China Oceanwide International Financial Limited

(To be renamed as China Tonghai International Financial Limited) (即將更名為中國通海國際金融有限公司)
(Incorporated in Bermuda with limited liability) (於百慕達註冊成立之有限公司)
Stock Code 股份代號：00952

Annual Report 年報

(For the nine months ended 31 December 2017)
(截至二零一七年十二月三十一日止九個月)

This report is printed on environmentally friendly paper 本報告以環保紙印製

Contents

Corporate Information

BOARD OF DIRECTORS

Mr. HAN Xiaosheng *Chairman*
Mr. ZHANG Bo *Deputy Chairman*
Mr. ZHANG Xifang
Mr. FENG Henian
(Redesignated on 28 March 2018)
Mr. LIU Hongwei
Mr. Kenneth LAM Kin Hing
Mr. Bernard POULIOT^
(Redesignated on 1 October 2017)
Mr. LIU Bing^
Mr. ZHAO Yingwei^
(Appointed on 28 March 2018)
Mr. ZHAO Xiaoxia^
Mr. Roy LO Wa Kei#
Mr. KONG Aiguo#
Mr. LIU Jipeng#
(Appointed on 18 December 2017)
Mr. HE Xuehui#
Mr. HUANG Yajun#

^ *Non-executive Director*
# *Independent Non-executive Director*

AUDIT COMMITTEE

Chairman: Mr. Roy LO Wa Kei
Members: Mr. KONG Aiguo
Mr. LIU Jipeng
(Appointed on 18 December 2017)
Mr. HE Xuehui
Mr. HUANG Yajun

REMUNERATION COMMITTEE

Chairman: Mr. KONG Aiguo
Members: Mr. LIU Jipeng
(Appointed on 18 December 2017)
Mr. HE Xuehui
Mr. HUANG Yajun

COMPANY SECRETARY

Ms. Hortense CHEUNG Ho Sze

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th and 19th Floors
China Building
29 Queen's Road Central
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants

HONG KONG LEGAL ADVISER

Howse Williams Bowers

BERMUDA LEGAL ADVISER

Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church 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

PRINCIPAL BANKERS

The Bank of East Asia, Limited
China CITIC Bank International Limited
China Minsheng Banking Corp., Ltd. Hong Kong Branch
Dah Sing Bank, Limited
Industrial and Commercial Bank of China (Asia) Ltd.
Industrial Bank Co., Ltd. Hong Kong Branch
Shanghai Commercial Bank Limited
Shanghai Pudong Development Bank Co., Ltd.
Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

00952

WEBSITES OF OCEANWIDE FINANCIAL GROUP

www.oceanwidefinancial.com
www.oceanwam.com
www.oceanwcapital.com
www.oceanwsec.com
www.oceanwpremier.com
www.oceanwdirect.com
www.oceanwir.com
www.quamnet.com

INVESTOR RELATIONS

Investor Relations
Tel: (852) 2217-2888
Fax: (852) 3905-8731
Email: ir@oceanwidefinancial.com

Chairman's Statement

Dear Shareholders,

This is my first report after becoming the Chairman of the Group. I am very grateful that the past chairman has laid down a solid foundation for the Group to move ahead and thrive under the new leadership of Oceanwide Holdings Group.

I am delighted to present that the Group recorded a profit after tax of around HK$43.29 million for the nine months ended 31 December 2017 as compared with a loss of HK$57.95 million in the last financial year. This was a result of the contribution of all staff who facilitated an uninterrupted business and the ample opportunities grasped by the Company with the support of the Group after joining the large family of Oceanwide Holdings Group.

For the first few months after the completion of acquisition by Oceanwide Holdings, the Company focused on stabilising the workforce, restructuring and expanding its business lines, adapting to the new corporate culture and continuing the building up of a professional experienced team. But this was not taken too long and the Company picked up in a short time. We also established business relationship with the subsidiaries within China and companies associated with the financial services group of Oceanwide Holdings Group and an extensive network within the Oceanwide Holdings Group.

In view of the national development strategies such as the "Development of Guangdong-Hong Kong-Macau Big Bay Area" and the "Belt and Road Initiative", we expect that the Hong Kong financial service market will keep charge of energy and forward moving. The group will focus on enhancing the competitiveness of its current business while on the other hand continue expanding its investment banking, asset management and wealth management businesses and seek for potential investment and development opportunities. Moving forward, based in Hong Kong and being connected to the world, the Group will utilise its enriched experience and network to build up as an international financial platform providing premier and full services to local and Mainland China clients as well as those all over the world.

On behalf of the Board, I would like to express appreciation to the management and staff of the Group for their contributions and endurance during these periods to help build up a stronger Company. I also wish to thank our shareholders for their continued support for the Company. We will further develop our strategies to deliver value to all of our shareholders.

Yours truly,
HAN Xiaosheng
Chairman

Hong Kong, 28 March 2018

Chief Executive Officer's Review

Dear Shareholders,

As we have changed our name to China Oceanwide International Financial Limited and our financial year end to 31 December, we shall now report our 9-month operating results of 2017, i.e. from 1 April 2017 to 31 December 2017, as compared with our previous 12 months results from 1 April 2016 to 31 March 2017.

Our total income edged up slightly despite a reduced operating period, from HK$350 million to HK$352 million, and total profit greatly improved from a loss of HK$59 million to a profit of HK$47 million before tax, all thanks to the careful management during this year of change and the tight control over expenses. Indeed, thankful to the HK$5.1 billion capital increase we had in August 2017, our new Oceanwide Financial has emerged into a new phase of business coverage, and rose to become among the top quartile of Hong Kong investment houses in shareholders equities among our peers.

This year of change has witnessed externally the first year of presidential change in the US and its policy, the waiting period of the 19th National Congress in China, the threat created out of the tension between North and South Korea, and the volatility of currency especially the US dollars vs its global trade partners. Internally, for our Oceanwide Financial, we completed our general offer in February 2017 and started and still in progress integrating into the business network of Oceanwide Holdings Groups of companies comprising Minsheng Securities, Minsheng Trust, Asia-Pacific Property and Casualty Insurance, Minsheng Wealth and business that could enhance our growth. Much of our attention has been put on the systematic enhancements of risk control, legal, secretariat and operations. We have changed our name formally from Quam to Oceanwide Financial in June 2017, and completed the rights issue adding our core capital to a total of HK$5.7 billion in August 2017.

For expanded business coverage, we have added into our Securities operations a Debt Capital Market team, a Structured Finance team, expanded our Equity Capital Market desk, and enhanced our Institutional desk and Research team.

For our Asset Management operations, we seeded our UCITS Fund in November to substantially increase its scale, and rolled out and seeded a private equity fund together with our sister company in Beijing. We are also planning to further launch our high income product under our UCITS umbrella.

For our Investment Banking and Institutional desk, we have signed 3 new IPO projects, underwritten and participated in a few major issues including a HK$500 million syndicated facility of an A share listed company, preference shares issue of Postal Bank, IPO of ZhongAn Online P&C Insurance Co. Ltd., and many other debt issues by our Debt Capital Market desk.

Thanks also to our shareholders for approving the new mandate of continuing connected transactions in November 2017, we in December successfully underwrote the debt issue of Oceanwide Holdings for HK$1 billion.

Further below, we shall elaborate on each of the following operating units:

For Management Back Up and Control, we have added to our Executive Office, Group Chief Operating and Risk Officer, an expanded new appointment of Chief Financial Officer and Legal Officer. For Compliance and IT, we have added not only headcounts, but also solutions to cope with the increased traffic and to meet stringent regulatory requirements.

For Operations, we have realigned and enhanced infrastructure and prepared ourselves for the next phase of growth. The areas worth mentioning are our treasury and liquidity management, credits documentations and monitoring, counterparties establishments for Euro-clear instruments, and systematic distribution coverage within China and our offshore clients. To understand our correct requirements, we have employed both external consultants and our internally added talents.

In addition to the changes that happened during this financial year, we also announced a second round of rights issue in December, which we hope to add another HK$18 billion to our core capital.

Without too much duplication from the Management Discussion and Analysis, the following is a brief report on our different business units:

OCEANWIDE SECURITIES

For our Securities operations, the major progress was the addition of business units including our Debt Capital Market and Structured Finance. We have newly signed 14 placing, underwriting and sub-underwriting transactions, with our margin loan book increased to HK$2.1 billion.

Brokerage income remained, however, at best steady, totaling HK$174 million (9-months) vs last year's HK$203 million. It is our intention to grow in line with market turnover. However, our activities were somewhat constrained by the corresponding slow increase in banking facilities during this year of change.

Being careful towards investing in bonds in support of the rapid growth of Debt Capital Market related business, which helped to push our interest income to a 68% increase, we have been prudent in the resources allocation towards our margin lending, hence limiting also the turnover growth. We shall expect our banking facilities supporting our margin business to catch up in 2018, hence the increase in our market share.

CORPORATE FINANCE

Total fee income remained somewhat at par with last year at about HK$49 million. Much of the work in Advisory has slowed down, however, while we were going on with certain restructuring. We are slowly adding more items to the pipeline list, targeting more sizable projects, which could make better use of our capital and financing capabilities.

We target to add more teams to the structure, hence also to complement the coverage of our Debt Capital Market, Structured Finance, and Institutional teams.

ASSET MANAGEMENT

Our Asset Management has recorded a 22% growth in overall fee income, due to the increase in assets under management (AUM). The irony is the performance of Oceanwide China Focus Segregated Portfolio (OCF) ranked high among our peers, which net asset value (NAV) grew by 26% in this financial year. But being caught in the year of change, many of our investors were taken back by the volatility of equities. Internally, the effort to enhance has not stopped. We are now near the final launch of UCITS High Income Fund, and will proceed to launch further income based funds, which would be better complements when investors are caught in a dilemma between capital gain or capital preservation. In our pipeline, we also have a China Hong Kong Connect Fund. Total AUM for our Asset Management division is targeted to reach US$500 million by the end of this year.

Chief Executive Officer's Review

Looking forward, and as mentioned earlier, we have announced the further capital increase of HK$18 billion, hopefully to be completed in the second quarter of 2018. The year of change started in 2017 has laid the foundations, and succeeded much in the adaptations. However, while we are now moving with thrust, changes are not ending. We are definitely gathering more positive momentum.

We would like to report to our shareholders that in front of us albeit challenges are opportunities that would only suit more with our added capital and capacity. Certain restructuring work may continue, including Quamnet, our financial media business. The next phase of work would now be outward looking into our Oceanwide Holdings financial services within China, and those cross border businesses that we are familiar with. Given China's determination over the Belt and Road initiative, our efforts in strengthening our risk and control with capital would definitely help to capture returns to our shareholders.

Kenneth LAM Kin Hing
Chief Executive Officer

Management Discussion and Analysis

RESULT AND OVERVIEW

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

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

MACRO REVIEW

Macro environment

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

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

Hong Kong Stock Market

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

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

BUSINESS REVIEW

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

* *For identification purpose only*

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

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

FINANCIAL REVIEW

Brokerage business

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

Commission on dealings in securities of HK$61 million was recorded in the Current Year as compared to HK$53 million in the Last Year. The increase is mainly due to a significant increase in our market share of secondary market trade in Hong Kong as well as increase in the daily market turnover of The Stock Exchange of Hong Kong Limited. Commission on dealings in futures and options contracts of HK$98 million was recorded in the Current Year as compared to HK$136 million in the Last Year. The drop is mainly due to a decline in the number of transactions conducted by our clients.

Interest Income business

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

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

Corporate Finance business

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

Management Discussion and Analysis

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

Asset Management business

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

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

Investment and other business

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

Expenses

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

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow as well as through the use of banking facilities and short-term loans from independent third parties. From time to time, the Company may raise capital by issuing new shares or debt instruments.

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

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

The Group's gearing ratio was 10% as at 31 December 2017 (31 March 2017: 84%), being calculated as total debts over net assets. Total debts include financial assets sold under repurchase agreements and bank and other borrowings. Total debts are attributable mainly to the facilitation of securities margin lending business and fixed income investment business. The management has applied prudent risk and credit management on the increased lending to clients and borrowings from banks. In addition, the Group is required to strictly follow regulatory re-pledging ratios and prudent bank borrowing benchmarks that govern the extent of borrowings in the securities margin lending business.

APPLICATION OF RIGHTS ISSUE PROCEEDS

The Company completed a rights issue on 7 August 2017, pursuant to which the Company has issued 4,666,536,915 rights shares at HK$1.1 per rights share. The net proceeds of the rights issue were approximately HK$5,127.1 million. As at 31 December 2017, all the net proceeds of this rights issue have been applied to its intended use as stated in the prospectus of the rights issue dated 14 July 2017. The Group has utilised the net proceeds of the rights issue as follows:

1. approximately 65% of the net proceeds, i.e. HK$3,332.6 million, in securities brokerage business area including HK$1,670.0 million (approximately 33% of the net proceeds) in capital injection to our operating subsidiary in securities brokerage business, HK$831.3 million (approximately 16% of the net proceeds) in developing structured finance business and HK$831.3 million (approximately 16% of the net proceeds) in developing its debt capital market business;
2. approximately 15% of the net proceeds, i.e. HK$769.1 million, in asset management business area including HK$470.0 million (approximately 9% of the net proceeds) in seed money in existing and new funds and HK$299.1 million (approximately 6% of the net proceeds) in developing its asset management business in relation to capital injection to our operating subsidiary in asset management business and increase in working capital for asset management business for hiring new staff and purchase of new IT system, etc.; and
3. approximately 20% of the net proceeds, i.e. HK$1,025.4 million, for general working capital purpose, including increase of share capital of subsidiaries, increase of liquidity of daily operation and repayment of loans etc.

PROSPECTS

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

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

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

Management Discussion and Analysis

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

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

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

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

For the Current Year, the Group did not make any material acquisitions and disposal of subsidiaries and associated companies. As at the end of this Current Year, the Group did not hold any significant investments.

CHARGES ON THE GROUP'S ASSETS

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

OPERATING LEASE COMMITMENTS, CAPITAL COMMITMENTS AND OTHER COMMITMENTS

Details of commitments of the Group are set out in relevant note to the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

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

Competitive total remuneration packages are offered to employees by reference to industry salary survey report, prevailing market practices and standards and individual merit. Salaries are reviewed annually and bonuses are paid with reference to individual performance appraisals, prevailing market conditions and the Group's financial performance. Other benefits offered by the Group include a mandatory provident fund scheme and medical and health insurance. In addition, the Group has maintained a restricted share award scheme and a phantom share scheme as means for reward and staff retention.

RISK MANAGEMENT

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

Credit Risk

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

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

Liquidity Risk

The Group's operating units are subject to various liquidity requirements as prescribed by the authorities and financial market regulators. The Group has put in place monitoring systems to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the relevant rules including Financial Resources Rules. As a further safeguard, the Group has maintained banking facilities to meet contingencies in its operations. The Company will consider the need to raise capital whenever business operations growth justifies these. In periods of high market volatility, the management believes the Group's working capital is adequate to meet its financial obligations.

Market Risk

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

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

IT Risk

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

Legal and Regulatory Risk

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

Environmental, Social and Governance Report

The board of directors (the "Board") of China Oceanwide International Financial Limited (the "Company") presents its Environmental, Social and Governance report ("ESG report") for the nine months ended 31 December 2017 (the "Current Period") pursuant to the relevant requirements as set out in Appendix 27 Environmental, Social and Governance ("ESG") Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "ESG Guide").

The Group continues to engage with its employees, customers, suppliers, investors, shareholders of the Company and other stakeholders through different channels to develop mutually beneficial relationship and promote sustainability.

A. ENVIRONMENTAL PROTECTION

A1. Emissions

As the Group is principally engaged in discretionary and non-discretionary dealing services for securities, futures and options, securities placing and underwriting services, margin financing and money lending services, insurance broking and wealth management services, corporate finance advisory and general advisory services, fund management, discretionary portfolio management and portfolio management advisory services, financial media services, and investment holding and securities trading, the Group does not have significant air emissions and discharges into water, besides the non-hazardous solid wastes generated in our office and investment properties during our operations.

We strive to reduce, reuse and recycle throughout our operations to minimise the disposal of waste to the landfill. Measures on saving energy, reduce paper consumption and wastes, and paper recycling have been implemented. There were no non-compliance cases noted in relation to environmental laws and regulations for the Current Period.

A2. Use of Resources

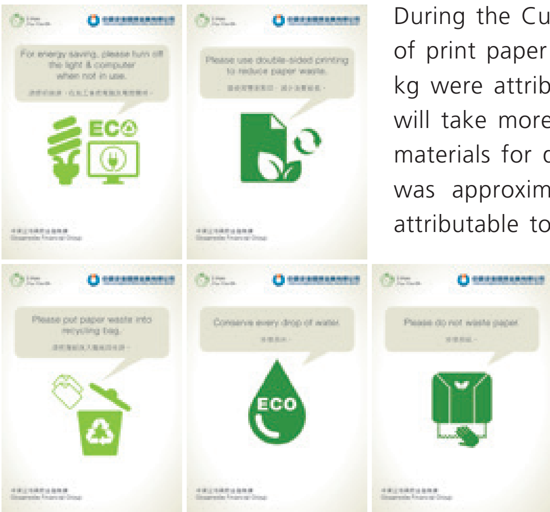
The Group conserves resources for environmental and operating efficiency purposes. To maximise energy conservation, the Company has implemented various initiatives throughout our operations, such as deploying energy-efficient devices which carry Energy Label issued by the Electrical and Mechanical Services Department, using energy-efficient LED light strips, shutting off the air-conditioning system automatically after 8:30 pm and reducing water consumption. These measures aim to reduce the operating costs as well as our carbon footprints.

Electricity consumed by the Group's headquarters in its normal business operations is supplied by The Hongkong Electric Co., Ltd. The electricity consumption by the Group at its office headquarters was approximately 293,918.84 kWh, producing CO_2 equivalent emissions of approximately 232,195.88 kg and an energy consumption intensity of approximately 9.87 kWh per square feet during the Current Period, which was mainly attributable to a hotter summer in 2017 leading to higher air-conditioning consumption.

