qing, the then substantial shareholders of the Company, both at the price of HK\$0.06 per Share, respectively, pursuant to the sale and purchase agreements dated 7 March 2017 (the "Acquisitions"); and (ii) subscribed 25,000,000,000 new Shares and 1,950,000,000 new Shares allotted and issued by the Company, both at the price of HK\$0.032 per Share, respectively (the "Subscriptions"). Upon the completion of the Acquisitions and the Subscriptions, CMBCI Investment became a controlling shareholder of the Company.
2. On 27 July 2017, the Company entered into an acquisition agreement with CMBCI, pursuant to which the Company agreed to acquire and CMBCI agreed to sell the entire issued share capital of CMBCIC for a consideration of HK\$19,931,674 (the "CMBCIC Acquisition"). The CMBCIC Acquisition was completed on 30 October 2017 and CMBCIC became a direct wholly-owned subsidiary of the Company.
3. On 27 July 2017, the Company entered into an acquisition agreement with CMBCI, pursuant to which the Company agreed to acquire and CMBCI agreed to sell the entire issued share capital of CMBCCF for a consideration of HK\$1 (the "CMBCCF Acquisition"). The CMBCCF Acquisition was completed on 4 August 2017 and CMBCCF became a direct wholly-owned subsidiary of the Company.
4. On 9 May 2017, the Group disposed 1 share or 100% issued share capital of Sky Eagle and a loan amounting to approximately HK\$177 million to Celestial Lodge Limited at a cash consideration of HK\$227,000,000 pursuant to a sale and purchase agreement and a supplemental agreement dated 28 November 2016 and 7 March 2017, respectively. The only significant asset of Sky Eagle and its subsidiary, Metro Victor Limited is an investment property.
5. On 26 May 2017, the Group distributed in specie of all 1,215,971,647 shares of China Soft Power Technology Holdings Limited and 315,692,000 shares of Future World Financial Holdings Limited then held by the Group, to the shareholders whose names are registered on the register of members of the Company on 10 May 2017.

# Management Discussion and Analysis

## FINANCIAL RESULTS AND BUSINESS REVIEW (continued)

6. On 24 May 2017, the Group paid a special cash dividend in aggregate amount of approximately HK\$612,876,000 to its then shareholders.
7. In April 2017, all of the outstanding share options at 31 March 2017 were exercised by the option holders. Upon the exercise of these share options, 808,943,000 new ordinary shares of the Company were issued and the net proceeds from the exercise of share options were approximately HK\$187,818,000.

### Revenue

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

### Securities

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

### Investment and financing

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

- (1) the unrealized gain on investments at fair value through profit or loss of approximately HK\$9.7 million, compared to the unrealized loss of approximately HK\$110.2 million for the Previous Period; and
- (2) the realized gain on investments at fair value through profit or loss of approximately HK\$46.3 million, compared to nil realized gain on investments at fair value through profit or loss for the Previous Period.

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



# Management Discussion and Analysis

## FINANCIAL RESULTS AND BUSINESS REVIEW (continued)

### Asset management and advisory

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

### Discontinued Operations

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

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Capital Structure

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

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

# Management Discussion and Analysis

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE (continued)

### Liquidity and Financial Resources

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

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

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

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

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

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



# Management Discussion and Analysis

## FOREIGN CURRENCY RISK MANAGEMENT

The Group's revenue has been mainly denominated in US\$ and HK\$ while its expenditure is mainly denominated in HK\$. The Group foreign exchange exposure is mainly from the translation of assets and liabilities denominated in US\$. As HK\$ are pegged with US\$, 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.

## PLEDGE OF ASSETS

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

## CONTINGENT LIABILITY

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

## CAPITAL COMMITMENT

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

## HUMAN RESOURCES AND REMUNERATION POLICY

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

## PROSPECTS

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

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

# Management Discussion and Analysis

## PROSPECTS (continued)

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

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



## Other Information

### ACQUISITION OF SUBSIDIARIES

#### Acquisition of CMBCIC and CMBCCF

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

CMBCIC has been licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since March 2017. CMBCIC will principally engage in the provision of corporate finance services. CMBCCF has obtained a money lender license in Hong Kong since July 2017.

CMBCCF will principally engage in the provision of loan financing business. The directors of the Company are of the view that the acquisitions will further broaden the Group's client bases, procure new sources of revenue for the Group and create synergy effect of the Group's principal businesses.

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

### INTERIM DIVIDEND

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

### ADVANCE TO AN ENTITY

On 27 September 2017, CMBC Securities, a direct wholly-owned subsidiary of the Company, confirmed its agreement to grant the margin facility in the total maximum principal amount of HK\$180 million (the "Margin Facility") to the borrower, an individual minority shareholder holding approximately 4.3% of total issued share capital of the Company and a Hong Kong resident (the "Borrower"). To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Borrower is an independent third party.