The Group's office headquarters utilised a total of approximately 235.765 m^3 of drinking water with a water consumption intensity of approximately 1.21 m^3 per employee for domestic consumption during the Current Period. Water consumption intensity is around 0.0079 m^3 per square feet.

A3. The Environment and Natural Resources

The Group supports environmental protection by encouraging the use of duplex printing and copying and separated collection of waste paper for effective recycling. The past 5 years annual reports were printed on environmentally friendly paper. Corporate brochures are prepared in electronic form and will only be printed out upon request and when necessary. Office announcements and posters have been posted in prominent area to enhance employees' awareness of environmental protection.



During the Current Period, the Group used a total of approximately 7,791.05 kg of print paper in its normal business operations of which approximately 3,449.65 kg were attributable to printed materials distributed to shareholders. The Group will take more cautious approach in estimating the number of copies of printed materials for distribution. The total CO_2 equivalent emissions for the paper used was approximately 37,397.04 kg of which approximately 16,558.32 kg was attributable to printed materials distributed to shareholders.

Although the core business of our Group has remote impact on the environment and natural resources, the Company recognises its responsibility in minimising the negative environmental impact of our business operations.

The Company regularly assesses the environmental risks of the business, and adopts preventive measures as necessary to reduce the risks and ensure the compliance of relevant laws and regulations.

B. SOCIAL

B1. Employment

The Company believes an equitable, fair and open approach to recruitment in order to demonstrate the "people-centric" culture. The Company strives to offer equal and fair job opportunities to all qualified candidates irrespective of their gender, age, ethnic background, religion, or any other discrimination prohibited by applicable law. The staff manual of the Company sets out policies covering recruitment, promotion, discipline, working hours, leave and other benefits of the employees, in accordance with the relevant laws and regulations.

The remuneration packages of employees are reviewed annually by reference to prevailing market practices and standards and individual merit, with a view to remunerate the employees equitably and competitively. Discretionary bonuses will be paid to employees with reference to individual performance appraisals, prevailing market conditions and the Group's financial performance. There are other benefits offered by the Group including a mandatory provident fund scheme, medical and health insurance, group travel insurance, various types of paid leave in addition to annual leave and sick leave as well as compassionate and marriage leave.

Environmental, Social and Governance Report

The Group has diverse workforce in terms of gender and age. As at 31 December 2017, approximately 35.78% (March 2017: 39.63%) of the staff have worked for the Group for over 5 years or more. Service awards were presented at the annual dinner of the Company as tributes to staff who had contributed 10 years. At annual dinner 2018, 22 staff were presented with service awards. Female represented approximately 42.24% (March 2017: 41%) of the total employment of the Group.

There were no non-compliance cases noted in relation to employment laws and regulations for the Current Period.

B2. Health and Occupational Safety

The Company provides and maintains a safe, healthy, and hygienic workplace for all employees, and all other persons likely to be affected by our operations and activities. Health and safety standards are given prime consideration in our operations, and regulatory compliance is strongly upheld. Every case of injury (if any) is required to be reported to the Group Human Resources Department and be individually assessed under the internal guidelines procedures. For the Current Period, only 1 (March 2017: 1) case of minor injuries was reported to the Group.

Recreational activities have been organised by the Group to relieve stress of employees, to maintain work-life balance and to nature team work.

There were no non-compliance cases noted in relation to health and safety laws and regulations during the Current Period.

B3. Development and Training

The Company recognises the importance of training for the development of the employees and for the future success of the Group. The Company provides in-house training programs and external training sponsorships to strengthen the technical knowledge and soft skills of employees and to keep them abreast of the latest development in the market and industry. Examination leave is provided to allow employees to prepare for professional examinations. We believe this is a mutually beneficial practice for achieving both personal and corporate goals as a whole.

During the Current Period, the Group provided in-house training to employees of licensed corporations, covering anti-money laundering, updates on regulatory requirements and internal guidelines, in order to maintain the highest standard of professional conduct and ethics.

B4. Labour Standards

We prohibit any child and forced labour in any of our operations and services. Child who is below the age as set by the local Labour Law should not be employed. It is in compliance with the Employment Ordinance, Chapter 57 of the Laws of Hong Kong in terms of employment management.

B5. Supply Chain Management

The Company encourages our professional service providers to maintain a high standard on business ethics and conducts. The selection and evaluation of administrative supplies and services is based on various criteria such as price, customer service team responsiveness, capability and experience.

B6. Product Responsibility

Customer Services

The Group has different teams of professionals specialised in brokerage, asset management and/or corporate finance advisory to provide customised solutions to the clients. As at 31 December 2017, 215 (March 2017: 210) people of the Group were licensed by the Securities and Futures Commission to carry on one or more of the following regulated activities: dealing in securities (Type 1), dealing in futures contracts (Type 2), advising on securities (Type 4), advising on corporate finance (Type 6) and asset management (Type 9). As at 31 December 2017, 9 (March 2017: 27) technical representatives were registered with the Professional Insurance Brokers Association.

The Group maintains customer service through hotline, facsimile and emails, for clients to lodge complaints. All complaints received through these channels are diverted to the Compliance Department. The Compliance Department will investigate in a timely manner and report the exceptional finding to the Company's management to determine whether any appropriate action should be taken or any internal controls measure should be strengthened.

Protection of Intellectual Property

The Company ensures strict compliance with the statutory requirements to fully meet a high standard of security and confidentiality of personal data privacy protection and ensures appropriate personal data against unauthorised use or access. The Group also ensures that customers' personal data is securely kept and processed only for the purposes for which it has been collected.

The Group values the importance of intellectual property and registration of domain names and various trademarks. The Group has registered trademarks in various classes in Hong Kong and the People's Republic of China. The trademarks and domain names are renewed upon their expiration. The Group also makes sure that all third parties intellectual property is respected and recognised.

B7. Anti-corruption/Anti-money laundering Practices

We aim to maintain the highest standards of openness, uprightness and accountability and all our staff are expected to observe the highest standards of ethical, personal and professional conduct. We do not tolerate corruption, bribery, extortion, money-laundering and other fraudulent activities in connection with any of our business operations.

Environmental, Social and Governance Report

The compliance manual of the Company has set out the policies and procedures for anti-corruption and anti-money laundering. There are procedures in place for reporting suspicious fraudulent actions to the Company's management in the compliance manual of the Company. This manual should be read and acknowledged by each staff member.

The Group takes appropriate measures to prevent and detect money laundering and terrorist financing activities. At the time of account opening, the Group will conduct the proper customer due diligence procedure to understand the background of each client and identify any high risk client. Ongoing monitoring of existing clients' account activities is also conducted to identify suspicious transactions for the Company's management to consider whether filing a report to the Joint Financial Intelligence Unit is necessary.

B8. Community Investment

The Company is committed to maintaining a high standard of corporate social responsibility, putting our "people-centric" approach to business into practice. The Company has been awarded for the third year as a "Caring Company" by the Hong Kong Council of Social Service, in recognition of our commitment to caring for the well-being of the community. The Group thrives to live by these expectations.

The Company is dedicated to supporting and sponsoring various events and charities, and employees actively participated in various events. In the year of 2017, the Company was the "Ruby Sponsor" of Barrier Busters, organised by the Hong Kong Society of Rehabilitation, which aims to raise participants' awareness of the barriers people with disabilities and chronic illnesses face in their daily lives in the community. The Company also encouraged employees to participate in the event, which successfully raised their awareness to show their care to people in need.

The Company also sponsored and encouraged employees to participate in Oxfam Trailwalker. Oxfam Trailwalker is one of the largest fundraising sports events in Hong Kong which aims to support its various poverty alleviation and emergency relief projects in Africa and Asia, including Hong Kong and Mainland China.

Nurturing young talents and providing the next generation of Hong Kong hockey players with the opportunities to participate in the sport, the Company is the title sponsor of CIHL (China Ice Hockey League) Quam Cup 2017, and the title sponsor of CIHL 2017-2018.

The Company is a keen supporter of the Hong Kong French Film Festival and Hong Kong International Film Festival, bringing diversified cultures to the community. The Company took part in the 46th Hong Kong French Film Festival as Silver Sponsor in 2017.

Corporate Events and Affiliations

Oceanwide Financial is dedicated to offer premier one-stop financial services to its clients, it has also built up a close relationship with professional organisations, and is actively engaged in corporate events to contribute to the local community.

HKCGEA

Oceanwide Financial has been advocating outstanding corporate governance and supporting activities organised by The Chamber of Hong Kong Listing Companies. In the year of 2017, Oceanwide Financial once again became Gold Sponsor of The Hong Kong Corporate Governance Excellence Awards 2017. Quamnet, a major financial media in Hong Kong and a member of Oceanwide Financial, was an online media partner of the Awards and strove for promoting the importance of good corporate governance in Hong Kong.

QIRA

OceanwideIR held the second Quam IR Awards (QIRA) to honour models of practice and leadership in Investor Relations (IR) among the listed companies in the Asia Pacific Region.

The award presentation ceremony of Quam IR Awards 2016 successfully took place on 25 May 2017 at Four Seasons Hotel Hong Kong. Business elites of the awarded listed companies received the distinction and shared their joy at the ceremony. A total of 14 awards were presented, honouring the outstanding IR achievements of listed companies from categories of Hang Seng Index Constituents, Main Board and First Year After Listing. Eminent figures from the business community and notable guests supported the event and exchanged the ideas of excellent investor relations.

QGFF

Organised by Quamnet, the annual event Quamnet Financial Giant Forum (QGFF) has gathered distinguished guest speakers to share their insights in global markets and various investment opportunities. The 12th QGFF was successfully held on 10 June 2017 at JW Marriot Hotel, with support of Hong Kong and China media. Thousands of public audiences and high-net-worth investors attended the grand event.

QUAM STOCK VIRTUAL CONTEST

Quam Stock Virtual Contest, organised by Quamnet, and sponsored by Oceanwide Direct and HKEx, was successfully held during September to November 2017. The contest aimed at educating and offering valuable investment experience to both university students and the general public through simulated trading platform. The contest was widely supported by the students and the public, successfully gained wide attention and support of the media in Hong Kong and China.

Corporate Events and Affiliations

SHANGHAI MONEY FAIR

Quamnet participated in the 15th Shanghai Money Fair, which was successfully held in Shanghai Exhibition Center from 30 November to 2 December 2017. Quamnet, as both the exhibitor and media partner of the renowned event in China business community, promoted the subscription services and interacted with professional investors in the occasion, sharing insights and inspirations of the financial industry.

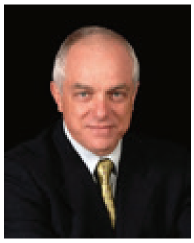
QOEA

The award presentation ceremony of the Quamnet Outstanding Enterprise Awards 2017 was successfully held on 18 January 2018 at The American Club Hong Kong. Remarking its ninth year, with the theme of "Dedication to Achievement", QOEA aims to acknowledge and recognise all winning companies for their devotion in making remarkable achievements and thus creating values for Hong Kong economy. A total of 23 awards were presented in recognition of the achievements of enterprises covering different sectors and industries. All awardees celebrated their achievements with honourable guests and business elites from the community.

GLOBAL ALLIANCE PARTNERS (GAP) — STRONGER OVER THE DECADE

The year 2018 marks the 10th anniversary of the foundation of Global Alliance Partners, otherwise known as GAP. Oceanwide Financial (formerly Quam) was one of its founding Partners.

We are delighted to have achieved this milestone and to have been able to grow throughout all these years in spite of the ups and downs in the market. I guess it shows both the resilience of GAP, as much as its relevance.



12 GAP members altogether: Completed in **44** countries, **around 700** corporate transactions valued at **over US$60 billion** in at least **50** sectors; Executes **nearly US$800 billion** worth of equity trades in **more than 20** countries worldwide; Manages and or advises **over US$18 billion** worth of individual and institutional funds; Produced **20** investment conferences hosted in **15** countries across the globe; Has more or less **300** Research Analysts and **65** offices situated in **21** countries worldwide.

GAP was established to pave the way for individual and independent broker dealers, as well as Investment Banking firms, to have access to international markets while being very focused on their own local market.

Since 2008, Global Alliance Partners that initially covered mostly the Asian market, has since expanded in Europe with the addition of a very well positioned partner in Spain, named GVC Gaesco, which has 20 offices spread across the country.

Almost around the same time, the SEAL Group, which is based in Switzerland, also joined GAP. Moreover, just recently, we have added another member from Milan, Italy that will help us better understand the market.

Together with our long-time partner in the United Kingdom, Daniel Stewart & Co, the European block within the GAP network, which comes with a strong industrial backbone as well as internationally recognised branded products, will be able to offer wider access to the Eurozone, particularly for our Asian investors.

We intend to add more names in Europe while consolidating our position in Asia, and particularly in China. We have agreed in principle that the Oceanwide Beijing operation, through its Private Equity arm, will officially join Global Alliance Partners in its own right. The private equity division invests and has access to a good number of investment opportunities in China's emerging sectors. It also covers the fast growing companies that wish to expand overseas. This should give the GAP members a deeper knowledge of the market and direct access to those names.

Hence, an expansion within China is envisaged by inviting up to five other like-minded institutions to join GAP. In that event, GAP's footprint will expand even more with the greater geographic coverage in the world's second largest economy. Asia is looking to the West to acquire expertise and tap on new markets. GAP is positioning itself to serve the markets reciprocally in both of these two continents.

Elsewhere in Asia, we have gained a new partner in Thailand named Country Group Securities (CGS). It does not only bring the traditional broker/IB capabilities to the table but CGS also brings its close and strong association with the Mutual Fund Company of Thailand, which manages close to US$15 billion. In addition, the group behind CGS brings much expertise in real estate in the country and their dedication to green environment through their controlling stake in Padaeng Industry.

The GAP network now offers complete, comprehensive expertise in the field of equity and debt brokerage, investment banking, fund management, wealth management, family office advisory, and private banking.

Global Alliance Partners is internationally present in Australia, Bahrain, China, Dubai, Egypt, Hong Kong, Iraq, Italy, Japan, Jordan, New Zealand, Philippines, Singapore, Spain, St. Lucia, Switzerland, Thailand, the UK, the USA, Turkey, and Vietnam.

We have become stronger over the decade. And while big is good, we give premium to depth. Each Partner in the alliance is the priority gateway of all GAP members for deal flows and transactional activities in their respective part of the world.

All members share common goals and objectives with a "people-to-people" mindset that is externalised through GAP's dedicated online interactive platform, its regular live calls, and its bi-annual physical conferences, whereby members get to strengthen relationships, understand fully each other's business models, and engage in fee-sharing activities.

Welcome to the world of Global Alliance Partners!

BERNARD POULIOT
Chairman and Executive Director
Global Alliance Partners (GAP)

Corporate Events and Affiliations

OUR GLOBAL M&A CAPABILITY — OAKLINS INTERNATIONAL INC. ("OAKLINS")

Oceanwide Capital is the Hong Kong based member of Oaklins and has been acting as its exclusive Hong Kong member since 2005. Oaklins is the world's most experienced mid-market M&A advisor founded in 1985, with more than 700 professionals in 60 offices across 40 countries worldwide that focus on 15 dedicated industry sectors. Their members advise primarily middle-market companies on acquisitions, divestitures, fundraising and fairness opinions.

Oaklins is based on the fundamental principle of leveraging our members' resources, reach and relationships on a global scale to achieve our clients' goals.

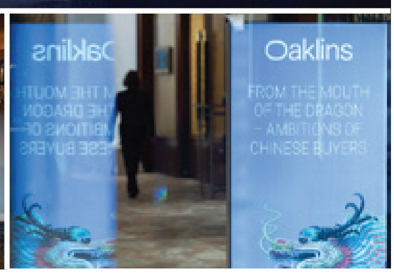
Oaklins people make the difference

Oaklins has a solid record of 30 years of successful cooperation and has successfully closed over 5,000 deals so far in which more than 50% are cross-border deals. In 2017, 358 deals were closed worth US$26.6 billion, of which 94 deals were cross-border.

Oceanwide Capital and its Ireland partner firm, IBI Corporate Finance worked together on a sell-side mandate for Dunbia Limited ("Dunbia"), one of the largest meat processor in Europe. Dunbia was successfully acquired by Dawn Meats Group, a leading producer and supplier of meat products based in Waterfront, Ireland in May 2017. Both companies agreed a strategic partnership to establish a new joint venture with their UK operations.

Oceanwide Capital organised and arranged several roadshows in Hong Kong and China, and assisted to identify and contact potential investors within the Asian region, as well as performing valuation analysis work. Deal size of this transaction was US$156.0 million.

Oceanwide Capital is both a contributor and a beneficiary to Oaklins' various events aimed at delivering best practice and better clients. Oceanwide Capital participates actively on all Oaklins activities, particularly in its worldwide conferences. Oceanwide Capital participated as host for the 2017 Oaklins Spring Conference held in Hong Kong. The next Spring Conference will take place at Montreal, Canada in April 2018.



Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. HAN Xiaosheng (韓曉生), aged 61, is the Chairman and executive Director with effect from 3 February 2017. He is also currently an executive director, the chairman and chief executive officer of China Oceanwide Holdings Limited, whose shares are listed on the Stock Exchange (Stock Code: 715). Mr. HAN is currently also the executive director and chief executive officer of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046). He obtained a master's degree in economics from Renmin University of China in July 1996. Mr. HAN is a senior accountant in China.

Mr. ZHANG Bo (張博), aged 44, is the Deputy Chairman and executive Director with effect from 3 February 2017. He is also currently a director of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046), and an executive director and the president of China Minsheng Trust Co., Ltd.* (中國民生信託有限公司), a director of Asia-Pacific Property & Casualty Insurance Co., Ltd.* (亞太財產保險有限公司), a director of Minsheng Securities Co., Ltd.* (民生證券股份有限公司) and supervisor of China Minsheng Banking Corp. Ltd.* (中國民生銀行股份有限公司). He is also a director of Wuhan CBD Investment & Development Co., Ltd. He served as the deputy general manager of the risk management division, general secretary of the corporate banking marketing committee and general manager of the corporate banking division of CMBC, Taiyuan Branch* (中國民生銀行太原分行), a member of the integrated operation of corporate business reform group* (公司業務集中經營改革小組) and head of finance office of the corporate banking division of the head office of CMBC, the deputy chief of the preparatory group of CMBC, Changsha Branch* (中國民生銀行長沙分行), a member of Party Committee, risk director, the vice president and president of the aircraft leasing unit of Minsheng Financial Leasing Co., Ltd.* (民生金融租賃股份有限公司). He obtained a master's degree in business administration from Wuhan University in December 2006 and is currently pursuing a doctor's degree in western economics in Fudan University.

Mr. ZHANG Xifang (張喜芳), aged 45, is the executive Director with effect from 3 February 2017. He is an executive director of China Oceanwide Holdings Limited whose shares are listed on Stock Exchange (Stock Code: 715). He is also the director and vice president of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046), a director and the president of Oceanwide Equity Investment Management Co., Ltd.* (泛海股權投資管理有限公司), a director of China Minsheng Trust Co., Ltd* (中國民生信託有限公司), a director of Minsheng Securities Co., Ltd.* (民生證券股份有限公司) and a director of International Data Group, Inc.. He served as the head of the operation division of the finance and asset management department and the deputy director of the finance and asset management department of State Grid Corporation of China* (國家電網公司), the deputy general manager of State Grid Asset Management Co., Ltd.* (國網資產管理有限公司), the deputy general manager of State Grid Yingda International Holdings Group Co., Ltd.* (國網英大國際控股集團有限公司), the general manager of Yingda Taihe Property Insurance Co., Ltd.* (英大泰和財產保險股份有限公司) and the chairman of Yingda Insurance Asset Management Co., Ltd.* (英大保險資產管理有限公司). He studied the undergraduate programme of Accounting at Central University of Finance and Economics from September 1991 to June 1995 and received a degree of Bachelor of Economics. After that, he studied the programme of business administration at Tsinghua University School of Economics and Management from March 2006 to January 2009 and received a Master degree in Business Administration.

* *For identification purpose only*

Biographical Details of Directors and Senior Management

Mr. FENG Henian (馮鶴年), aged 56, was appointed as a non-executive Director with effect from 3 February 2017 and is redesignated as an executive Director from 28 March 2018. He is currently a director of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046), and the chairman and secretary of Party Committee of Minsheng Securities Co., Ltd.* (民生證券股份有限公司). He served as a director and secretary of Party Committee of Shandong Securities Regulatory Bureau of China Securities Regulatory Commission, a deputy director of the Department of Law of China Securities Regulatory Commission, a director of the Department of Unlisted Public Companies and a director of the Department of GEM Public Offering Supervision of China Securities Regulatory Commission. He obtained a master's degree in economic law from China University of Political Science and Law in July 1989.

Mr. LIU Hongwei (劉洪偉), aged 51, is the executive Director with effect from 3 February 2017. He is also an executive director of China Oceanwide Holdings Limited, whose shares are listed on the Stock Exchange (Stock Code: 715), a supervisor of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046), a non-executive director of CuDECO Limited, whose shares are listed on the Australian Securities Exchange (Stock Code: CDU) and the vice-president of China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司). He served as a director of Minsheng Holdings Co., Ltd.* (民生控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000416). He obtained a bachelor's degree in engineering from Dalian Ocean University (formerly known as Dalian Fisheries College) in July 1989 and a master's degree in management from Massey University in New Zealand in April 2006.

Mr. Kenneth LAM Kin Hing (林建興), aged 64, joined the Company in 2001, and is currently the executive Director of the Company and Chief Executive Officer of the Group. Since 1994, he has been the Managing Director of Dharmala Capital Holdings Group, a company which was subsequently amalgamated with the Company. Mr. LAM is a responsible officer for Types 1, 2, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance (the "SFO") for Oceanwide Securities Company Limited and a responsible officer for Types 4 and 9 regulated activities under the SFO for Oceanwide Asset Management Limited. Mr. LAM had worked for an international bank for 10 years as the head of its PRC and corporate banking operations. Mr. LAM has more than 30 years of experience in corporate finance and banking. He was an independent non-executive director of Hon Kwok Land Investment Company, Limited, a company listed in Hong Kong (March 2004 to August 2015) and a director of Seamico Securities Public Company Limited, a company listed in Thailand (September 1997 to August 2013). He is the member of the General Committee of The Chamber of Hong Kong Listed Companies since June 2013 and the Vice Chairman and past Chairman (2009–2010) of the Institute of Securities Dealers Limited. He holds a Bachelor of Science Degree in University of Western Ontario with a double major in Computer Science and Economic (1976), and a Master of Business Administration in the 3-Year MBA Program of The Chinese University of Hong Kong (1983). In 2012, he was conferred on Honorary Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctor of Laws by Lincoln University.

* *For identification purpose only*

NON-EXECUTIVE DIRECTORS

Mr. Bernard POULIOT, aged 66, joined the Company in 2000. He was the Chairman of the Company until February 2017 and became Deputy Chairman of the Company (from February 2017 to September 2017). He is now the non-executive Director of the Company with effect from 1 October 2017. Mr. POULIOT has more than 30 years of experience in investment, finance and corporate development. Mr. POULIOT was a director of Seamico Securities Public Company Limited, a company listed in Thailand (September 1997 to May 2013) and was appointed as the vice-chairman in February 2008.

Mr. LIU Bing (劉冰), aged 60, is the non-executive Director with effect from 3 February 2017. He is currently an executive director of China Oceanwide Holdings Limited, whose shares are listed on the Stock Exchange (Stock Code: 715), executive director, executive vice president and chief risk officer of China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) and the chairman of the supervisory board in Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046), the vice chairman of the board of Minsheng Holdings Co., Ltd.* (民生控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000416), a director of Minsheng Securities Co., Ltd.* (民生證券股份有限公司) and global president, director and chair of executive committee of International Data Group, Inc. He obtained a master's degree in business administration from Sacred Heart University in the United States in August 1989.

Mr. ZHAO Yingwei (趙英偉), aged 47, is the non-executive Director with effect from 28 March 2018. He is currently a non-executive director of China Oceanwide Holdings Limited, whose shares are listed on the Stock Exchange (Stock Code: 715), the executive director of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046) and the chairman of the supervisory committee of Minsheng Holdings Co., Ltd.* (民生控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000416). He is a senior accountant in China. Mr. ZHAO obtained a Bachelor's degree in economics from Renmin University of China in January 1997 and a Master's degree in engineering from Beihang University in January 2013.

Mr. ZHAO Xiaoxia (趙曉夏), aged 54, is the non-executive Director with effect from 3 February 2017. He is currently a director of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046). He served as the sub-manager of international business division and the representative of London liaison office of People's Insurance Company of China* (中國人民保險總公司), director and the general manager of Huatai Insurance Agency & Consultant Service Ltd.* (華泰保險代理和諮詢服務公司), director and the executive vice president of AXA-Minmetals Assurance Co., Ltd.* (金盛人壽保險有限公司), senior vice president of New York Life Insurance (International)* (美國紐約人壽(國際)保險公司), president and the chief executive officer of Haier New York Life Insurance Co., Ltd.* (海爾紐約人壽保險有限公司), senior vice president of Asia Capital Holding Group Limited* (亞洲資本控股集團公司) and executive vice president of North Asia Region and the head of China of ACR Reinsurance Group* (ACR再保險集團). He obtained a bachelor's degree in law from Peking University in 1985.

* *For identification purpose only*

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Roy LO Wa Kei (盧華基), aged 46, is the independent non-executive Director with effect from 3 February 2017. He is the chairman of audit committee of the Company. He is currently the independent non-executive director of several public companies whose shares are listed on the Stock Exchange, including China Oceanwide Holdings Limited (Stock Code: 715), Sheen Tai Holdings Group Company Limited (Stock Code: 1335), Sun Hing Vision Group Holdings Limited (Stock Code: 125), China Zhongwang Holdings Limited (Stock Code: 1333), Xinming China Holdings Limited (Stock Code: 2699), Wan Kei Group Holdings Limited (Stock Code: 1718) and G-Resources Group Limited (Stock Code: 1051). He also serves as the managing partner of SHINEWING (HK) CPA Limited, the member of the Shanghai Pudong New Area Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議上海市浦東新區委員會), the founding executive vice-president and council member of the Hong Kong Independent Non-Executive Director Association and the Divisional Deputy President 2018 — Greater China of CPA Australia. He served as an independent non-executive director of North Mining Shares Company Limited (Stock Code: 433) from September 2004 to November 2015. He obtained a bachelor's degree in business administration from University of Hong Kong in November 1993 and a master's degree in professional accounting from Hong Kong Polytechnic University in November 2000. He is a certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of CPA Australia and a fellow of the Institute of Chartered Accountants in England and Wales.

Mr. KONG Aiguo (孔愛國), aged 50, is the independent non-executive Director with effect from 3 February 2017. He is the chairman of remuneration committee of the Company and a member of audit committee of the Company. He is currently an independent director of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司) whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046), an independent non-executive director of Harmonicare Medical Holdings Ltd, (Stock Code: 1509), whose shares are listed on the Stock Exchange, an independent director of Tianjin Xinmao Science and Technology Co., Ltd.* (天津鑫茂科技股份有限公司) (Stock Code: 000836) whose shares are listed on the Shenzhen Stock Exchange, an independent director of Simei Media Co., Ltd.* (思美傳媒股份有限公司) (Stock Code: 002712) whose shares are listed on Shenzhen Stock Exchange, a director of Shanghai Fudan Forward Science and Technology Co., Ltd.* (上海復旦復華科技股份有限公司) whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600624) and a professor and Ph.D supervisor in School of Management of Fudan University. From July 1989 to August 1992, he was an assistant engineer of Wuxi 721 Factory* (無錫721廠). He obtained a doctor's degree from Fudan University in December 1996.

* *For identification purpose only*

Mr. LIU Jipeng (劉紀鵬), aged 61, is the independent non-executive Director with effect from 18 December 2017, he is a member of remuneration committee and audit committee of the Company. He is currently an independent non-executive director of China Oceanwide Holdings Limited, whose shares are listed on the Stock Exchange (Stock Code: 715), Wanda Hotel Development Company Limited, whose shares are listed on the Stock Exchange (Stock Code: 169), China Minsheng Banking Corp., Ltd.* (中國民生銀行股份有限公司), whose shares are dually listed on the Stock Exchange (Stock Code: 1988) and the Shanghai Stock Exchange (Stock Code: 600016), an independent director of Zhongjin Gold Corporation, Limited* (中金黃金股份有限公司), whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600489), and Chongqing Changan Automobile Co., Ltd.* (重慶長安汽車股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000625). He also served as directors of various public companies including independent director of AVIC Capital Co., Ltd.* (中航資本控股股份有限公司), whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600705) (from May 2011 to May 2017), and independent non-executive director of Dalian Wanda Commercial Properties Co., Ltd., whose shares are listed on the Stock Exchange (Stock Code: 3699, delisted on 20 September 2016) (from 2012 to 2016). He is a senior economist and certified public accountant in China. Mr. LIU obtained a Bachelor's degree in economics from Capital University of Economics and Business (formerly known as Beijing School of Economics) in July 1983 and a Master's degree in economics from Graduate School of Chinese Academy of Social Sciences in July 1986.

Mr. HE Xuehui (賀學會), aged 46, is the independent non-executive Director with effect from 3 February 2017. He is a member of remuneration committee and audit committee of the Company. He is currently a professor in School of Finance of Shanghai University of International Business and Economics* (上海對外經貿大學), a senior partner of Shanghai Sigma Investment Consulting Corporation, an executive director of Shanghai Finance Institute* (上海市金融學會) and a member of Expert Committee on Working Mechanism of Prudential Qualification Appraisal of Risks Relating to Separate Accounting Business in Shanghai Pilot Free Trade Zone* (上海自貿試驗區分賬核算業務風險審慎合格評估工作機制專家委員會). From December 2012 to September 2016, he was Dean of School of Finance of Shanghai University of International Business and Economics* (上海對外經貿大學). From May 2009 to August 2012, he was a professor in Shanghai National Accounting Institute* (上海國家會計學院). From September 2003 to April 2009, he was Deputy Dean of School of Finance of Hunan University* (湖南大學金融學院). From May 2001 to January 2002, he served as a senior researcher in Shanghai Jin Xin Financial Engineering Research Institute* (上海金新金融工程研究院). He obtained a master's degree in economics from Hunan University (then known as "Hunan College of Finance and Economics*") (湖南財經學院(現湖南大學)) in September 2009. He obtained a Ph.D in economics from Fudan University in December 2003.

Mr. HUANG Yajun (黃亞鈞), aged 65, is the independent non-executive Director with effect from 3 February 2017. He is a member of audit committee and remuneration committee of the Company. He is currently the head of the world economy department, School of Economics of Fudan University and a director of Securities Research Institute of Fudan University. He is also an independent director of Donghai Securities* (東海證券股份有限公司), an independent director of Shanghai Zi Jiang Enterprise Group Co., Ltd.* (上海紫江企業集團股份有限公司), whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600210), an independent director of Zhongxin Information Development Inc., Ltd. Shanghai* (上海中信資訊發展股份有限公司), whose shares are listed on the Shanghai Stock Exchange (Stock Code: 300469) and an independent director of Shanxi Yuci Rural Commercial Bank Co. Ltd.* (山西榆次農商行股份有限公司). He served as Deputy Dean and Dean of School of Economics of Fudan University from July 1992 to December 2000 and Deputy Dean of University of Macau from December 2000 to July 2006. He obtained a master's degree in economy from Fudan University in 1985 and a doctor's degree in economy from West Virginia University in 1992.

* *For identification purpose only*

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Group Management

Mr. WONG Stacey Martin, aged 50, joined the Group in November 2017 and is the Chief Operating and Risk Officer of the Group. Mr. WONG has over 27 years of experience in the investment banking industry and has extensive experience in fund raising transactions of Hong Kong and Chinese Companies and has participated various kinds of transactions of Blue-chips, Red-chips and H-shares and mergers and acquisitions. Mr. WONG is the independent non-executive director of OCI International Holdings Limited (Stock code: 329.HK). Prior to joining China Oceanwide International Financial Limited, Mr. WONG was the Chief Operating Officer and a director of CMBC International Holdings Limited (formerly named as China Minsheng International Holdings Limited) since February 2013. Mr. WONG was the Head of Investment Banking of Piper Jaffray Asia Limited (formerly named as Goldbond Group Holdings Limited (2003–2007) which was merged by Piper Jaffray Companies (NYSE: PJC) in July 2007) and also headed Bear Stearns Asia Limited's corporate finance team, worked as the Head of BNP Paribas Peregrine Capital Limited's infrastructure and public utility corporate finance team and spent ten years with Peregrine Capital Limited. Mr. WONG received his master's degree from the University of Cambridge, the United Kingdom.

Mr. Chris WU Kwok Choi, aged 44, joined the Company in June 2017 and is the Chief Financial Officer of the Company. Mr. WU has more than 20 years of finance and accounting experience in the Greater China region. Mr. WU graduated from the Hong Kong University of Science and Technology with a bachelor's degree in Business Administration. Mr. WU is a fellow member of the Association of Chartered Certified Accountants and a fellow member of The Hong Kong Institute of Certified Public Accountants.

Securities Broking Business

Mr. Calvin CHIU Chun Kit, aged 47, is the Deputy Chief Executive Officer of the securities and futures businesses of the Group. He is a responsible officer for Types 1, 2 and 9 regulated activities under the SFO for Oceanwide Securities Company Limited. He joined the Group in 2002.

Mr. Kevin Graeme SEW HOY, aged 51, is the Managing Director of Oceanwide Securities Company Limited. He recently became a responsible officer for Types 1, 2, 4 and 6 regulated activities under the SFO for Oceanwide Securities Company Limited in January 2018 and oversees the debt capital markets and structured finance division. He joined the Company in 2001 and had previously held the post of Company Secretary of the Company from November 2001 to March 2008 and the position of Chief Financial Officer of the Group from October 2002 to June 2017. Mr. SEW HOY has over 20 years of experience in audit, compliance and corporate secretarial services. He graduated from the University of Otago, New Zealand with a Degree in Commerce and also completed a Master of Business Administration from the University of South Australia. Mr. SEW HOY is a member of Chartered Accountants Australia and New Zealand and a member of the Hong Kong Institute of Certified Public Accountants. He is also a member and the honorary treasurer of the New Zealand Chamber of Commerce in Hong Kong since 2006.

Mr. LIU Zhihong, aged 52, joined the Group in December 2017 as Head of Institutional Equities business, responsible for overseeing sales and trading, research and ECM businesses. Mr. LIU has more than 20 years of extensive experience in investment banking and asset management industry, previously held senior positions with a number of leading global and Chinese financial institutions. He received a Master of Business Administration from Columbia University and a Bachelor's degree from Zhejiang University in China.

Mr. Sherman CHIU Hin Fung, aged 42, is the Director and Head of Equity Capital Markets. He is a responsible officer for Types 1 and 6 regulated activities under the SFO for Oceanwide Securities Company Limited. He joined the Group in April 2014. He has over 12 years of experiences in equity capital markets. He holds a Bachelor of Commerce majoring in Accounting and Finance from Murdoch University, Australia and a Master of Business Administration from Deakin University, Australia. He is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia.

Corporate Finance Business

Mr. Benny CHUNG Koon Chung, aged 44, joined the Group in May 2017 and is the Chief Executive Officer of corporate finance of the Group. Mr. CHUNG has approximately 20 years of investment banking experience and had worked at the investment banking division of various multinational banks. Prior to joining the investment banking industry, he worked as an auditor at one of the major international accounting firms for over two years.

Ms. HUNG Chun Yee, aged 47, is the Managing Director and Head of Advisory of Oceanwide Capital Limited. She is a responsible officer for Type 6 regulated activity under the SFO for Oceanwide Capital Limited. She joined the Group in 2002. Ms. HUNG has extensive experience in corporate finance. She is a member of the Hong Kong Institute of Certified Public Accountants.