## Other Information

### ADVANCE TO AN ENTITY (continued)

Subject to the terms and conditions as set out in the relevant client agreement, the Margin Facility shall be drawn by the Borrower after (i) CMBC Securities confirms its agreement to the grant of the Margin Facility and receives the commitment fee in full; and (ii) the Borrower has duly provided the security in relation to the Margin Facility. In line with the market practice, the Margin Facility does not have a fixed term and can be repaid by the Borrower in accordance with the relevant client agreement. The actual drawn amount of the Margin Facility carries interest at a rate up to 10% above the prime lending rate quoted by a leading licensed bank in Hong Kong. In addition, the Borrower shall also pay to CMBC Securities a commitment fee in the amount equal to 3% of the total amount of the Margin Facility.

The grant of the Margin Facility was made on the basis of CMBC Securities' credit assessments made on, inter alia, that (1) the closing price of the collaterals as stated in the daily quotation sheets issued by the Stock Exchange on 25 September 2017, being approximately HK\$1.43 billion (or approximately 8.0 times of the total amount of the Margin Facility to be granted); (2) the applicable margin ratio for the Margin Facility, which is in line with the prevailing market practice; and (3) the credit worthiness of the Borrower is acceptable to the Company. After taking into account these factors, the Company considers that the risks involved in the advance to the Borrower are relatively low.

The Margin Facility is secured by the charge of all the 1,963,402,060 Shares held by the Borrower, representing approximately 4.3% of the issued share capital of the Company as at 27 September 2017. The margin ratio of the Margin Facility shall not exceed 20% as at the time of the grant of the Margin Facility; whilst CMBC Securities has the right to call margin if such margin ratio exceeds 20% during the term of the Margin Facility.

The Company has applied to the Stock Exchange for and has been granted with a waiver from strict compliance with Rule 13.15 of the Listing Rules in respect of the identity of the Borrower and the disclosure of the interest rate of the Margin Facility.

### SHARE OPTION SCHEME

The existing Share Option Scheme was adopted by the Company at the annual general meeting of the Company held on 24 September 2012. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption. The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented participants to strive for future development and expansion of the Group. The Share Option Scheme shall provide incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions.



## Other Information

### SHARE OPTION SCHEME (continued)

Pursuant to the ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 8 September 2017 (the "AGM"), the total number of shares of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme, together with all options to be granted under any other share option scheme(s) of the Company (excluding lapsed options) ("Share Option Scheme Mandate Limit"), was refreshed such that the Directors were authorised to grant options carrying rights to subscribe for up to a maximum number of 10% of the shares in issue as at the date of the AGM approving the refreshed scheme mandate limit. As such, the Company may grant share options entitling holders thereof to subscribe for a total of 4,577,875,772 Shares (representing 10% of the Shares in issue as at the date of the AGM).

### SHARE OPTIONS

During the Reporting Period, prior to the refreshment of the Share Option Scheme Mandate Limit, the Company had (i) allotted and issued 317,305,500 new Shares in April 2017 pursuant to the exercise of the share options under the Share Option Scheme at the adjusted exercise price of HK\$0.234 per Share; (ii) allotted and issued 491,637,500 new Shares in April 2017 pursuant to the exercise of the share options under the Share Option Scheme at the adjusted exercise price of HK\$0.231 per Share.

During the Reporting Period, save as disclosed above, no shares have been purchased or granted to the selected persons of the Group under the Share Option Scheme.

### SHARE AWARD SCHEME

The Company adopted the existing Share Award Scheme on 19 February 2016.

Pursuant to the Listing Rules and the terms of the Share Award Scheme, the maximum number of Awarded Shares (as defined under the Share Award Scheme) must not exceed 10% of the Shares in issue on 19 February 2016 ("Share Award Scheme Mandate Limit"). The Share Award Scheme Mandate Limit was refreshed at the annual general meeting of the Company held on 8 September 2016 where the Company was authorised to grant Awarded Shares up to a maximum number of 1,569,566,788 Shares, which represented 10% of the total issued share capital of the Company as at the date of that meeting.

Subsequent to the previous refreshment of the Share Award Scheme Mandate Limit as at 8 September 2016, though no Awarded Shares have been granted under the Share Award Scheme, the number of Shares in issue has increased from 15,695,667,885 Shares to 45,778,757,729 Shares.