Asset Management Business

Mr. Christopher CHOY Kwong Wa, aged 54, is the Chief Investment Officer of the asset management business of the Group. He is a responsible officer for Types 4 and 9 regulated activities under the SFO for Oceanwide Asset Management Limited. He joined the Group in 2006. Mr. CHOY has more than 30 years of experience in the investment industry and over 20 years of experience in the alternative investment management field. He holds a Bachelor of Arts (Honours) Degree from the Loughborough University of Technology and a Master of Business Administration from the Asia International Open University (Macau).

Ms. LAM Yik Fun, aged 49, is the Chief Operating Officer of asset management business of the Group, overseeing its middle office administration, institutional sales and investor relations. She joined the Group in March 2017, and has over 25 years of experiences in investments, pension schemes advisory and wealth management solutions. Ms. LAM graduated from City University of Hong Kong with B.A (Hons.) Degree in Public and Social Administration and further completed her Master's degree in Applied Finance from University of Western Sydney. In 2017, she was awarded an International Diploma in Governance, Risk and Compliance by International Compliance Association.

Financial Media

Ms. Jane CHAN Ching Yin, aged 37, is the Managing Director of Oceanwide Financial Media Limited, in charge of the sales, marketing and operations of Quamnet website business. Also the Head of Marketing for the group, responsible for the group marketing & branding matters. She joined the company in 2008 and rejoined again in 2012. She has extensive experience in the field of internal and external communication, public relations and marketing.

Biographical Details of Directors and Senior Management

Head Office

Ms. Hortense CHEUNG Ho Sze, aged 43, is the Company Secretary of the Company. She joined the Group in 2007. Ms. CHEUNG has over 10 years of experience in handling listed company secretarial matters and is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in United Kingdom.

Mr. Philip CHOI Lai Sang, aged 56, is Head of Information Technology of the Group. He joined the Group in 2007. Mr. CHOI graduated from the University of Saskatchewan with a Bachelor of Science in Computer Science. He has more than 30 years of extensive experience in information technology industry.

Mr. TSANG Chung Him, aged 46, joined the Company in 2007 as the Head of Compliance. He had acted as the Company Secretary to the Group from April 2008 to October 2015. He has extensive experience of compliance in the financial industry. He had worked for the Securities and Futures Commission and several major financial groups. Mr. TSANG holds a Bachelor of Social Sciences and a Master of Laws from The University of Hong Kong and the professional designations of Chartered Financial Analyst, Certified Public Accountant and Financial Risk Manager.

Ms. TSUI Ka Chi, aged 48, is the Group Human Resources Manager of the Group. She is responsible for the overall human resources management and administration of the Group. She joined the Group in 2006. Ms. TSUI has extensive experience in human resources and administration and is a professional member of the Hong Kong Institute of Human Resource Management.

Directors' Report

The board of directors (the "Board" or "Directors") of China Oceanwide International Financial Limited (the "Company") presents its report together with the audited financial statements of the Company and its subsidiaries (together, the "Group") for the nine months ended 31 December 2017 (the "Current Period").

PRINCIPAL ACTIVITIES

During the Current Period, the principal activity of the Company is investment holding and the principal activities of the subsidiaries are as follows:

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

b) corporate finance advisory and general advisory services;

c) fund management, discretionary portfolio management and portfolio management advisory services;

d) financial media services; and

e) investment holding and securities trading.

Particulars of the principal subsidiaries of the Company as at 31 December 2017 are set out in note 45 to the financial statements.

BUSINESS REVIEW

A review of the business of the Group during the Current Period, a discussion on the Group's future business development and possible risks and uncertainties that the Group may be facing are provided in the section of "Chief Executive Officer's Review", "Management Discussion and Analysis" and "Environmental, Social and Governance Report" on pages 6 to 8, pages 10 to 15 and pages 16 to 21 respectively of this annual report.

SEGMENT INFORMATION

An analysis of the Group's revenue and results by business segment for the Current Period is set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Current Period and the financial position of the Company and the Group as at 31 December 2017 are set out in the financial statements on pages 67 to 167.

No interim dividend was paid during the Current Period (interim dividend for the year ended 31 March 2017: nil).

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

Directors' Report

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the financial year ended 31 March 2014 to financial year ended 31 March 2017 and from 1 April 2017 to 31 December 2017, which was extracted from the audited financial statements and reclassified as appropriate, is set out on page 168 of this annual report. This summary does not form part of the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the Current Period are set out in note 15 to the financial statements.

SHARE CAPITAL

During the Current Period, a total of 4,666,754,515 new shares of the Company (the "Shares") were issued and allotted as a result of the following:

(i) the exercise of 217,600 unlisted warrants. Details can be found in the section headed "Issue of Unlisted Warrants" in the Directors' Report.

(ii) on 28 April 2017, the Board proposed the issue of rights shares at the subscription price of HK$1.10 per rights share on the basis of three rights share for every one existing Shares (the "First Rights Issue"). The First Rights Issue was completed on 7 August 2017. There were 4,666,536,915 rights shares had been issued which ranked pari passu in all respects with the ordinary Shares. The net proceeds raised from the First Rights Issue were approximately HK$5.13 billion.

The net proceeds had been applied as follows: as to approximately 33% of the net proceed i.e. HK$1,670.0 million used in capital injection to our operating subsidiary in securities brokerage business, approximately 16% of the net proceed i.e. HK$831.3 million used in developing structured finance business and approximately 16% of the net proceed i.e. HK$831.3 million used in developing its debt capital market business; as to approximately 9% of the net proceed i.e. HK$470.0 million used in seed money in existing and new funds and approximately 6% of the net proceed i.e. HK$299.1 million used to develop its asset management business in relation to capital injection to our operating subsidiary in asset management business and increase in working capital for asset management business for hiring new staff and purchase of new IT system etc.; and as to approximately 20% of the net proceed i.e. HK$1,025.4 million for use as general working capital including increase of share capital of subsidiaries, increase liquidity of daily operation and repayment of loans etc.

On 18 December 2017, the Board proposed the issue of 16,592,131,253 rights shares at the subscription price of HK$1.10 per rights share on the basis of eight rights share for every three existing Shares (the "Second Rights Issue"). The Second Rights Issue is expected to raise approximately HK$18.25 billion, before expenses.

Details of movements in the share capital of the Company during the Current Period are set out in note 32 to the financial statements.

ISSUE OF UNLISTED WARRANTS

On 4 April 2014, the Company issued 190,912,000 unlisted warrants (in registered form and by way of deed poll), which entitled the holder of each warrant the right to subscribe for one Share at the initial exercise price of HK$0.5 per new ordinary Share (subject to adjustment), for an exercise period of 1,100 days commencing from the date of issue of the unlisted warrants following the completion of the open offer of the Company of non-listed 6.5% coupon straight notes due 2017. Details of the issue of unlisted warrants are set out in the announcement of the Company dated 20 February 2014.

For the Current Period, a total of 217,600 new Shares had been issued and allotted as a result of the exercise of 217,600 unlisted warrants generating a gross cash proceed of approximately HK$109,000 for the Company, which had been used as the general working capital of the Group. Pursuant to the terms of warrants instrument, all the outstanding unlisted warrants was lapsed on 7 April 2017.

DEBENTURE

The Company had issued a non-listed 6.5% coupon straight notes due 2017 in an aggregate principal amount of approximately HK$100.2 million on 4 April 2014 following the completion of open offer of the Company. Interests are payable semi-annually in arrears. On 5 April 2017, the Company redeemed the notes in full in an aggregate principal amount of approximately HK$100.2 million at the redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest of approximately HK$1.7 million to (but not including) the maturity date of the notes.

BORROWINGS AND INTEREST CAPITALISED

Borrowings repayable on demand or within one year are classified under current liabilities. Details of the borrowings are set out in Note 30 to the financial statements.

SHARE AWARD SCHEME

A Restricted Share Award Scheme (“Share Award Scheme”) was adopted by the Company on 19 August 2010. The purpose of the Share Award Scheme is to recognise and motivate the contribution of certain employees and/or consultants and to provide incentives and help the Group in retaining its existing employees or consultants and recruiting additional employees or consultants and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

Pursuant to the rules of Share Award Scheme, the Board may, from time to time, at its absolute discretion select the employees and consultants (excluding any excluded participant) as they deem appropriate for participation in the Share Award Scheme and determines the number of awarded shares to be granted. Existing Shares would be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected participants. The awarded shares of the Company will be vested only after satisfactory completion of time-based targets or time-and-performance-based targets.

The Share Award Scheme is subject to the administration of the Board in accordance with the rules of Share Award Scheme. The aggregate number of awarded shares granted by the Board throughout the duration of the Share Award Scheme should not in excess of 10% of the issued share capital of the Company as at the date of its adoption. Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years from the date of its adoption. However, the Board has the right to renew for the Share Award Scheme up to three times and each time for another 5-year terms. Further details of the Share Award Scheme were set out in the announcement of Company dated 19 August 2010.

Directors' Report

As at 31 December 2017, there were 2,162,002 returned shares in the Shares Award Scheme which were still available for further allocation and no Awarded Share has been granted. The Share Award Scheme should be retained until expiry of trust period or until terminated by the Company.

Save as disclosed above, at no time during the Current Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

SHARE PREMIUM AND RESERVES

Details of movements in the share premium and reserves of the Company and the Group during the Current Period are set out in the consolidated statement of changes in equity, and in note 44 to the financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2017, the Company's reserves available for cash distribution and/or distribution in specie to Shareholders, comprising the aggregate of contributed surplus and accumulated losses of the Company, amounted to approximately HK$352.7 million. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to Shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the company's assets would thereby be less than its liabilities.

CHARITABLE DONATIONS

During the Current Period, there were no charitable donations made by the Group (31 March 2017: HK$62,000).

MAJOR CUSTOMERS AND SUPPLIERS

During the Current Period, services provided to the Group's five largest customers accounted for 20% of the total turnover for the Current Period and services provided to the largest customer included therein amounted to 11%.

Services provided from the Group's five largest suppliers accounted for 32% of the total cost of services provided for the Current Period and services provided from the largest supplier included therein amounted to 10%.

None of the Directors or any of their associates or any Shareholder (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had, at any time during the Current Period, a beneficial interest in any of the five largest customers and suppliers of the Group.

DIRECTORS

The Directors of the Company during the Current Period and up to the date of this annual report are:

Executive Directors

Mr. HAN Xiaosheng	
Mr. ZHANG Bo	
Mr. ZHANG Xifang	
Mr. FENG Henian	*(Redesignated to Executive Director on 28 March 2018)*
Mr. LIU Hongwei	
Mr. Kenneth LAM Kin Hing	
Mr. Richard David WINTER	*(Resigned on 20 September 2017)*

Non-executive Directors

Mr. Bernard POULIOT	*(Redesignated to Non-executive Director on 1 October 2017)*
Mr. LIU Bing	
Mr. ZHAO Yingwei	*(Appointed on 28 March 2018)*
Mr. ZHAO Xiaoxia	

Independent Non-executive Directors

Mr. Roy LO Wa Kei	
Mr. KONG Aiguo	
Mr. LIU Jipeng	*(Appointed on 18 December 2017)*
Mr. HE Xuehui	
Mr. HUANG Yajun	
Mr. Robert CHAN Tze Leung	*(Retired by rotation at the annual general meeting on 19 September 2017)*

In accordance with Bye-laws 86(2) and 87 of the Company and pursuant to code provision A.4.2 of Appendix 14 of the Listing Rules, Mr. HAN Xiaosheng, Mr. ZHANG Bo and Mr. Kenneth LAM Kin Hing, all are executive Directors, Mr. LIU Bing, the non-executive Director and Mr. Roy LO Wa Kei, the independent non-executive Director will retire by rotation at the forthcoming annual general meeting. Mr. LIU Jipeng, the newly appointed independent non-executive Director and Mr. ZHAO Yingwei, the newly appointed non-executive Director are also due to retire at the forthcoming annual general meeting. They are being eligible and will offer themselves for re-election.

Directors' Report

The Company has received from each of its independent non-executive Director an annual confirmation of independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and considers that all the independent non-executive Directors are independent in accordance with the terms of the independence guidelines set out in rule 3.13 of the Listing Rules.

DIRECTORS' REMUNERATION

Details of the emoluments of the Directors for the Current Period are set out in note 14 to the financial statements.

EMOLUMENT POLICY

The emolument policy of the Group, in general, is determined with reference to the financial position and operating results of the Company and the prevailing market condition and trends. On this basis, the emolument of the Directors is determined with reference to their individual performances, involvement in the Group's affairs, the Company's performance and profitability. For the executive Directors, their remuneration is reviewed by the Remuneration Committee of the Company. As for the independent non-executive Directors, remuneration is determined by the Board, upon the recommendation from the Remuneration Committee of the Company. A resolution will be proposed at the forthcoming annual general meeting to obtain Shareholders' authorisation for the Board to fix Directors' remuneration.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are presented on pages 27 to 34 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. HAN Xiaosheng, Mr. ZHANG Xifang and Mr. LIU Hongwei has entered into a service agreement with the Company to act as executive Director for a term of three years commencing 3 February 2017, all renewable following the expiration of the term and is subject to the retirement by rotation and re-election in accordance with the provisions of the bye-laws of the Company. Each of them has agreed and acknowledged that he is not entitled to any director's fee or bonus as remuneration for his services during the continuance of his directorship under his service agreement.

Mr. ZHANG Bo has entered into a service agreement with the Company to act as executive Director for a term of three years commencing 3 February 2017, renewable following the expiration of the term and is subject to the retirement by rotation and re-election in accordance with the provisions of the bye-laws of the Company. Mr. ZHANG Bo was not entitled to any director's fee or bonus as remuneration for his services during 3 February 2017 to 18 October 2017 under his service agreement. With effect from 19 October 2017, he is entitled to receive a monthly salary of HK$235,000.

Mr. FENG Henian has entered into a letter of appointment with the Company when he acted as non-executive Director for a term of one year from 3 February 2018 and then terminated on 28 March 2018 when he entered into a service agreement with the Company to act as executive Director for a term of three years commencing 28 March 2018. His service agreement is renewable following the expiration of the term. He is subject to the retirement by rotation and re-election in accordance with the provisions of the bye-laws of the Company. He has agreed and acknowledged that he is not entitled to any director's fee or bonus as remuneration for his services during the continuance of his directorship under his service agreement.

Mr. Kenneth LAM Kin Hing has entered into a service agreement with the Company to act as executive Director for a term of three years commencing 1 October 2017, renewable following the expiration of the term and is subject to the retirement by rotation and re-election in accordance with the provisions of the bye-laws of the Company. He is entitled to receive a monthly salary of HK$300,000.

Each of Mr. LIU Bing and Mr. ZHAO Xiaoxia has entered into a letter of appointment with the Company to act as non-executive Director for a term of one year commencing 3 February 2018, all renewable following the expiration of the term and is subject to the retirement by rotation and re-election in accordance with the provisions of the bye-laws of the Company. Each of them has agreed and acknowledged that he is not entitled to any director's fee or bonus as remuneration for his services during the continuance of his directorship under his letter of appointment.

Mr. ZHAO Yingwei has entered into a letter of appointment with the Company to act as non-executive Director for a term of one year commencing 28 March 2018, all renewable following the expiration of the term and is subject to the retirement by rotation and re-election in accordance with the provisions of the bye-laws of the Company. He has agreed and acknowledged that he is not entitled to any director fee or bonus as remuneration for his services during the continuance of his directorship under his letter of appointment.

Each of Mr. Roy LO Wa Kei, Mr. KONG Aiguo, Mr. HE Xuehui and Mr. HUANG Yajun has entered into a letter of appointment with the Company to act as independent non-executive Director for a term of one year commencing 3 February 2018, all renewable following the expiration of the term and is subject to the retirement by rotation and re-election in accordance with the provisions of the bye-laws of the Company. Each of them is entitled to receive a fixed annual director's fee of HK$250,000 and will not receive any variable remuneration from the Group.

Mr. LIU Jipeng has entered into a letter of appointment with the Company to act as independent non-executive Director for a term of one year commencing 18 December 2017, renewable following the expiration of the term and is subject to the retirement by rotation and re-election in accordance with the provisions of the bye-laws of the Company. He is entitled to receive a fixed annual director's fee of HK$200,000 and will not receive any variable remuneration from the Group.

On 1 October 2017, Mr. Bernard POULIOT was re-designated from an executive Director to a non-executive Director due to the expiry of his service agreement as executive Director and continues his services as a senior advisor to the Group. Mr. POULIOT entered into a letter of appointment as a non-executive Director with the Company for a term of one year commencing 1 October 2017 renewable following the expiration of the term, and is subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. He is entitled to receive a fixed annual director's fee of approximately HK$200,000.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under "Continuing Connected Transactions" in this directors' report and note 38 to the financial statements, no Director had a material interest in any transactions, arrangements or contract of significance to the business of the Group subsisted at the end of the Current Period or at any time during the Current Period to which the Company or any of its subsidiaries was a party.

Directors' Report

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Current Period.

DIRECTORS' INTERESTS

As at 31 December 2017, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 of the Listing Rules were as follows:

(i) Long Position in the Shares

Name of director	Capacity	Number of Shares	Approximate percentage of total interests in the Shares in issue (Note 1)
Mr. Bernard POULIOT	Beneficial owner	38,982,666	0.62%
Mr. Kenneth LAM Kin Hing	Beneficial owner	113,022,833	1.81%

(ii) Long positions in the shares of associated corporations of the Company

(a) Oceanwide Holdings Co., Ltd. ("Oceanwide Holdings")

Name of Director	Capacity	Number of shares in Oceanwide Holdings	Approximate percentage of shareholding in Oceanwide Holdings (Note 2)
Mr. HAN Xiaosheng	Beneficial owner	2,880,000	0.05%
Mr. LIU Hongwei	Beneficial owner	30,000	0.0005%

(b) China Oceanwide Holdings Limited ("China Oceanwide")

Name of Director	Capacity	Number of shares in China Oceanwide	Approximate percentage of shareholding in China Oceanwide (Note 2)
Mr. LIU Jipeng	Beneficial owner	9,212,000	0.05%

Notes:

1. The approximate percentage shown was the number of securities the relevant director of the Company was interested expressed as a percentage of the number of issued Shares as at 31 December 2017.

2. The approximate percentage shown above was the number of shares the relevant Director was interested in expressed as a percentage of the total number of issued shares of the relevant entity as at 31 December 2017.

Save as disclosed above, as at 31 December 2017, none of the Directors or their respective associates had or were deemed under the SFO to have any interest or short position 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 recorded in the register kept by the Company under section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2017, so far as were known to the Directors, the following persons (other than the Directors) who had interests and short positions in the shares, underlying shares and debentures of the Company as recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the shares in issue of the Company, were as follows:

Long Position in the Shares

Name of holder of Shares/ underlying Shares	Capacity	Number of Shares and underlying Shares held	Approximate percentage of total interests in the Shares in issue
Mr. LU Zhiqiang ("Mr. LU")	Interest of controlled corporations	16,931,210,433 (Note 1)	74.21 (Note 20)
Ms. HUANG Qiongzi	Interest of controlled corporations	16,931,210,433 (Note 1)	74.21 (Note 20)
Tohigh Holdings Co., Ltd.* (通海控股有限公司)	Interest of controlled corporations	16,931,210,433 (Note 2)	74.21 (Note 20)
Oceanwide Group Co., Ltd.* (泛海集團有限公司)	Interest of controlled corporations	16,931,210,433 (Note 3)	74.21 (Note 20)
China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司)	Interest of controlled corporations	16,931,210,433 (Note 4)	74.21 (Note 20)
Oceanwide Holdings	Interest of controlled corporations	4,495,254,732 (Note 5)	19.70 (Note 20)
China Oceanwide Group Limited	Interest of controlled corporations	4,495,254,732 (Note 5)	19.70 (Note 20)
Oceanwide Holdings International Financial Development Co., Ltd. ("Oceanwide Holdings IF")	Beneficial owner	4,495,254,732 (Note 5)	19.70 (Note 20)

* *For identification purpose only*

Directors' Report

Name of holder of Shares/ underlying Shares	Capacity	Number of Shares and underlying Shares held	Approximate percentage of total interests in the Shares in issue
Ms. LU Xiaoyun ("Ms. LU")	Interest of controlled corporations	12,435,955,701 (Note 6)	54.50 (Note 20)
Mr. JIA Meng	Family Interests	12,435,955,701 (Note 6)	54.50 (Note 20)
Meyu International Company Limited	Interest of controlled corporations	12,435,955,701 (Note 6)	54.50 (Note 20)
China Oceanwide International Investment Company Limited	Interest of controlled corporations	12,435,955,701 (Note 7)	54.50 (Note 20)
Chang Xin International Capital Investment Management Co., Ltd.	Interest of controlled corporations	12,435,955,701 (Note 8)	54.50 (Note 20)
Empire Ocean Investments Limited	Interest of controlled corporations	12,435,955,701 (Note 8)	54.50 (Note 20)
China Oceanwide International Holdings Limited	Interest of controlled corporations	12,435,955,701 (Note 9)	54.50 (Note 20)
China Oceanwide International Group Limited ("COI")	Beneficial owner and Underwriter	12,435,955,701 (Note 10)	54.50 (Note 20)
Shanghai International Group Co., Ltd.* (上海國際集團有限公司)	Interest of controlled corporations	2,181,818,182 (Note 11)	9.56 (Note 20)
Guotai Junan Securities Co., Ltd.	Interest of controlled corporations	2,181,818,182 (Note 12)	9.56 (Note 20)
Guotai Junan International Holdings Limited	Interest of controlled corporations	2,181,818,182 (Note 13)	9.56 (Note 20)
Guotai Junan Securities (Hong Kong) Limited ("GTJAS")	Underwriter	2,181,818,182 (Note 14)	9.56 (Note 20)
Haitong Securities Co., Ltd.	Interests of controlled corporations	5,174,357,370 (Note 15)	22.68 (Note 20)
Haitong International Holdings Limited	Interest of controlled corporations	5,174,357,370 (Note 16)	22.68 (Note 20)
Haitong International Securities Group Limited	Interest of controlled corporations	5,174,357,370 (Note 17)	22.68 (Note 20)
Haitong International Securities Company Limited ("Haitong International")	Underwriter	1,974,357,370 (Note 18)	8.65 (Note 20)
Haitong International Financial Solutions Limited	Security interest in Shares	3,200,000,000 (Note 19)	51.43 (Note 19)

Notes:

1. Mr. LU and Ms. HUANG Qiongzi (黃瓊姿) (the spouse of Mr. LU) together held more than one third of the voting power at general meetings of Tohigh Holdings Co., Ltd.* (通海控股有限公司). By virtue of the SFO, Mr. LU and Ms. HUANG Qiongzi (黃瓊姿) are deemed to be interested in all the Shares in which Tohigh Holdings Co., Ltd.* (通海控股有限公司) is interested.

2. Tohigh Holdings Co., Ltd.* (通海控股有限公司) held the entire issued share capital of Oceanwide Group Co., Ltd.* (泛海集團有限公司). By virtue of the SFO, Tohigh Holdings Co., Ltd.* (通海控股有限公司) is deemed to be interested in all the Shares held by Oceanwide Group Co., Ltd.* (泛海集團有限公司).

* *For identification purpose only*

3. Oceanwide Group Co., Ltd.* (泛海集團有限公司) held 98% interest in the issued share capital of China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司). By virtue of the SFO, Oceanwide Group Co., Ltd.* (泛海集團有限公司) is deemed to be interested in all the Shares held by China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司).

4. China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) directly and indirectly held 69.57% interest in the issued share capital of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司) and 100% interest in the issued share capital of China Oceanwide International Investment Company Limited. By virtue of the SFO, China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) is deemed to be interested in all the Shares held by Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司) and China Oceanwide International Investment Company.

5. Oceanwide Holdings IF is a wholly-owned subsidiary of China Oceanwide Group Limited, which in turn is a wholly-owned subsidiary of Oceanwide Holdings By virtue of the SFO, China Oceanwide Group Limited and Oceanwide Holdings are deemed to be interested in 4,495,254,732 Shares.

6. Chang Xin International Capital Investment Management Co., Ltd is a wholly-owned subsidiary of Meyu International Company Limited, which in turn is 100% held by Ms. LU. By virtue of the SFO, Ms. LU and Meyu International Company Limited are deemed to be interested in all the Shares held by Chang Xin International Capital Investment Management Co., Ltd. Mr. JIA Meng, being the spouse of Ms. LU, is deemed to be interested in all the Shares held by Ms. LU.

7. China Oceanwide International Investment Company Limited held the entire issued share capital of Empire Ocean Investments Limited. By virtue of the SFO, China Oceanwide International Investment Company Limited is deemed to be interested in all the Shares held by Empire Ocean Investments Limited.

8. Chang Xin International Capital Investment Management Co., Ltd. and Empire Ocean Investments Limited respectively held 70% and 30% of interests of China Oceanwide International Holdings Limited. By virtue of the SFO, Chang Xin International Capital Investment Management Co., Ltd. and Empire Ocean Investment Limited are deemed to be interested in all the Shares held by China Oceanwide International Holdings Limited.

9. COI is a wholly-owned subsidiary of China Oceanwide International Holdings Limited. By virtue of the SFO, China Oceanwide International Holdings Limited is deemed to be interested in all the Shares held by COI.

10. Of these Shares, 11,987,345,952 Shares refer to the total number of rights shares which COI will subscribe or procure its associates to subscribe for pursuant to an irrevocable undertaking dated 18 December 2017 given by COI in favour of the Company, GTJAS, Haitong International, Oceanwide Holdings IF and Oceanwide Holdings. The remaining 448,609,749 Shares represent the maximum number of underwritten rights shares which COI and/or its nominee have interest in pursuant to the terms of an underwriting agreement entered into among the Company, GTJAS, Haitong International, COI, Oceanwide Holdings IF and Oceanwide Holdings dated 18 December 2017 in relation to the rights issue on the basis of eight rights shares for every three existing Shares (the "Underwriting Agreement").

11. Shanghai International Group Co., Ltd.* (上海國際集團有限公司) directly and indirectly held 30.93% interest in the issued share capital of Guotai Junan Securities Co., Ltd.* (國泰君安證券股份有限公司). By virtue of the SFO, Shanghai International Group Co., Ltd.* (上海國際集團有限公司) is deemed to have interest in 2,181,818,182 Shares GTJAS and/or its sub-underwriter(s) will hold, to the maximum extent, after the completion of Second Rights Issue.

12. Guotai Junan Securities Co., Ltd.* (國泰君安證券股份有限公司) indirectly held 64.62% interest in the issued share capital of Guotai Junan International Holdings Limited. By virtue of the SFO, Guotai Junan Securities Co., Ltd.* (國泰君安證券股份有限公司) is deemed to have interest in 2,181,818,182 Shares, which represent the maximum number of underwritten rights shares GTJAS and/or its sub-underwriter(s) will take up pursuant to the Underwriting Agreement, after the completion of Second Rights Issue.

13. GTJAS is an indirect wholly-owned subsidiary of Guotai Junan International Holdings Limited. By virtue of the SFO, Guotai Junan International Holdings Limited is deemed to have interest in 2,181,818,182 Shares, which represents the maximum number of underwritten rights shares GTJAS and/or its sub-underwriter(s) will take up pursuant to the Underwriting Agreement, after the completion of Second Rights Issue.

14. These Shares represents the maximum number of underwritten rights shares GTJAS and/or its sub-underwriter(s) have interest in pursuant to the terms of the Underwriting Agreement.

15. Haitong Securities Co., Ltd held 100% interest in the issued share capital of Haitong International Holdings Limited. By virtue of the SFO, Haitong Securities Co., Ltd is deemed to be interested in all the Shares held by Haitong International Holdings Limited.

16. Haitong International Holdings Limited indirectly held 62.43% interest in the issued share capital of Haitong International Securities Group Limited. By virtue of the SFO, Haitong International Holdings Limited is deemed to be interested in all the Shares held by Haitong International Securities Group Limited.

* *For identification purpose only*

Directors' Report

17. Haitong International and Haitong International Financial Solutions Limited are indirect subsidiaries of Haitong International Securities Group Limited. By virtue of the SFO, Haitong International Securities Group Limited is deemed to have interest in 5,174,357,370 Shares, out of which 1,974,357,370 Shares represent the maximum number of underwritten rights shares Haitong International and/or its sub-underwriters will take up pursuant to the Underwriting Agreement, after the completion of Second Rights Issue.

18. These Shares represents the maximum number of underwritten rights shares Haitong International and/or its sub-underwriter(s) have interest in pursuant to the terms of the Underwriting Agreement.

19. According to the announcement of Oceanwide Holdings dated 22 September 2017, Oceanwide Holdings IF entered into a facility agreement with Haitong International Financial Solutions Limited for a loan in the amount of RMB1,100,000,000 pursuant to which Oceanwide Holdings has pledged 3,200,000,000 Shares (representing 51.43% of the issued share capital of the Company as of 31 December 2017) to Haitong International Financial Solutions Limited.

20. The percentage is calculated based on the enlarged issued share capital of the Company after completion of the Second Rights Issue.

21. The following entities, namely Tisé Media Fund LP and China Alliance Properties Limited (and its associates), disclosed to the Company that they were, directly or indirectly interested or deemed to be interested in 5% or more of the Shares on 28 August 2015 pursuant to the subscription agreement entered among the Company, CMBC International Holdings Limited ("CMBCI"), and the co-investors, namely New Hope Global Holding Co., Limited, United Energy International Trading Limited, Mind Power Investments Limited, China P&I Services (Hong Kong) Limited, China Alliance Properties Limited, Good First International Holding Limited, Divine Unity Limited, Tisé Media Fund LP, Novel Well Limited, Ristora Investments Limited and Insight Multi-Strategy Funds SPC for the account of Insight Phoenix Fund III SP (together the "Co-Investors") on 28 August 2015 which CMBCI and the Co-Investors had conditionally agreed to subscribe for an aggregate of 23,054,875,391 shares of the Company at the subscription price of HK$0.565 per subscription share (the "First Subscription Agreement").

    As disclosed in the announcement of the Company dated 1 March 2016, the First Subscription Agreement ceased to be effective as of 28 February 2016 as certain conditions precedent under the First Subscription Agreement remained outstanding as at the long stop date. Accordingly, as at the 31 December 2017, as far as the Directors were aware, CMBCI and the Co-Investors had ceased to have any interests in the Shares.

Save as disclosed above, as at 31 December 2017, the Company had not been notified by any other person (other than the Directors) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register maintained by the Company under section 336 of the SFO.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the Current Period, the following Directors had interests in the following businesses (apart from the businesses of the Company or its subsidiaries) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Group conducted during the period and are required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Name	**Investing entity**	**Nature of interest**	**Nature of business considered to compete or likely to complete with the business of the Group**
Mr. ZHANG Bo	Minsheng Securities Co., Ltd.* (民生證券股份有限公司)	director	Securities business
Mr. ZHANG Xifang	Minsheng Securities Co., Ltd.* (民生證券股份有限公司)	director	Securities business
Mr. LIU Bing	Minsheng Securities Co., Ltd.* (民生證券股份有限公司)	director	Securities business
Mr. FENG Henian	Minsheng Securities Co., Ltd.* (民生證券股份有限公司)	director	Securities business

* *For identification purpose only*

Save as disclosed above, as at 31 December 2017, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

The Directors are aware of their fiduciary duties and will act honestly and in good faith in the interests of the Company and will avoid any potential conflict of interests and duties.

CONNECTED TRANSACTION

During the Current Period, the Company entered the connected transaction below as required under the Listing Rules to be disclosed in the Annual Report:

On 20 September 2017, Oceanwide Ventures (BVI) Limited (the "Subscriber", an indirect wholly-owned subsidiary of the Company) executed the subscription Agreement, pursuant to which the Subscriber agreed to be a limited partner of Oceanwide Pioneer Limited Partnership (the "Fund") and committed to invest US$20 million (equivalent to approximately HK$155.6 million) in the Fund. The general partner of the Fund is indirectly owned by Mr. LU, the ultimate controlling shareholder of the Company, and therefore the general partner is a connected person of the Company. Since the General Partner has full control over the conduct of the business, assets and affairs of the Fund, the Fund is therefore a connected person of the Company under the Listing Rules. Accordingly, the subscription of interest in the Fund by the Subscriber pursuant to the subscription agreement constitutes a connected transaction of the Company.

CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions undertaken by the Group are included in the transactions and balance set out in note 38 to the financial statements.

Pursuant to rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company have reviewed the continuing connected transactions and have confirmed that those continuing connected transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Certain related party transactions as disclosed in note 38 and the transaction as disclosed in note 36 (in respect of loans to directors) to the financial statements were "continuing connected transaction" or fell within de minimis continuing connected transaction which exempted from reporting, announcement and independent shareholders' approval under the Listing Rules. The Company has complied with the disclosure requirements, where applicable, in accordance with Chapter 14A of the Listing Rules.

Directors' Report

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

DISCLOSURE PURSUANT TO RULE 13.15 OF THE LISTING RULES

On 21 November 2017, Oceanwide Financial (Holding) Limited (a wholly-owned subsidiary of the Company) has made through Oceanwide Securities Company Limited (an indirect wholly-owned subsidiary of the Company) to purchase for the unsecured, guaranteed senior notes in the principal amount of US$120.0 million with a coupon interest rate of 8.5% per annum, payable semi-annually issued by Oceanwide Holdings International 2017 Co., Limited, a subsidiary of Oceanwide Holdings and will be matured on 28 May 2019. On the same date, the Subscriber has been successfully allocated of the principal amount of US$120.0 million (equivalent to approximately HK$936.0 million). As at 31 December 2017, the principal amount of US$91.5 million notes is outstanding.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued Share was held by the public as at the date of this annual report, being the latest practicable date.

CORPORATE GOVERNANCE

Details of the corporate governance practices of the Company are presented in the Corporate Governance Report which is set out on pages 50 to 60 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Current Period, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, every Director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in the execution of his office or otherwise in relation thereto. The Company has taken out insurance policies against the liability and costs associated with defending any proceeding.

EQUITY-LINKED AGREEMENT

For the Current Period, the Group did not enter into any equity-linked agreement.

UPDATES ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Changes of information of the Directors since the date of 2017 Interim Report which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules are set out below:

Name of Directors		Details of Change
Mr. FENG Henian	—	Entered the letter of appointment with the Company for a term of one year commencing 3 February 2018 as non-executive director and then terminated on 28 March 2018 when he entered into a service agreement with the Company to act as executive Director for a term of three years commencing 28 March 2018
Mr. Kenneth LAM Kin Hing	—	Entered the service agreement with the Company for a term of three years commencing 1 October 2017
Mr. LIU Bing	—	Entered the letter of appointment with the Company for a term of one year commencing 3 February 2018
Mr. ZHAO Xiaoxia	—	Entered the letter of appointment with the Company for a term of one year commencing 3 February 2018
Mr. Roy LO Wa Kei	—	Appointed as an independent non-executive director of G-Resources Group Limited on 17 July 2017
	—	Entered the letter of appointment with the Company for a term of one year commencing 3 February 2018 and the annual director's fee was increased to HK$250,000
Mr. KONG Aiguo	—	Appointed as a director of Shanghai Fudan Forward Science & Technology Co., Ltd* (上海復旦復華科技股份有限公司), a company listed in Shanghai, on 1 December 2017
	—	Entered the letter of appointment with the Company for a term of one year commencing 3 February 2018 and the annual director's fee was increased to HK$250,000
Mr. HE Xuehui	—	Entered the letter of appointment with the Company for a term of one year commencing 3 February 2018 and the annual director's fee was increased to HK$250,000
Mr. HUANG Yajun	—	Entered the letter of appointment with the Company for a term of one year commencing 3 February 2018 and the annual director's fee was increased to HK$250,000

Save as disclosed above, there is no other information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

AUDITORS

The financial statements for the Current Period was audited by BDO Limited ("BDO"). BDO will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint BDO as auditor of the Company.