## Other Information

### SHARE AWARD SCHEME (continued)

By an ordinary resolution at the AGM, the Share Award Scheme Mandate Limit was refreshed and the Company was authorized to grant Awarded Shares up to a maximum number of 4,577,875,772 Shares, representing 10% of the issued share capital of the Company as at the date of AGM. The total number of Shares which may be granted upon the “refreshed” Share Award Scheme Mandate Limit is 4,577,875,772 Shares. The Company will not issue or grant any Awarded Shares under the Share Award Scheme which would result in exceeding the 30% Aggregate Limit for the Share Option Scheme and the Share Award Scheme.

During the Reporting Period, save as disclosed above, no shares have been purchased or granted to the selected persons of the Group under the Share Award Scheme.

### DIRECTORS’ INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed above, as at 30 September 2017, none of the Directors or chief executive of the Company (and their respective associate(s)) had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO to be entered into the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

### DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures” and the “Share Option Scheme” above, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the Reporting Period.

## Other Information

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 2017, save as disclosed below, according to the list of substantial shareholders extracted from the website of the Stock Exchange and the announcement of the Company, the following companies or persons had an interest or short position in the Shares and the register of interests kept by the Company under section 336 of the SFO and as far as is known to the Directors, no person had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any option in respect of such capital:

Name of shareholders	Capacity in which the Shares were held	Number of shares held	Approximate percentage of the Company's issued share capital	Long position/ short position
China Minsheng	Interest of controlled corporation	27,568,649,093 (Note 1)	60.22%	Long position
CMBCI	Interest of controlled corporation	27,568,649,093 (Note 1)	60.22%	Long position
CMBC International Investment (HK) Limited	Interest of controlled corporation	27,568,649,093 (Note 1)	60.22%	Long position
CMBC International Investment Limited	Beneficial Owner	27,568,649,093	60.22%	Long position
Central Wealth Financial Group Limited	Interest of controlled corporation	1,300,000,000 (Note 2)	8.37%	Long position
Golden Horse Hong Kong Investment Limited	Beneficial Owner	1,300,000,000	8.37%	Long position
China Soft Power Technology Holdings Limited	Interest of controlled corporation	3,378,405,829 (Note 3)	7.38%	Long position
China Soft Power Technology Holdings Limited	Interest of controlled corporation	1,800,000,000 (Note 4)	3.93%	Short position
China Huarong Asset Management Co., Ltd.	Interest of controlled corporation	3,750,000,000 (Note 5)	8.19%	Long position
China Huarong Overseas Investment Holdings Co., Limited	Interest of controlled corporation	3,750,000,000 (Note 5)	8.19%	Long position

## Other Information

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (continued)

Name of shareholders	Capacity in which the Shares were held	Number of shares held	Approximate percentage of the Company's issued share capital	Long position/ short position
Ministry of Finance of the People's Republic of China	Interest of controlled corporation	3,750,000,000 (Note 5)	8.19%	Long position
Sun Siu Kit	Interest of controlled corporation	3,750,000,000 (Note 5)	8.19%	Long position
華融致遠投資管理有限責任公司	Interest of controlled corporation	3,750,000,000 (Note 5)	8.19%	Long position
華融華僑資產管理股份有限公司	Interest of controlled corporation	3,750,000,000 (Note 5)	8.19%	Long position
廣東錦峰集團有限公司	Interest of controlled corporation	3,750,000,000 (Note 5)	8.19%	Long position

Notes:

1. CMBC International Investment Limited was beneficially and wholly-owned by CMBC International Investment (HK) Limited, which was in turn beneficially and wholly-owned by CMBCI. CMBCI was beneficially and wholly-owned by China Minsheng. As such, each of CMBC International Investment (HK) Limited, CMBCI and China Minsheng was deemed to be interested in the Shares held by CMBC International Investment Limited.
2. Golden Horse Hong Kong Investment Limited was beneficially and wholly-owned by Central Wealth Financial Group Limited. As such, Central Wealth Financial Group Limited was deemed to be interested in the Shares held by Golden Horse Hong Kong Investment Limited.
3. China Soft Power Technology Holdings Limited beneficially and wholly held the entire issued share capital of Hoshing Limited, which in turn beneficially and wholly held the entire issued share capital of Main Purpose Investments Limited and Desert Gold Limited. Main Purpose Investments Limited and Desert Gold Limited held 1,402,835,829 Shares and 1,975,570,000 Shares, respectively. As such, China Soft Power Technology Holdings Limited was deemed to be interested in the Shares held by Main Purpose Investments Limited and Desert Gold Limited.
4. China Soft Power Technology Holdings Limited beneficially and wholly held the entire issued share capital of Hoshing Limited, which in turn beneficially and wholly held the entire issued share capital of Main Purpose Investments Limited and Desert Gold Limited. Main Purpose Investments Limited and Desert Gold Limited had short position in 1,400,000,000 Shares and 400,000,000 Shares, respectively. As such, China Soft Power Technology Holdings Limited was deemed to have in short position in the Shares held by Main Purpose Investments Limited and Desert Gold Limited.
5. Simple Moment International Limited beneficially held 1,950,000,000 Shares and 1,800,000,000 Shares in the capacity of Interest of controlled corporation and person having a security interest in shares, respectively. Simple Moment International Limited was beneficially and wholly-owned by China Huarong Overseas Investment Holdings Co., Ltd, which was in turn beneficially and wholly-owned by 華融華僑資產管理股份有限公司. 華融華僑資產管理股份有限公司 was beneficially held as to 51% and 40% by 華融致遠投資管理有限責任公司 and Sun Siu Kit, respectively. 華融致遠投資管理有限責任公司 was beneficially and wholly-owned by China Huarong Asset Management Co., Limited, which was in turn beneficially held as to 67.75% by Ministry of Finance of the People's Republic of China. As such, each of China Huarong Overseas Investment Holdings Co., Ltd, 華融華僑資產管理股份有限公司, 華融致遠投資管理有限責任公司, Sun Siu Kit, China Huarong Asset Management Co., Limited and Ministry of Finance of the People's Republic of China was deemed to be interested in the Shares held by Simple Moment International Limited.