On behalf of the Board

HAN Xiaosheng
Chairman

Hong Kong, 28 March 2018

* *For identification purpose only*

Corporate Governance Report

The Company is committed to maintaining high standards of corporate governance in order to ensure better transparency and safeguard the shareholders' interest in general. The board of directors (the "Directors" or "Board") works for building the effective self-regulatory practices by recruiting high calibre members, delegating authorities to the Board committees and senior management and implementing sound internal control systems.

CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the principles and complied with the code provisions set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), titled "Corporate Governance Code and Corporate Governance Report (the CG Code")", throughout the nine months ended 31 December 2017 (the "Current Period") and subsequent period up to the date of this annual report, save for the deviations from code provision A.5.1 which stipulates that a Nomination Committee should be established. In view of the existing size of the board and business operation of the Group, it is considered more beneficial and effective to have the relevant function performed by the Board itself rather than through the establishment of such committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

BOARD OF DIRECTORS

The Board is charged with promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith in the best interests of the Company. The Directors are aware of their collective and individual responsibilities to all shareholders of the Company for the manner in which the affairs of the Company are managed, controlled and operated, and they devote sufficient time and attention to the Company's affairs. To the best of the Company's knowledge, there is no financial or family relationship among the Board members. All of them are free to exercise their independent judgment on all matters concerning the Company.

The roles of the Chairman and the Chief Executive Officer of the Company are separated. Mr. HAN Xiaosheng is the Chairman of the Board. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in discharging its responsibilities. Mr. Kenneth LAM Kin Hing is the Chief Executive Officer of the Company. The Chief Executive Officer is responsible for the overall management of the Group's business and recommendation of strategies to the Board. Matters reserved for the Board include formulation of the Group's long-term business strategy, consideration of dividend policy, approval of major investments, maintenance of an adequate system of internal controls and risk management, oversight of compliance with statutory and regulatory obligations and review of the corporate governance practices of the Group. Daily operations and administration are delegated to management teams.

The Board has fifteen members as of the date of annual report which comprise:

— six executive directors, namely Mr. HAN Xiaosheng (the Chairman), Mr. ZHANG Bo, Mr. ZHANG Xifang, Mr. FENG Henian, Mr. LIU Hongwei and Mr. Kenneth LAM Kin Hing;

— four non-executive directors, namely Mr. Bernard POULIOT, Mr. LIU Bing, Mr. ZHAO Yingwei and Mr. ZHAO Xiaoxia; and

— five independent non-executive directors, namely Mr. Roy LO Wa Kei, Mr. KONG Aiguo, Mr. LIU Jipeng, Mr. HE Xuehui and Mr. HUANG Yajun.

The brief biographical details of the above directors are set out in the section of "Biographical Details of Directors and Senior Management" of this annual report. A list containing the names of the Directors and their roles and functions can also be found in the website of the Company (www.oceanwidefinancial.com) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

The Company has five independent non-executive Directors which represents one third of the Board. They are highly experienced professionals with a broad range of expertise and experience in areas covering accounting, finance and business management and the Board as a whole has achieved an appropriate balance of skills and experience. They bring independent judgment to bear on issues of strategy, policy and performance, accountability, resources, key appointments and standards of conduct, and enable the Board to maintain high standards of compliance with financial and other mandatory reporting requirements and provide adequate checks and balances to safeguard the interests of Shareholders and the Company. At least one of the INEDs possesses appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules.

The Company has received, from each independent non-executive Director, a written confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

All the non-executive Directors are appointed for a term of one year, subject to renewal and re-election as and when required under the Listing Rules and the Bye-laws.

The Board is continually updated on the Group's business and regulatory environments in which it operates and other changes affecting the Group. The Company has provided the Board with monthly updates of the Group's management information such as performance and key operational highlights to enable the Directors to discharge their duties.

The Company has arranged insurance cover for all Directors in respect of any legal action against the Directors. The insurance coverage is reviewed at least annually for ensuring that the Directors and officers are adequately protected against potential legal liabilities.

Corporate Governance Report

During the Current Period, the Board met five times in person, through telephone conference or video conference to approve the final results for the year ended 31 March 2017, interim results for the six months ended 30 September 2017, and to consider financial and operating performances and strategic investment decisions of the Group. Three general meetings were held which consisted of one annual general meeting and two special general meetings. Individual attendance of each Board member at these meetings is as follows:

Directors	Number of Board Meetings Attended/ Total Number of Board Meetings Held (Percentage of Attendance)	Number of General Meetings Attended/Total Number of General Meetings Held (Percentage of Attendance)
Executive Directors		
Mr. HAN Xiaosheng	4/5 (80%)	3/3 (100%)
Mr. ZHANG Bo	3/5 (60%)	2/3 (66.6%)
Mr. ZHANG Xifang	5/5(100%)	3/3 (100%)
Mr. LIU Hongwei	5/5(100%)	3/3 (100%)
Mr. Kenneth LAM Kin Hing	4/5 (80%)	3/3 (100%)
Mr. Richard David WINTER *(Resigned on 20 September 2017)*	3/3(100%)	2/2 (100%)
Non-executive Directors		
Mr. Bernard POULIOT *(Redesignated to Non-executive Director on 1 October 2017)*	4/5 (80%)	3/3 (100%)
Mr. LIU Bing	3/5 (60%)	2/3 (66.6%)
Mr. FENG Henian	3/5 (60%)	0/3 (0%)
Mr. ZHAO Xiaoxia	4/5 (80%)	1/3 (33.3%)
Independent Non-executive Directors		
Mr. Roy LO Wa Kei	5/5(100%)	3/3 (100%)
Mr. KONG Aiguo	4/5 (80%)	2/3 (66.6%)
Mr. LIU Jipeng *(appointed on 18 December 2017)*	N/A	N/A
Mr. HE Xuehui	5/5(100%)	2/3 (66.6%)
Mr. HUANG Yajun	4/5 (80%)	2/3 (66.6%)
Mr. Robert CHAN Tze Leung *(Retired by rotation on 19 September 2017)*	2/2(100%)	1/2 (50%)

Arrangements are in place to allow all Directors the opportunity to include matters for discussion in the agenda of each Board meeting. At least fourteen days' notice of all Board meetings is given to all Directors. The agenda and board materials are sent to all directors at least three days in advance of every Board meeting to facilitate informed discussion and decision-making. Senior management will be invited to attend the Board meeting, when necessary, to provide information and explanation to facilitate the decision-making process. All Directors have recourse to external legal counsel and other professionals for independent advice at the Group's expenses upon their request.

The Company Secretary assists the Chairman in preparing the agenda for the meeting and ensures that all applicable rules and regulations regarding the meetings are followed.

The proceedings of the Board at its meetings are generally conducted by the Chairman who ensures that sufficient time is allocated for discussion and consideration of each item on the agenda and also equal opportunities are being given to the Directors to speak, express their views and share their concerns.

The Company Secretary keeps minutes of each meeting. Draft minutes are sent to all Directors within a reasonable time for their comment and final versions of the minutes are available for inspection by all Directors at any time.

New director appointed by the Board to fill a casual vacancy is subjected to re-election by shareholders of the Company at the next general meeting pursuant to the Bye-laws of the Company. All Directors are subject to retirement by rotation and may offer themselves for re-election at the annual general meeting. Therefore, no Director has an effective term of appointment longer than three years.

At the annual general meeting of the Company held on 19 September 2017, Mr. HAN Xiaosheng, Mr. ZHANG Bo, Mr. Bernard POULIOT *(redesignated to non-executive Director on 1 October 2017)*, Mr. ZHANG Xifang and Mr. LIU Hongwei were re-elected as executive Directors; Mr. LIU Bing, Mr. FENG Henian (redesignated to executive Director on 28 March 2018) and Mr. ZHAO Xiaoxia were re-elected as non-executive Directors; Mr. Roy LO Wai Kei, Mr. KONG Aiguo, Mr. HE Xuehui and Mr. HUANG Yajun were re-elected as independent non-executive Directors.

Due to the retirement by rotation of Mr. Robert CHAN Tze Leung with effect from the conclusion of the annual general meeting of the Company held on 19 September 2017, the number of independent non-executive Directors failed to meet the relevant requirements under rule 3.10A of the Listing Rules which states that the independent non-executive directors must represent at least one-third of the members of the Board. Following the appointment of Mr. LIU Jipeng on 18 December 2017, the Company had complied with the requirement of Rule 3.10A of the Listing Rules.

In order to allow the newly appointed Directors to understand the responsibilities under the relevant regulatory requirements, the operation and business of the Company, the Company will provide an orientation package including key legal requirements, the Memorandum and Bye Laws and information of the Company to and arrange a tailor-made induction for the newly appointed directors.

BOARD COMMITTEES

The Company has established the Audit Committee, the Remuneration Committee and the Executive Committee. The terms of reference of the Audit Committee and the Remuneration Committee can be found in the website of the Company (www.oceanwidefinancial.com) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

Audit Committee

The Audit Committee has been established to assist the Board in reviewing the financial information of the Company, maintaining the relationship with the external auditor and overseeing the financial reporting system, risk management and internal control procedures of the Company.

Corporate Governance Report

It comprises five independent non-executive Directors, namely Mr. Roy LO Wa Kei (the Chairman), Mr. KONG Aiguo, Mr. LIU Jipeng, Mr. HE Xuehui and Mr. HUANG Yajun.

The major role and authorities of the Audit Committee are summarised below:

i) to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and review and monitor their independence and objectivity as well as the effectiveness of the audit process;

ii) to approve the remuneration and terms of engagement of external auditors, maintain appropriate relationship between the Group and the external auditors and develop policy on the engagement of the external auditors to supply non-audit services;

iii) to ensure the integrity of the interim and annual consolidated financial statements and any significant financial reporting judgments contained in them; and review the external auditors' work, including management letter and management's response; and

iv) to review the Company's financial controls, internal controls and risk management systems.

During the Current Period, two Audit Committee meetings were held with BDO Limited ("BDO"), the external auditor of the Company. The Chief Financial Officer, Chief Operating and Risk Officer, and the Head of Compliance of the Company were also invited to participate in the meetings. The Audit Committee members also met privately with BDO twice during the Current Period. Individual attendance of each committee member at Audit Committee meetings is as follows:

Members of Audit Committee	**Number of Meetings Attended/Total Number of Meetings Held (Percentage of Attendance)**
Mr. Roy LO Wa Kei	2/2 (100%)
Mr. KONG Aiguo	2/2 (100%)
Mr. LIU Jipeng *(appointed on 18 December 2017)*	N/A
Mr. HE Xuehui	2/2 (100%)
Mr. HUANG Yajun	1/2 (50%)

During the Current Period, the Audit Committee has discharged its responsibilities by considering and reviewing the following:

i) the financial statements for the year ended 31 March 2017 and for the six months ended 30 September 2017;

ii) the engagement and remuneration of the external auditor of the Company and the nature, scope and process of the external audit;

iii) the continuing connected transactions of the Group for the year ended 31 March 2017;

iv) the internal control and risk management systems of the Company;

v) the adequacy of resources, qualifications and experience of staff, training programmes and budget of the accounting and financial reporting function; and

vi) the recommendation to the Board on the re-appointment of external auditor.

Remuneration Committee

The Remuneration Committee has been established and empowered by the Board to determine and review the remuneration packages of individual Directors and senior management, including salaries, bonuses, share options and benefits in kind.

It comprises four independent non-executive Directors, namely Mr. KONG Aiguo (the chairman), Mr. LIU Jipeng, Mr. HE Xuehui and Mr. HUANG Yajun.

The major roles and authorities of the Remuneration Committee are summarised below:

i) to review and recommend to the Board on the Group's remuneration policy and strategy;

ii) to review and approve the proposals for remuneration of the executive Directors, senior management and employees of the Group;

iii) to recommend to the Board on the remuneration of non-executive Directors; and

iv) to review and approve the compensation arrangement relating to the dismissal or removal of directors.

During the Current Period, two Remuneration Committee meetings were held. Individual attendance of each committee member at Remuneration Committee meeting is as follows:

Members of Remuneration Committee	**Number of Meetings Attended/Total Number of Meetings Held (Percentage of Attendance)**
Mr. KONG Aiguo	2/2 (100%)
Mr. LIU Jipeng *(appointed on 18 December 2017)*	N/A
Mr. HE Xuehui	2/2 (100%)
Mr. HUANG Yajun	2/2 (100%)
Mr. Richard David WINTER *(ceased on 20 September 2017)*	1/1 (100%)
Mr. Robert CHAN Tze Leung *(ceased on 19 September 2017)*	0/1 (0%)

During the Current Period, the Remuneration Committee has discharged its responsibilities by considering and reviewing the following:

i) the remuneration packages of the executive Directors;

Corporate Governance Report

ii) the remuneration package of newly appointed senior management of the Group; and

iii) the discretionary bonus and annual salary adjustment for senior management and employees of the Group.

The basis for determining the emolument payable to directors and senior management are with reference to the prevailing market condition, the financial performance of the Company, time commitment and responsibilities and comparable market statistics. Staff remuneration is determined by the Group's management by reference to the individual staff's qualifications, work experience, performance and prevailing market conditions.

Executive Committee

The Company has set up an Executive Committee which determines group strategy, reviews business performances, examines major investments and monitors management performance. It also identifies and manages the market risk, credit risk, liquidity risk, operational risk, legal risk and regulatory risk of the Group, devises the Group's risk management strategy and strengthens the Group's system of risk management. It comprises all the executive Directors as of the date of annual report, namely Mr. HAN Xiaosheng, Mr. ZHANG Bo, Mr. ZHANG Xifang, Mr. FENG Henian, Mr. LIU Hongwei and Mr. Kenneth LAM Kin Hing. In order to sustain the long-term business development of the Company, meetings are usually held once every month.

Several senior managements, such as the Chief Financial Officer, Chief Operating and Risk Officer, and the Head of Compliance, are invited to participate actively in the meetings as advisory members. Minutes of the Executive Committee Meetings had also been sent to all the members of the Board within a reasonable time for review.

Nomination Committee

The Company does not establish a Nomination Committee. The Executive Committee will be responsible to identify and nominate suitable candidates as Board members. The shortlist of suitable candidates will then be proposed to the Board for consideration and appointment.

In February 2014, the Board has adopted a Board Diversity Policy which aims to set out the approach to achieve diversity on the Board. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will be based on meritocracy while taking into account of diversity. Selection of candidates will be based on a range of diversity criteria, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates are likely to bring to the Board. The Board Diversity Policy, as appropriate, will be reviewed from time to time to ensure its continuing effectiveness.

As a whole, the Board is diverse in terms of education background, professional background and business experience. Their age, gender and length of service with the Company can be found in the section of "Biographical Details of Directors and Senior Management" of this annual report.

The Board will also be responsible for reviewing its structure, size and composition. Any new director appointed by the Board during the year shall be required to be offered for re-election by shareholders of the Company at the next general meeting or next annual general meeting of the Company.

Shareholders may propose a person for election as a Director at the general meeting of the Company in accordance with the Bye-laws of the Company. The procedures for such proposal can be found in the website of the Company (www.oceanwidefinancial.com).

CONTINUING PROFESSIONAL DEVELOPMENT

Pursuant to the CG Code, all Directors and company secretary should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contributions to the Board are made on a well-informed basis.

During the Current Period, all Directors had complied with the code provision in relation to continuous professional development. This has involved various forms of activities including attending courses, seminars and/or conference provided by external professional advisors and reading materials and updates relevant to the regulatory changes, director's duties and responsibilities.

During the Current Period, the Company Secretary had undertaken no less than 15 hours of relevant professional training.

EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and the senior management of the Company for the Current Period are set out in note 14 to the financial statements.

AUDITORS' REMUNERATION

During the Current Period, the Group has engaged the following audit and non-audit services provided by BDO:

Type of services	Fees to BDO As at 31 December 2017 HK$'000	Fees to BDO As at 31 March 2017 HK$'000
Audit fee for the Group including interim review	1,930	1,505
Taxation services for the Group	243	226
Others	325	115
TOTAL	2,498	1,846

The Audit Committee will recommend the appointment of BDO for assurance service for the financial year ending 31 December 2018 at a fee to be agreed.

Corporate Governance Report

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges that they are responsible for overseeing the preparation of the consolidated financial statements which give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017 and of the Group's financial performance and cash flow for the nine months ended 31 December 2017 in accordance with Hong Kong Financial Reporting Standards and the applicable disclosure provisions of the Listing Rules and for ensuring that appropriate accounting policies are selected and applied consistently.

BDO, the external auditor of the Company, stated their reporting responsibilities in the Independent Auditor's Report which is set out on pages 61 to 66 of this annual report.

The financial statements are prepared on a going concern basis. The Board confirms that, to the best of their knowledge, they are not aware of any material events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges the responsibility for establishing and maintaining an adequate system of internal control and risk management. The internal control system includes a well-established organisational structure with clearly defined lines of responsibility and authority, which is designed to protect the Group's operations and its clients from financial loss arising from theft, fraud, and other dishonest acts, professional misconduct or omissions.

During the Current Period, the Executive Committee continued to oversee the internal control and risk management systems of the Group on an ongoing basis, and had reviewed the particular internal controls and governance issues of the Group at each Executive Committee meeting with the assistance of the Group's Head of Compliance. The Risk Management Department has also been established since October 2017 to implement a framework for assessing and monitoring risks faced by the Group.

The Company is aware of its disclosure obligations under the Listing Rules and the Inside Information provisions under the Securities and Futures Ordinance and has put in place the proper procedure to ensure that any perceived inside information would be announced to the investing public on a timely basis.

The Company has complied with the code provisions on internal controls and risk management during the Current Period in view of the effectiveness and adequacy of the internal control and risk management system as below:

i) establish a framework of prudent and effective controls to enable risks to be identified, evaluated and managed;

ii) review the internal controls and risk management, through the Audit Committee, to ensure the effectiveness of such control; and

iii) review the effectiveness of the internal control and risk management systems on an ongoing basis.

The Board engages external professional service providers to conduct review on the risk management and internal controls systems and make recommendations for strengthening such systems. The Group is going to conduct a review on the human resources policies and procedures. The review results will then report to the Audit Committee and the Executive Committee/Board and appropriate remedial measures will be taken by the Group in due course.

The Board, through the Audit Committee, has also reviewed the adequacy of resources, qualifications and experience of staff, training programmes and budget of the Company's accounting and financial reporting function during the Current Period. The review will be conducted annually in accordance with the requirements of the CG Code.

Based on the results of the monthly monitoring, the work performed by the external auditor and the review by the Audit Committee, the Directors considered that systems and procedures of the internal control and risk management of the Group were effective and adequate.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Accountability and transparency are indispensable for ensuring good corporate governance and, in this regard, timely communication with the shareholders, including institutional investors, is crucial. The Company manages investor relations systematically as a key part of its operations and continues to promote and enhance investor relations and communications with the investors.

The Company maintains a company website at www.oceanwidefinancial.com. It is a channel of the Company to communicate with the investing public with our latest corporate development. All our corporate communications, such as press release, statutory announcement, circular, annual report and interim report etc. are available on the website whereas circular, annual report and interim report are printed and sent to all shareholders of the Company. Shareholders and investors may also email their enquiries to the Company's email address: ir@oceanwidefinancial.com, which will be handled by the Company's Investor Relations team. The Company has established a shareholders' communication policy and will review it on a regular basis to ensure its effectiveness.

The last annual general meeting of the Company was held on 19 September 2017 at Tian & Di, 7/F, The Landmark Mandarin Oriental Hong Kong, The Landmark, 15 Queen's Road Central, Hong Kong. At the meeting, the ordinary business of adopting the audited financial statements for the year ended 31 March 2017, the re-election of Directors, the re-appointment of auditor and the authorisation of the Directors to fix their remuneration were approved at the meeting. Ordinary resolutions providing Directors with general mandates to repurchase and issue and allot shares of the Company subject to the relevant limits under the Listing Rules were also approved. Mr. HAN Xiaosheng (the Chairman), Mr. ZHANG Bo (Deputy Chairman), Mr. Bernard POULIOT (then Deputy Chairman), Mr. ZHANG Xifang, Mr. LIU Hongwei, Mr. Kenneth LAM Kin Hing, Mr. Richard David WINTER, Mr. LIU Bing, Mr. ZHAO Xiaoxia, Mr. Roy LO Wa Kei, Mr. HE Xuehui, Mr. HUANG Yajun and representatives of BDO were present and available to answer questions at the meeting.

The forthcoming annual general meeting of the Company will be scheduled to be held on Friday, 18 May 2018. Details of the meeting and the necessary information on issues to be considered in the meeting will be set out in the circular to be dispatched to the shareholders of the Company in due course.

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

There is no change in the constitutional documents of the Company during the Current Period.

SHAREHOLDERS' RIGHTS

Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a special general meeting of the Company. The purposes of convening the meeting must be stated in the relevant requisition, signed by all the shareholders concerned in one or more documents in like form and deposited at the Company's registered office and principal place of business in Hong Kong.

Shareholder(s) can also submit a written requisition to move a resolution at a general meeting pursuant to Section 79 to 80 of the Bermuda Companies Act if they (a) represent not less than one-twentieth of the total voting rights of those shareholders having the right to vote at a general meeting; or (b) are not less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at the general meeting and deposited at the Company's registered office and principal place of business in Hong Kong.

The written requisition must be signed by all the shareholders concerned in one or more documents in like form and deposited at the Company's registered office and principal place of business in Hong Kong for the attention of the Company Secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, and not less than one week before the meeting in the case of any other requisition. A sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement given by the requisitionists to all shareholders in accordance with the requirements under the applicable laws and rules should also be accompanied.

CONCLUSION

The Company believes that good corporate governance practices raise the confidence of investors towards the Company. We are one of the founding signatories of the Hong Kong Corporate Governance Charter of The Chamber of Hong Kong Listed Companies which demonstrate the commitment of the Company to uphold good corporate governance. The Company will keep its ongoing effort to enhance the corporate governance practices in order to meet the changing circumstances.

Independent Auditor's Report

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TO THE SHAREHOLDERS OF CHINA OCEANWIDE INTERNATIONAL FINANCIAL LIMITED
(formerly known as Quam Limited)
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Oceanwide International Financial Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 67 to 167, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1 April 2017 to 31 December 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the period from 1 April 2017 to 31 December 2017 in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Recognition of commission on dealings of securities, futures and options contracts and interest income from margin clients

Refer to note 2.6 for accounting policies and related note 5 of the accompanying consolidated financial statements.

Commission income is recognised on a trade date basis when the relevant transactions are executed. This income is calculated based on relevant commission rates times the value of securities for dealing in securities or a fixed absolute amount per contract for dealing in futures and options contracts. Interest income from margin clients is recognised on time-proportion basis and is calculated based on the outstanding loan balances and multiplied by the relevant interest rates. Transaction data for these income are maintained in various settlement systems.

Given the high volume of transactions and data involved, unauthorised changes to, or errors in, the transaction data could lead to material misstatement of commission and interest income; robust internal controls over settlement systems are therefore important to ensure completeness and accuracy of commission and interest income.

We identified recognition of commission and interest income as a key audit matter because it involves significant controls over settlement systems, accounted for a majority of the Group's revenue for the current period, and is an important determinant of the Group's profitability.

Our response:

The procedures performed by us included:

- examining the governance framework over the Group's IT environment and key controls over program changes, access to programs and transaction data;
- evaluating the design and operating effectiveness of key controls in the settlement systems that are relevant to financial reporting;
- identifying compensating controls and performing tests on those compensating controls where exceptions were observed from our testing and performing substantive audit procedures, such as testing journal entries posted to revenue accounts to identify unusual or irregular items; and
- developing an expectation of commission and interest income for the current period by using information generated from settlement systems, historical data and market statistics; comparing our expectation with the commission and interest income recorded by the Group and investigating any significant discrepancy between our expectation and amounts recorded by the Group.

BDO

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of receivables from margin clients and loan receivables measured at amortised cost

Refer to note 2.14 for accounting policies, note 4(a)(i) for critical accounting estimates and assumptions and related notes 22 and 23 of the accompanying consolidated financial statements.

Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a comprehensive analysis including but not limited to loan-to-market and loan-to-discounted value ratio ("lending ratios"), concentration risk, illiquid collaterals and overall availability of funds. Any excess in the lending ratios will trigger a margin call which the clients have to make good the shortfall and the Group is permitted to sell these collaterals. The Group also offered term loans to borrowers who had provided security collateral to the Group and the Group had an enforceable right to request for realisation of the collateral in discharging any sum owing to the Group in event of default.

As at 31 December 2017, the Group had receivables from margin clients and loan receivables measured at amortised cost of HK$2,146 million and HK$1,230 million, respectively and management made assessment on the provision for impairment of these receivables. This assessment involved estimation and significant judgement in relation to the present value of estimated future cash flows, including the financial position of the debtor, the cost of obtaining and selling the collateral and the likely sale proceeds. Significant judgement in determining impairment is therefore required when the market value of collaterals is below the amount of receivables from margin clients and loan receivables. We focused on this area because management made subjective judgements over both the timing of recognition and the amount of any such impairment and due to its significance in the consolidated financial statements.

Our response:

The procedures performed by us included:

- understanding through enquiry with management the established policies and procedures on credit risk management of the Group, assessing and evaluating the design of controls with respect to identification of impaired receivables from margin clients and loan receivables;

- testing the operating effectiveness of controls over impairment data. These included the transfer of data from source systems to the impairment model; identification of which receivables were considered to be impaired and assessing the design and operating effectiveness of key controls over the source systems;

- substantively validating the period end impairment model by agreeing a sample of data input to underlying documents;

- assessing whether the data used in the model is complete and accurate through testing a sample of relevant data against data in the source systems;

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of receivables from margin clients and loan receivables measured at amortised cost (Continued)

- comparing the valuation of collateral used in the impairment model with publicly available market data. Examining client agreements for right to dispose the collateral for settling clients' receivables; and

- challenging the assumptions used by the Group in their impairment model using our understanding of the Group, the historical accuracy of its estimates and our knowledge of the industry in respect of these receivables.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

BDO

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

BDO

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Yu Tsui Fong
Practising Certificate No.: P05440

Hong Kong, 28 March 2018

Consolidated Statement of Comprehensive Income

For the period from 1 April 2017 to 31 December 2017

	Notes	Period from 1 April 2017 to 31 December 2017 HK$'000	Year ended 31 March 2017 HK$'000
Revenue	5	**352,155**	350,346
Other operating income and gains less losses	6	**(403)**	3,394
Cost of services provided		**(136,505)**	(167,932)
Staff costs	9	**(98,006)**	(155,237)
Depreciation and amortisation expenses	10	**(6,654)**	(9,013)
Other operating expenses		**(56,561)**	(66,579)
Finance costs	8	**(10,170)**	(16,149)
Share of results of an associate		**5,263**	383
Share of results of joint ventures		**(1,930)**	1,695
Profit/(Loss) before income tax	10	**47,189**	(59,092)
Income tax (expense)/credit	11	**(3,904)**	1,145
Profit/(Loss) for the period/year, attributable to owners of the Company		**43,285**	(57,947)
Other comprehensive income, including reclassification adjustments			
Item that may be reclassified subsequently to profit or loss			
— Exchange gain/(loss) on translation of financial statements of foreign operations		**2,609**	(2,544)
Items that will not be reclassified subsequently to profit or loss			
— Changes in fair value of financial assets measured at fair value through other comprehensive income		**(2,225)**	(1,540)
— Dividend from financial assets measured at fair value through other comprehensive income, which represents recovery of part of the investment cost		**—**	508
— Surplus on revaluation of property, plant and equipment upon transfer to investment properties		**—**	5,255
Other comprehensive income for the period/year, including reclassification adjustments and net of tax		**384**	1,679
Total comprehensive income for the period/year, attributable to owners of the Company		**43,669**	(56,268)
		HK cent(s)	HK cent(s)
Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company for the period/year	13		
— Basic		**1.069**	(3.839)
— Diluted		**1.069**	(3.839)

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	31 December 2017 HK$'000	31 March 2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**13,483**	13,185
Investment properties	15	**10,200**	9,340
Goodwill	16	**14,695**	14,695
Development costs	17	**4,260**	5,356
Other intangible assets	17	**1,543**	2,023
Financial assets measured at fair value through other comprehensive income	18	**11,615**	13,840
Interest in an associate	19	**—**	42,096
Interests in joint ventures	20	**42,028**	41,344
Other assets	21	**23,619**	27,125
Loan receivables measured at amortised cost	23	**458,333**	—
Financial assets measured at fair value through profit or loss	25	**88,007**	—
Deferred tax assets	31	**6,612**	2,573
Deposits for subscription of shares	37	**46,910**	—
Deposits for property, plant and equipment		**1,458**	—
		722,763	171,577
Current assets			
Trade receivables	22	**2,943,073**	1,759,522
Loan receivables measured at amortised cost	23	**771,741**	—
Other financial assets measured at amortised cost	24	**117,499**	—
Prepayments, deposits and other receivables		**27,797**	13,739
Financial assets measured at fair value through profit or loss	25	**1,505,119**	7,294
Tax recoverable		**1,657**	2,599
Trust time deposits held on behalf of clients	26	**661,014**	584,818
Trust bank balances held on behalf of clients	26	**776,209**	800,723
Cash and cash equivalents	27	**1,074,932**	63,230
		7,879,041	3,231,925

	Notes	31 December 2017 HK$'000	31 March 2017 HK$'000
Current liabilities			
Trade payables	28	2,177,557	2,298,790
Financial assets sold under repurchase agreements	29	305,708	—
Bank and other borrowings	30	255,940	476,334
Accruals and other payables		118,480	61,822
Tax payables		6,696	41
		2,864,381	2,836,987
Net current assets		5,014,660	394,938
Net assets		5,737,423	566,515
EQUITY			
Equity attributable to Company's owners			
Share capital	32	20,740	5,184
Reserves		5,716,683	561,331
Total equity		5,737,423	566,515

On behalf of the Board

HAN Xiaosheng
Director

Kenneth LAM Kin Hing
Director

Consolidated Statement of Cash Flows

For the period from 1 April 2017 to 31 December 2017

	Notes	Period from 1 April 2017 to 31 December 2017 HK$'000	Year ended 31 March 2017 HK$'000
Cash flows from operating activities			
Profit/(Loss) before income tax		**47,189**	(59,092)
Adjustments for:			
Amortisation of development costs and other intangible assets	10	**1,645**	2,163
Changes in net asset value attributable to other holders of a consolidated investment fund	6	**5,469**	4,034
Depreciation of property, plant and equipment	10	**5,009**	6,850
Dividend income	5	**(912)**	(2,655)
Finance charges under repurchase agreements	8	**1,459**	—
Gain on revaluation of investment properties	6	**(860)**	(1,340)
Impairment of trade receivables	10	**3,148**	5,302
Interest income from banks and other financial assets		**(36,592)**	(5,481)
Net losses on disposals of property, plant and equipment	10	**1**	103
Reversal of impairment of trade receivables	6	**—**	(20)
Share awards expense	34	**—**	302
Share of results of an associate		**(5,263)**	(383)
Share of results of joint ventures		**1,930**	(1,695)
Unrealised loss on investment in an unlisted private equity fund		**2,001**	—
Write-back of other payables	6	**—**	(2,453)
Operating profit/(loss) before working capital changes		**24,224**	(54,365)
Decrease/(Increase) in other assets		**3,506**	(19,441)
Increase in trade receivables, loan receivables, prepayments, deposits and other receivables		**(2,421,412)**	(140,246)
Increase in financial assets measured at fair value through profit or loss		**(1,205,762)**	(17,651)
Increase in trust time deposits and trust bank balances held on behalf of clients		**(51,682)**	(47,393)
(Decrease)/Increase in trade payables, accruals and other payables		**(135,216)**	127,805
(Decrease)/Increase in bank and other borrowings		**(220,394)**	113,822
Decrease in provision for professional service fee		**—**	(3,100)
Cash used in operations		**(4,006,736)**	(40,569)
Dividend paid		**—**	(7,557)
Income tax paid		**(346)**	(11,055)
Income tax refunded		**—**	348
Net cash used in operating activities		**(4,007,082)**	(58,833)

	Notes	Period from 1 April 2017 to 31 December 2017 HK$'000	Year ended 31 March 2017 HK$'000
Cash flows from investing activities			
Capital contribution to an unlisted private equity fund		**(168,022)**	—
Deposits paid for subscription of shares		**(46,910)**	—
Development costs capitalised and paid		**—**	(2,181)
Dividend received		**912**	3,163
Interest received from banks and other financial assets		**28,158**	6,109
Net cash inflow on consolidation of an investment fund	19	**20,077**	5,848
Net cash outflow on deconsolidation of an investment fund	19	**(6,130)**	(3,274)
Proceeds from disposals of property, plant and equipment		**1**	155
Proceeds from redemption of senior notes		**—**	15,517
Purchases of intangible assets		**(69)**	(1,791)
Purchases of property, plant and equipment		**(6,753)**	(5,500)
Subscription of corporate bonds		**(117,275)**	—
Subscription of shares in an associate		**—**	(73)
Return of capital from an unlisted private equity fund		**78,014**	—
Net cash (used in)/generated from investing activities		**(217,997)**	17,973
Cash flows from financing activities			
Interest paid under repurchase agreements		**(1,459)**	—
Payments on redemption of shares by other holders of a consolidated investment fund		**(3,886)**	(1,265)
Proceeds from shares issued to other holders of a consolidated investment fund		**4,606**	1
Proceeds from shares issued under rights issue		**5,133,190**	—
Proceeds from shares issued upon exercise of share options		**—**	45
Proceeds from shares issued upon exercise of warrants		**109**	21,952
Proceeds received under repurchase agreements		**110,250**	—
Transaction costs attributable to the issue of new shares		**(6,060)**	—
Net cash generated from financing activities		**5,236,750**	20,733
Net increase/(decrease) in cash and cash equivalents		**1,011,671**	(20,127)
Cash and cash equivalents at the beginning of the period/year		**63,230**	83,382
Effect of foreign exchange rate changes, on cash held		**31**	(25)
Cash and cash equivalents at the end of the period/year	27	**1,074,932**	63,230