## Other Information

### CORPORATE GOVERNANCE

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

#### Insurance cover for directors

##### **Code Provision A.1.8**

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

##### **Deviation**

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

#### Appointment of Directors

##### **Code Provision A.4.1**

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

##### **Deviation**

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

#### Attendance of the Annual General Meeting

##### **Code Provision E.1.2**

Code provision E.1.2 stipulates that the chairman of the Board should invite for the 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.

## Other Information

### CORPORATE GOVERNANCE (continued)

#### Attendance of the Annual General Meeting (continued)

##### *Deviation*

The chairmen and members of the nomination committee and the remuneration committee were unable to attend 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.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the Reporting Period.

### CHANGE OF COMPANY NAME

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

### AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Company for the Reporting Period have been reviewed by the audit committee of the Company and the Company’s independent auditor, Messrs. KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The independent auditor, on the basis of their review, concluded that nothing has come to their attention that causes them to believe that the condensed consolidated interim financial statements are not prepared, in all material aspects, in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

**LI Jinze**  
*Chairman*

Hong Kong, 7 November 2017

# Report on Review of Condensed Consolidated Financial Statements



**REVIEW REPORT TO THE BOARD OF DIRECTORS OF CMBC CAPITAL HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*

## INTRODUCTION

We have reviewed the interim financial report set out on pages 20 to 54 of CMBC Capital Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as of 30 September 2017 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



# Report on Review of Condensed Consolidated Financial Statements (continued)

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 September 2017 is not prepared, in all material respects, in accordance with HKAS 34.

## KPMG

*Certified Public Accountants*

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
7 November 2017

# Consolidated Statement of Profit or Loss

For the six months ended 30 September 2017

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

The notes on pages 27 to 54 form part of this interim financial report. Details of dividends payable to equity shareholders of the company are set out in note 12.

# Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2017

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

The notes on pages 27 to 54 form part of this interim financial report.

# Consolidated Statement of Financial Position

At 30 September 2017

	Notes	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		4,754	4,210
Investment property	13	–	410,000
Goodwill		16,391	16,391
Loans and advances	16	417,961	–
Intangible assets		6,559	7,244
Available-for-sale investments	14	432,200	–
Other assets		9,300	10,046
		<b>887,165</b>	447,891
<b>Current assets</b>			
Accounts receivable	15	440,205	698,057
Prepayments, deposits and other receivables		13,421	2,242
Interests receivable		4,786	–
Loans and advances	16	269,098	–
Investments at fair value through profit or loss	17	589,863	379,107
Cash and bank balances			
– Segregated accounts		38,872	75,655
– House accounts		311,172	132,324
		<b>1,667,417</b>	1,287,385

# Consolidated Statement of Financial Position (continued)

At 30 September 2017

	Notes	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
<b>Current liabilities</b>			
Accounts payable	18	36,696	106,103
Other payables and accruals		12,165	47,884
Amount due to an intermediate holding company		61	–
Bank and other borrowings	19	1,077,853	8,455
Bank overdrafts		–	44,908
Tax payables		39,542	34,042
Financial liabilities at fair value through profit or loss		10	–
		<b>1,166,327</b>	241,392
Net current assets		<b>501,090</b>	1,045,993
Total assets less current liabilities		<b>1,388,255</b>	1,493,884
<b>Non-current liabilities</b>			
Bank and other borrowings	19	–	169,807
Notes payable		148,203	147,811
Promissory notes	20	–	27,056
Deferred tax liabilities		297	361
		<b>148,500</b>	345,035
Net assets		<b>1,239,755</b>	1,148,849
<b>Capital and reserves</b>			
Share capital	21	457,787	180,198
Reserves		781,968	968,651
Total equity		<b>1,239,755</b>	1,148,849

The notes on pages 27 to 54 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

For the six months ended 30 September 2017

	Notes	Attributable to owners of the Company							Total HK\$'000
		Share capital HK\$'000	Share premium HK\$'000	Contributed surplus* HK\$'000	Available- for-sale investments revaluation reserve HK\$'000	Other reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	
At 1 April 2017 (audited)		180,198	3,220,060	388,137	-	761	64,425	(2,704,732)	1,148,849
Profit and total comprehensive income for the period		-	-	-	(7)	-	-	77,784	77,777
Share premium cancellation		-	(2,967,709)	2,967,709	-	-	-	-	-
Issue of shares	21	269,500	592,900	-	-	-	-	-	862,400
Exercise of share options	21	8,089	244,153	-	-	-	(64,425)	-	187,817
Dividends paid	12	-	-	(1,037,088)	-	-	-	-	(1,037,088)
At 30 September 2017 (unaudited)		457,787	1,089,404	2,318,758	(7)	761	-	(2,626,948)	1,239,755

\* Contributed surplus is a distributable reserve and will be used for payment of dividends.

	Notes	Attributable to owners of the Company							Non- controlling interests HK\$'000	Total HK\$'000
		Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Other reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000		
At 1 April 2016 (audited)	126,641	2,480,559	388,137	-	82,222	(1,662,634)	1,414,925	2,261	1,417,186	
Profit and total comprehensive income for the period		-	-	-	-	11,164	11,164	-	11,164	
Placing of shares	14,500	285,650	-	-	-	-	300,150	-	300,150	
Issue of shares	13,000	173,789	-	-	-	-	186,789	-	186,789	
Exercise of warrants	3,083	27,745	-	-	-	-	30,828	-	30,828	
Transaction cost directly attributable to issue of shares		-	(34)	-	-	-	(34)	-	(34)	
Purchase of non-controlling interest		-	-	-	761	-	761	(2,261)	(1,500)	
At 30 September 2016 (unaudited)	157,224	2,967,709	388,137	761	82,222	(1,651,470)	1,944,583	-	1,944,583	

The notes on pages 27 to 54 form part of this interim financial report.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2017

		<b>Six months ended 30 September</b>	
	Notes	<b>2017 HK\$'000 (Unaudited)</b>	2016 HK\$'000 (Unaudited)
Net cash used in operating activities		<b>(445,928)</b>	(232,266)
Net cash used in investing activities			
Purchases of property, plant and equipment		<b>(1,413)</b>	(3,967)
Purchases of available-for-sale investments		<b>(432,265)</b>	–
Purchases of investments at fair value through profit or loss		<b>(587,573)</b>	–
Acquisition of subsidiaries		–	277
Proceeds from disposal of subsidiaries		<b>205,199</b>	–
Proceeds from disposal of investments at fair value through profit or loss		<b>8,778</b>	–
Other investing cash flows		–	13
		<b>(807,274)</b>	(3,677)
Net cash from financing activities			
Proceeds from issue of shares		<b>862,400</b>	–
Proceeds from exercise of share options		<b>187,817</b>	–
Proceeds from exercise of warrants		–	30,828
Transaction costs directly attributable to issue of shares		–	(34)
Purchase of non-controlling interest		–	(1,500)
New borrowings raised		<b>1,074,994</b>	1,356,507
Repayments of borrowings		<b>(1,274)</b>	(1,200,003)
Repayment of promissory notes		<b>(29,000)</b>	–
Interest paid		<b>(5,016)</b>	(8,521)
Dividend paid		<b>(612,876)</b>	–
		<b>1,477,045</b>	177,277

## Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 September 2017

	Notes	Six months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Net increase/(decrease) in cash and cash equivalents		<b>223,843</b>	(58,666)
Cash and cash equivalents at the beginning of the period		<b>87,416</b>	14,842
Effect of foreign exchange rate changes, net		<b>(87)</b>	–
Cash and cash equivalents at the end of the period		<b>311,172</b>	(43,824)
Analysis of balances of cash and cash equivalents			
Cash and bank balances			
– House accounts		<b>311,172</b>	35,769
Bank overdrafts		–	(79,593)
		<b>311,172</b>	(43,824)

The notes on pages 27 to 54 form part of this interim financial report.



# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 1. BASIS OF PREPARATION

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

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

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the last annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 18 to 19.

Operations of the real estate segment were discontinued during the current interim period and the operations of the supply and procurement segment were discontinued during the last interim period, details of which are disclosed in note 10. Accordingly, the consolidated statement of profit or loss for the six months period ended 30 September 2016 has been restated to conform with current period presentation.

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 2. CHANGES IN ACCOUNTING POLICIES

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

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

## 3. SEGMENT INFORMATION

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

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

The real estate segment was discontinued in the current period. The segment information reported does not include any amounts for the discontinued operations, which are described in more details in note 10. Accordingly, the segment information for the six months ended 30 September 2016 has been restated.

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 3. SEGMENT INFORMATION (continued)

### Segment revenue and results

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

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 3. SEGMENT INFORMATION (continued)

### Segment revenue and results (continued)

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 3. SEGMENT INFORMATION (continued)

### Segment assets and liabilities

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

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 3. SEGMENT INFORMATION (continued)

### Segment assets and liabilities (continued)

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 4. REVENUE

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

## 5. OTHER INCOME

	Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
<b>Continuing operations</b>		
Bank interest income	1	1
Dividend income from unlisted AFS investments	–	12,468
Other income	4,174	2,825
	<b>4,175</b>	15,294

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 6. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
<b>Continuing operations</b>		
(Impairment)/reversal of impairment loss recognised in respect of accounts receivable	(750)	9,317
Impairment loss recognised in respect of unlisted AFS investments	–	(12,468)
Change in fair value of contingent consideration	–	(37,964)
Loss on early settlement of promissory notes (note 20)	(2,852)	(41,428)
Loss on disposal of property, plant and equipment	(7)	(25)
Loss on disposal of subsidiaries	(789)	–
Net exchange gain/(loss)	351	(2)
Others	–	(237)
	<b>(4,047)</b>	(82,807)

## 7. FINANCE COSTS

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 8. PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS

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

## 9. TAXATION

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

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 10. DISCONTINUED OPERATIONS

On 9 May 2017, the Group completed the disposal of 100% equity interest in Sky Eagle and a mortgage loan amounting to approximately HK\$177,000,000 at cash consideration of HK\$227,000,000. The only significant asset of Sky Eagle and its subsidiary, Metro Victor Limited (“Metro Victor”), is the investment property disclosed in note 13. Sky Eagle and Metro Victor carried out all of the Group’s real estate operation.

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

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

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

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

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 11. 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:

	<b>Six months ended 30 September</b>	
	<b>2017 HK\$'000</b>	2016 HK\$'000
<u>Earnings</u>		
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share	<b>77,784</b>	11,164

	<b>Six months ended 30 September</b>	
	<b>2017 '000</b>	2016 '000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>36,719,251</b>	14,445,750
Effect of dilutive potential ordinary shares: Warrants	–	1,287,564
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>36,719,251</b>	15,733,314

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 11. EARNINGS PER SHARE (continued)

### From continuing operations

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

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

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

### From discontinued operations

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

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 12. DIVIDENDS

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

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.

## 13. INVESTMENT PROPERTY

	HK\$'000
FAIR VALUE	
At 1 April 2017	410,000
Disposal of subsidiary (note 24)	(410,000)
At 30 September 2017	–

At 1 April 2017, the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose were measured using the fair value model and were classified and accounted for as investment property.

The Group's investment property located in Hong Kong and had been pledged to secure banking facilities granted to the Group.

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 13. INVESTMENT PROPERTY (continued)

The fair value of the Group's investment property at 31 March 2017 has been arrived at on the basis of valuation carried out by Ascent Partners Valuation Service Limited, an independent qualified professional valuer not connected to the Group. The fair value of the investment property is derived from direct comparison approach assuming sale of the property interest in its existing state with the benefit of vacant possession and by making reference to recent comparable sales evidence as available in the relevant market and adjusted to specific features of this property.

The investment property with net carrying amount of HK\$410,000,000 was disposed of during the six months ended 30 September 2017.

## 14. AVAILABLE-FOR-SALE INVESTMENTS

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 15. ACCOUNTS RECEIVABLE

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

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

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

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 16. LOANS AND ADVANCES

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

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

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

## 17. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 18. ACCOUNTS PAYABLE

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

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

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 19. BANK AND OTHER BORROWINGS

	<b>As at 30 September 2017 HK\$'000</b>	As at 31 March 2017 HK\$'000
Secured bank loans	–	638
Mortgaged bank loans	–	177,624
Loan from an intermediate holding company	<b>1,077,853</b>	–
	<b>1,077,853</b>	178,262
The carrying amounts of the above borrowings are repayable:		
Within one year	<b>1,077,853</b>	8,455
Within a period of more than one year but not exceeding two years	–	8,143
Within a period of more than two years but not exceeding five years	–	25,800
With a period of more than five years	–	135,864
	<b>1,077,853</b>	178,262
Less: Amount due within one year shown under current liabilities	<b>(1,077,853)</b>	(8,455)
Amount shown under non-current liabilities	–	169,807

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

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 20. PROMISSORY NOTES

On 3 May 2016, the Company entered into the subscription agreement with Capital Union Inc., pursuant to which Capital Union Inc. has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,450,000,000 new shares at the subscription price of HK\$0.18 per subscription share. There was no net proceeds from the subscription as the subscription was settled by way of set off against the outstanding promissory notes. The transaction was completed on 13 May 2016. The early settlement of the promissory notes has resulted in a loss of HK\$41,428,000, being the difference between the carrying amount of the promissory notes amounting to HK\$258,722,000 and the fair value of the shares amounting to HK\$300,150,000 based on the market price of the Company's share on 13 May 2016, recognised in the profit or loss for the six months ended 30 September 2016.

In addition, upon the acquisition of subsidiaries as disclosed in note 23, the Company has issued promissory notes in the principal amount of HK\$29,000,000 as a part of the consideration. The promissory notes bear interest rate of 2% per annum and will be redeemed on the second anniversary from the issue date. The Company may at its option early repay the promissory notes with outstanding interest accrued thereon in whole or in part in integral multiples of principal amount of HK\$1 million by giving a prior ten business days' written notice to the noteholder. The early repayment option is not closely related to the host contract and the fair value is determined as negligible by an independent professional valuer. The fair value of promissory notes was HK\$25,885,000 at 15 July 2016 and the effective interest rate was 7.56% per annum based on the valuation carried out by an independent professional valuer.

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 21. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 April 2017 and 30 September 2017		
– Ordinary shares of HK\$0.01 each	100,000,000	1,000,000
Issued and fully paid:		
At 1 April 2017		
– Ordinary shares of HK\$0.01 each	18,019,813	180,198
Issue of shares (Note i)	26,950,000	269,500
Exercise of share options (Note ii)	808,943	8,089
At 30 September 2017		
– Ordinary shares of HK\$0.01 each	45,778,756	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 CMBCI Investment and Brilliant Decent, respectively. The subscription was completed on 31 May 2017.
- (ii) The Company granted 1,005,598,000 share options to subscribe for ordinary shares of HK\$0.01 each in the share capital of the Company under the Share Option Scheme on 18 September 2015 and 12 October 2015 to eligible participants. The share options granted on 18 September 2015 and 12 October 2015 can be exercised at any time during the period on or after the grant dates but not later than 17 September 2018 and 11 October 2018, respectively. During the period ended 30 September 2017, 808,943,000 new shares were issued as a result of exercise of share options.

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 22. SHARE OPTION SCHEME

The following table discloses movements of the Company's share options:

Types of grantee	Date of grant	Exercisable period	Exercise price per share option HK\$	Outstanding as at 1 April 2017	Exercised during the period	Outstanding as at 30 September 2017
Employee	18 September 2015	18 September 2015 to 17 September 2018	0.234	6,378,000	(6,378,000)	-
Agents/ consultants	18 September 2015	18 September 2015 to 17 September 2018	0.234	310,927,500	(310,927,500)	-
	12 October 2015	12 October 2015 to 11 October 2018	0.231	491,637,500	(491,637,500)	-
				802,565,000	(802,565,000)	-
				808,943,000	(808,943,000)	-

## 23. ACQUISITION OF SUBSIDIARIES

### (a) Acquisition of CMBCIC and CMBCCF

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

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

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

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 23. ACQUISITION OF SUBSIDIARIES (continued)

### (b) Acquisition of Sky Eagle

On 15 July 2016, the Group acquired 100% of the entire issued share capital of Sky Eagle at a consideration of HK\$219,674,000 of which HK\$7,000,000 has been satisfied in cash as deposit and as to the remaining balance of HK\$212,674,000 shall be satisfied by the allotment and issue of the 1,300,000,000 consideration shares by the Company to the Central Wealth Financial Group Limited and by issue of the promissory notes in the principal amount of HK\$29,000,000. Sky Eagle was principally engaged in investment holding and owned 100% of a Hong Kong subsidiary, Metro Victor which in turn held a property. The acquisition was accounted for as acquisition of assets and liabilities and consideration shares issued were accounted for as a share-based payment transaction.

The net assets acquired in the transaction are as follows:

	HK\$'000
Net assets acquired:	
Plant and equipment	645
Investment property	403,000
Prepayments, deposits and other receivables	313
Bank and cash balances	277
Other payables and accruals	(1,177)
Bank borrowings	(183,384)
	<hr/> 219,674
Total consideration satisfied by:	
Cash deposit paid and included in other assets as at 31 March 2016	7,000
Issue of promissory notes	25,885
Issue of new ordinary shares of the Company	186,789
	<hr/> 219,674
Net cash inflow arising on acquisition:	
Bank balance and cash acquired	277

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 24. DISPOSAL OF SUBSIDIARIES

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

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

	HK\$'000
<hr/>	
Assets	
Plant and equipment	273
Investment property (note 13)	410,000
Prepayments, deposits and other receivables	221
Bank and cash balances	1
	<hr/>
	410,495
<hr/>	
Liabilities	
Other payables and accruals	5,518
Bank borrowings	176,988
	<hr/>
	182,506
<hr/>	
Net assets	227,989
Loss on disposal of subsidiaries	(789)
	<hr/>
Cash consideration	227,200
<hr/>	
Net cash inflow arising from disposal	
Cash consideration	227,200
Less: Cash deposit received	(22,000)
Less: Cash and cash equivalents disposed of	(1)
	<hr/>
	205,199
<hr/>	

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 25. OPERATING LEASE ARRANGEMENTS

At the end of Reporting Period, the Group had commitments for future minimum lease payments under non-cancellable operating leases for office premises which fall due as follows:

	<b>As at 30 September 2017 HK\$'000</b>	As at 31 March 2017 HK\$'000
Within one year	<b>12,087</b>	13,229
In the second to fifth years, inclusive	<b>9,065</b>	16,930
	<b>21,152</b>	30,159

Leases are negotiated for a term of three years.

## 26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### Financial assets and liabilities measured at fair value on recurring basis

The following table provides an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable for the six months ended 30 September 2017:

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Financial assets and liabilities measured at fair value on recurring basis (continued)

	Fair value		Fair value hierarchy	Valuation techniques	Significant unobservable input
	30 September 2017 HK\$'000	31 March 2017 HK\$'000			
<b>Financial assets</b>					
Investments at fair value through profit or loss – listed equity securities	2,042	379,107	Level 1	Quoted market closing prices in an active market	N/A
– investment funds	587,821	–	Level 1	Quoted market closing prices in an active market	N/A
Available-for-sale investment – listed debt investments	432,200	–	Level 2	Consensus price of the investment	N/A
<b>Financial liabilities</b>					
Investments at fair value through profit or loss – futures	10	–	Level 1	Quoted market closing prices in an active market	N/A

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

### Financial assets and liabilities measured at fair value on recurring basis (continued)

During the current interim period, there were no transfers among Level 1, Level 2 and level 3. The movement for the six months ended 30 September 2016 in the balance of Level 3 fair value measurements was as follows:

	2017 HK\$'000	2016 HK\$'000
At 1 April	–	67,934
Disposal	–	–
Loss recognised in profit or loss during the period	–	(37,964)
At 30 September	–	29,970
Unrealised loss for the period included in other gains and losses	–	(37,964)

### Fair value measurements and valuation processes

The fair values of the financial assets included in level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflected the credit risk of counterparties.

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market closing prices.

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 27. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions for the six months ended 30 September 2017 and 2016:

### Compensation of key management personnel of the Group

	<b>Six months ended 30 September</b>	
	<b>2017 HK\$'000</b>	2016 HK\$'000
Short-term employee benefits	<b>2,600</b>	2,032
Post-employment benefits	<b>5</b>	70
Share based payment	<b>–</b>	–
<b>Total compensation to key management personnel</b>	<b>2,605</b>	2,102

During the period, the Group had the following material transactions with related parties.

	<b>Six months ended 30 September</b>	
	<b>2017 HK\$'000</b>	2016 HK\$'000
Interest expense to an intermediate holding company (Note (i))	<b>2,861</b>	–
Referral fee income from an intermediate holding company (Note (ii))	<b>2,700</b>	–

Notes:

- (i) During the period, an intermediate holding company provided an aggregate amount of approximately HK\$1,074,993,000 (31 March 2017: Nil) company loans denominated in Hong Kong Dollars and US Dollars. The loans bear annual interest rate of 4.0% (31 March 2017: Nil) and repayable on the first anniversary from the drawdown date. Interest payables of approximately HK\$2,860,000 (31 March 2017: Nil) are accrued from the company loans during the period.
- (ii) During the period, the Company provided referral services to an intermediate holding company regarding a loan facility with an independent third party.

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2017

## 28. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

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

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

## 29. APPROVAL OF THE INTERIM FINANCIAL REPORT

The interim financial report are approved and authorised for issue by the Board on 7 November 2017.