Consolidated Statement of Changes in Equity

For the period from 1 April 2017 to 31 December 2017

	Attributable to owners of the Company													
	Share capital HK$'000 (note 32)	Share premium* HK$'000	Awarded share reserve* HK$'000	Capital redemption reserve* HK$'000	Contributed surplus* HK$'000 (note 35)	Exchange reserve* HK$'000	Investment revaluation reserve* HK$'000	Property revaluation reserve* HK$'000	Shareholder's contribution* HK$'000 (note 33)	Shares held for Share Award Scheme* HK$'000	Share option reserve* HK$'000	Warrants reserve* HK$'000	Retained profits* HK$'000	Total HK$'000
At 1 April 2016	5,038	270,907	496	936	90,137	425	(10,584)	—	—	(1,993)	905	1,166	250,608	608,041
Dividend approved	—	—	—	—	(7,557)	—	—	—	—	—	—	—	—	(7,557)
Exercise of share options	—	61	—	—	—	—	—	—	—	—	(16)	—	—	45
Exercise of warrants	146	22,964	—	—	—	—	—	—	—	—	—	(1,158)	—	21,952
Share Award Scheme arrangements	—	—	302	—	—	—	—	—	—	—	—	—	—	302
Transactions with owners	146	23,025	302	—	(7,557)	—	—	—	—	—	(16)	(1,158)	—	14,742
Loss for the year	—	—	—	—	—	—	—	—	—	—	—	—	(57,947)	(57,947)
Other comprehensive income														
— Exchange loss on translation of financial statements of foreign operations	—	—	—	—	—	(2,544)	—	—	—	—	—	—	—	(2,544)
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	—	—	—	—	(1,540)	—	—	—	—	—	—	(1,540)
— Dividend from financial assets measured at fair value through other comprehensive income, which represents recovery of part of the investment cost	—	—	—	—	—	—	508	—	—	—	—	—	—	508
— Surplus on revaluation of property, plant and equipment	—	—	—	—	—	—	—	5,255	—	—	—	—	—	5,255
Total comprehensive income for the year	—	—	—	—	—	(2,544)	(1,032)	5,255	—	—	—	—	(57,947)	(56,268)
Repurchase of share options by the immediate holding company	—	—	—	—	—	—	—	—	1,811	—	(1,811)	—	—	—
Cancellation of share options	—	—	—	—	—	—	—	—	—	—	922	—	(922)	—
Transfer from share premium account	—	(270,000)	—	—	270,000	—	—	—	—	—	—	—	—	—
Vesting of awarded shares	—	—	(798)	—	—	—	—	—	—	1,088	—	—	(290)	—
At 31 March 2017	5,184	23,932	—	936	352,580	(2,119)	(11,616)	5,255	1,811	(905)	—	8	191,449	566,515
At 1 April 2017	**5,184**	**23,932**	**—**	**936**	**352,580**	**(2,119)**	**(11,616)**	**5,255**	**1,811**	**(905)**	**—**	**8**	**191,449**	**566,515**
Exercise of warrants	**1**	**114**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(6)**	**—**	**109**
Issue of shares under rights issue	**15,555**	**5,117,635**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**5,133,190**
Transaction cost attributable to the issue of new shares	**—**	**(6,060)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(6,060)**
Transactions with owners	**15,556**	**5,111,689**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(6)**	**—**	**5,127,239**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**43,285**	**43,285**
Other comprehensive income														
— Exchange gain on translation of financial statements of foreign operations	**—**	**—**	**—**	**—**	**—**	**2,609**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,609**
— Changes in fair value of financial assets measured at fair value through other comprehensive income	**—**	**—**	**—**	**—**	**—**	**—**	**(2,225)**	**—**	**—**	**—**	**—**	**—**	**—**	**(2,225)**
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**—**	**2,609**	**(2,225)**	**—**	**—**	**—**	**—**	**—**	**43,285**	**43,669**
Lapse of warrants	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(2)**	**2**	**—**
At 31 December 2017	**20,740**	**5,135,621**	**—**	**936**	**352,580**	**490**	**(13,841)**	**5,255**	**1,811**	**(905)**	**—**	**—**	**234,736**	**5,737,423**

* These reserve accounts comprise the reserves of HK$5,716,683,000 (31 March 2017: HK$561,331,000) in the consolidated statement of financial position as at 31 December 2017.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

1. GENERAL INFORMATION

The Company is a limited liability company incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and, its principal place of business is 18th and 19th Floors, China Building, 29 Queen's Road Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). At 31 December 2017, the immediate holding company is Oceanwide Holdings International Financial Development Co., Ltd, a company incorporated in the British Virgin Islands ("BVI"). Its ultimate holding company is Tohigh Holdings Co., Ltd., a company incorporated in the People's Republic of China ("PRC") and its intermediate holding company is Oceanwide Holdings Co., Ltd., a joint stock company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange.

On 28 April 2017, the board of directors (the "Board") of the Company resolved to change the financial year end date of the Company from 31 March to 31 December. The change of the financial year end of the Company is to align its financial year end date with that of holding companies of the Company's immediate holding company. Accordingly, the financial statements of the Group for the current period covered 9 months from 1 April 2017 to 31 December 2017 while the comparative amounts for the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a period of 12 months and are not entirely comparable. In addition, subsequent to the approval of the change of company name by the shareholders at the special general meeting held on 29 June 2017, the issuance of the certificate of incorporation on change of name and the certificate of secondary name by the registrar of companies in Bermuda on 21 July 2017, the English name of the Company was changed from "Quam Limited" to "China Oceanwide International Financial Limited". The Company also adopted the Chinese name "中國泛海國際金融有限公司" as the secondary name of the Company in place of the Chinese name "華富國際控股有限公司" which was used by the Company for identification purposes only.

The Company and its subsidiaries (together the "Group") are principally engaged in the following activities:

— discretionary and non-discretionary dealing services for securities, futures and options, securities placing and underwriting services, margin financing and money lending services, insurance broking and wealth management services

— corporate finance advisory and general advisory services

— fund management, discretionary portfolio management and portfolio management advisory services

— financial media services

— investment holding and securities trading

The financial statements for the period from 1 April 2017 to 31 December 2017 were approved for issue by the Board on 28 March 2018.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 67 to 167 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the periods presented unless otherwise stated. The adoption of new and amended HKFRSs and the impact on the Group's financial statements, if any, are disclosed in note 3 to the financial statements.

The financial statements have been prepared on the historical cost basis except for certain financial assets and investment properties which are measured at fair value. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4 to the financial statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred and equity interests issued by the Group in exchange for control of the acquiree. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest; and the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting of a financial asset, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.3 Subsidiaries

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when it has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights relating to the investee (held by the Group and others) are considered. For a right to be substantive, the Group must have the practical ability to exercise that right. Control is reassessed when facts and circumstances indicate that there are changes to one or more of the elements of control.

When the Group has a less than majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including (a) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; (b) potential voting rights held by the Group, other vote holders or other parties; (c) rights arising from other contractual arrangements; and (d) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Structured entities often have restricted activities and a narrow and well defined objective.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries (Continued)

In the Company's statement of financial position, subsidiaries are carried at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2.4 Associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which the Group and other parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In the consolidated financial statements, the investments in associates or joint ventures are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amounts are adjusted for the post-acquisition change in the Group's share of net assets and any impairment losses relating to the investment. The Group's share of the post-acquisition, post-tax results of the investees, including any impairment losses on the investments in associates or joint ventures for the period, are recognised in profit or loss, whereas the Group's share of the post-acquisition, post-tax items of the investees' other comprehensive income are recognised in other comprehensive income of the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are recognised only to the extent of unrelated investors' interests in the associates or joint ventures. The investor's share in the associate's or joint venture's profits and losses resulting from these transactions is eliminated against the carrying value of the associate or joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are immediately recognised in profit or loss.

Where the associate or joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to conform the associate's or joint venture's accounting policies to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Associates and joint ventures (Continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the interest in the associate or joint venture is included in the determination of gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities.

In the Company's statement of financial position, investments in associates and joint ventures are carried at cost less impairment losses, if any. The results of associates and joint ventures are accounted for by the Company on the basis of dividends received and receivable during the period.

2.5 Foreign currency translation

The financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. All value are rounded to the nearest thousand except when otherwise indicated.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the foreign exchange rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rate at the reporting date. Income and expenses have been converted into HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in exchange reserve in equity.

On disposal of a foreign operation involving loss of control over a subsidiary, joint control over a joint venture or significant influence over an associate that includes a foreign operation, the cumulative exchange differences relating to that foreign operation accumulated in exchange reserve are reclassified from equity to profit or loss as part of the gain or loss on disposal.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services and the use by others of the Group's assets yielding interest and dividends. Revenue is recognised, when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably, on the following bases:

(a) for financial advisory, financial media service, handling and custodian service fee income, they are recognised when the services are provided;

(b) for asset management fee income, it is recognised on a time-proportion basis with reference to the net asset value of the investment funds and portfolios under management;

(c) for performance fee income, it is recognised on the fee valuation day when there is a positive performance for the relevant period, taking into consideration the relevant calculation basis of the investments funds and portfolios under management;

(d) for commission income, it is recognised on a trade date basis when the relevant transactions are executed;

(e) for interest income, it is recognised on time-proportion basis taking into account the principal outstanding and effective interest rate applicable;

(f) for placing and underwriting commission income, they are recognised when the obligations under the agreement have been fulfilled; and

(g) for dividend income, it is recognised when the shareholders' right to receive payment has been established.

2.7 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised as part of the cost of that asset during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Goodwill

Goodwill arising on acquisition of a subsidiary prior to 1 April 2010

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The cost of the business combination is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any costs directly attributable to the business combination.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

Goodwill arising on acquisition of a subsidiary on or after 1 April 2010

Goodwill is initially recognised at cost being the excess of the aggregate of the fair value of the consideration transferred, the amount recognised for non-controlling interests and the fair value of the acquirer's previously held equity interest in the acquiree over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the amount recognised for non-controlling interests and the fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is stated at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGUs") and is tested annually for impairment or when there is an indication that the CGU may be impaired (see note 2.12 to the financial statements).

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

2.9 Intangible assets (other than goodwill)

Intangible assets acquired separately or in a business combination

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is its fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any impairment losses.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets (other than goodwill) (Continued)

Internally-developed intangible assets (Research and development expenditures)

Expenditures associated with research activities are expensed in profit or loss as they occur. Expenditures that are directly attributable to development activities are recognised as intangible assets provided they meet the following recognition requirements:

(a) demonstration of technical feasibility of the prospective product for internal use or sale;

(b) there is intention to complete the intangible asset and use or sell it;

(c) the Group's ability to use or sell the intangible asset is demonstrated;

(d) the intangible asset will generate probable economic benefits through internal use or sale;

(e) sufficient technical, financial and other resources are available for completion; and

(f) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The expenditure of development of internally generated software, products or knowhow that meet the above recognition criteria are recognised as intangible assets and are recognised initially at cost. After initial recognition, they are carried at cost less accumulated amortisation and any impairment losses. Development expenditures not satisfying the above criteria are expensed when incurred.

Amortisation of intangible assets

Amortisation of intangible assets is provided on straight-line method over the estimated useful lives. The estimated useful lives of intangible assets are as follows:

Development costs	3 years
Film rights	Over the license periods
Mobile phone and computer applications	5 years
Trading rights	10 years

Amortisation commence when the intangible assets are available for use. The asset's amortisation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

2.10 Property, plant and equipment

Property, plant and equipment, including leasehold land classified under finance leases, are carried at cost less any accumulated depreciation and any impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is provided to write off the cost less their estimated residual value over their estimated useful lives, using the straight-line method, as follows:

Leasehold land under finance leases	Over the lease terms
Buildings	47 years or over the lease terms of the land, whichever is shorter
Leasehold improvements	10 years or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	5 to 10 years

The assets' estimated residual value, depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss of the financial period in which they are incurred.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in the property revaluation reserve within equity. On subsequent disposal of the investment property, the relevant property revaluation reserve is transferred to retained profits and is not reclassified to profit or loss.

2.11 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gain and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property, calculated as the difference between the net disposal proceeds and the carrying amount of the property, is included in profit or loss in the period in which the property is derecognised.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets

Goodwill arising on acquisition of a subsidiary, development costs and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually, and whenever there is any indication that they may be impaired. Property, plant and equipment and interests in associates and joint ventures are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risk specific to the asset for which the future cash flow estimates have not been adjusted.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets or group of assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill in particular is allocated to those CGUs that are expected to benefit from the synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

An impairment loss is recognised as an expense immediately for the amount by which the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment loss recognised for CGU, to which goodwill has been allocated, is credited initially to the carrying amount of goodwill. Any remaining impairment loss is allocated pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, if measureable, and value in use, if determinable.

An impairment loss recognised for goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased, there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. Reversal of impairment loss is recognised immediately in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Leases

An arrangement, comprising a transaction or a series of related transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or series of payments. Such a determination is made based on the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Operating lease charges as lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on straight-line basis over the lease terms unless another systematic basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

2.14 Financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets under a contract whose terms that require delivery of assets within the time frame established generally by regulation or convention in the marketplace concerned. Derecognition of financial assets occurs when, and only when, the contractual rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group continues to recognise the financial asset to the extent of its continuing involvement.

Following the early adoption of HKFRS 9 (2009) on 31 March 2010, financial assets of the Group are classified under the following categories:

(a) financial assets measured at amortised cost;

(b) financial assets measured at fair value through profit or loss; and

(c) financial assets measured at fair value through other comprehensive income.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

Financial assets measured at amortised cost

Debt instruments are classified under this category if they satisfy both of the following conditions:

(a) the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows for managing liquidity and generating income on its investment, but not for the purpose of realising fair value gains; and

(b) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, with interest being the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and are unleveraged.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial assets measured at fair value through profit or loss

Debt instruments are classified under this category if they do not meet the conditions to be measured at amortised cost.

Investments in equity instruments are classified as at fair value through profit or loss, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income on initial recognition as described below.

Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Interest income on debt instruments and dividend income on investments in equity instruments at fair value through profit or loss is recognised in profit or loss. Fair value gain or loss does not include any dividend or interest earned on these financial assets.

Financial assets measured at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income. Designation at fair value through other comprehensive income is not permitted if the equity investment is held for trading.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

Financial assets measured at fair value through other comprehensive income (Continued)

A financial asset is held for trading if:

(a) it has been acquired principally for the purpose of selling it in the near term;

(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

(c) it is a derivative that is not a designated and effective hedging instrument or a financial guarantee contract.

Investments in equity instruments at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. On derecognition of a financial asset that is classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is reclassified to retained profits.

Dividends on these investments in equity instruments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Impairment of financial assets

At each reporting date, financial assets measured at amortised cost are reviewed to determine whether there is any objective evidence of impairment. Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

(a) significant financial difficulty of the debtor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or

(d) granting concession to a debtor because of the debtor's financial difficulty.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

Impairment of financial assets (Continued)

Loan subject to collective impairment assessment whose terms have been renegotiated are no longer considered past due, but are treated as new loans for measurement purposes once the minimum number of payments required under the new arrangements has been received. These renegotiated loans are segregated from other parts of the loan portfolio for the purposes of collective impairment assessment, to reflect their risk profile. Loans subject to individual impairment assessment, whose terms have been renegotiated, are subject to ongoing review to determine whether they remain impaired or should be considered past due.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the financial period in which the impairment occurs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the financial period in which the reversal occurs.

Impairment losses for doubtful receivables, whose recovery is considered doubtful but not remote, are recorded using an allowance account. When the Group considered that recovery of receivables is remote, the amount considered irrecoverable is written off against the receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2.15 Accounting for income taxes

Income taxes comprise current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Accounting for income taxes (Continued)

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply to the period when the liability is settled or the asset is realised, provided they are enacted or substantively enacted at the reporting date.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current tax and changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity, respectively.

Current tax assets and current tax liabilities are presented in net if, and only if, (a) the Group has a legally enforceable right to set off the recognised amounts; and (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Accounting for income taxes (Continued)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if, (a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.17 Share capital and share premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium to the extent that they are incremental costs directly attributable to the equity transaction.

2.18 Retirement benefit costs and short-term employee benefits

Retirement benefits

The Group participates in several staff retirement benefit schemes for employees in Hong Kong and the PRC, comprising defined contribution retirement schemes and a Mandatory Provident Fund scheme ("MPF Scheme"). The assets of these schemes are held separately from those of the Group in independently administered funds. The retirement benefit schemes are generally funded by payments from employees and the relevant group companies. The retirement benefit scheme costs charged to profit or loss represent contributions payable by the Group to the schemes.

The subsidiaries operating in the PRC are required to participate in the defined contribution retirement schemes for their employees, organised by the relevant local government authorities. They are required to make contributions to the retirement benefit schemes at a specified percentage of the employees' relevant income and there are no other further obligations to the Group.

The Group contributes to the MPF Scheme under the Mandatory Provident Fund Schemes Ordinance for all employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's employer contributions vested fully with the employees when contributed into the MPF Scheme.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Retirement benefit costs and short-term employee benefits (Continued)

Short-term employee benefits

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the reporting date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the reporting date for the expected future cost of such paid leave earned during the period by the employees and carried forward.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2.19 Share-based payments

All share-based payment arrangements granted after 7 November 2002 and had not vested on 1 April 2005 are recognised in the financial statements. The Group operates a share option scheme and a share award scheme for remuneration of its employees and/or consultants.

All services received in exchange for the grant of any share options and awarded shares are measured at their fair value. These are indirectly determined by reference to the fair value of share options and awarded shares granted. Their value is appraised at the grant date and excludes the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets).

All services received are ultimately recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the share options and awarded shares granted vest immediately unless the expense qualifies for recognition as asset, with a corresponding increase in "Share option reserve" and "Awarded share reserve" within equity. If service or non-market performance conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options and awarded shares expected to vest. Non-market performance and service conditions are included in assumptions about the number of share options and awarded shares that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options and awarded shares expected to vest differs from previous estimates. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve and awarded share reserve.

Where a grant of share options or awarded shares is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the grant is recognised immediately. This includes any grant where non-vesting conditions within the control of either the Group or the employee are not met.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Share-based payments (Continued)

When an entity repurchases vested equity instruments, payments made to the employee shall be accounted for as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments repurchased, measured at the repurchase date. Any such excess shall be recognised as an expense.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

The shares awarded under the share award scheme are acquired from open market. The net consideration paid, including any directly attributable incremental costs, is presented as "Shares held for Share Award Scheme" and deducted from total equity. When the awarded shares are transferred to the awardees upon vesting, the related weighted average cost of the awarded shares vested are credited to "Shares held for Share Award Scheme", the related service costs of awarded shares vested are debited to the "Awarded share reserve", and any difference will be transferred to retained profits. Where the shares held for Share Award Schemes are revoked and the revoked shares are disposed of, the related gain or loss is transferred to retained profits.

2.20 Financial liabilities

The Group's financial liabilities include financial assets sold under repurchase agreements, bank and other borrowings and trade and other payables. Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.7 to the financial statements).

A financial liability is derecognised when, and only when, the obligation under the financial liability is discharged or cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing financial liability are substantially modified, such an exchange or modification is treated as derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amount is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Financial liabilities (Continued)

Financial assets sold under repurchase agreements

Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognised in the consolidated statement of financial position. The proceeds from selling such assets are presented as "Financial assets sold under repurchase agreements" in the consolidated statement of financial position. Financial assets sold under repurchase agreements are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method. Financial assets sold under repurchase agreements are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

Bank and other borrowings

Bank and other borrowings include bank loans and note payables. These are recognised initially at fair value, net of directly attributable transaction costs incurred. The fair value and transaction costs of notes issued with detachable warrants are determined based on the relative fair value of the notes and the warrants. Subsequent to initial recognition, they are stated at amortised cost, any difference between the initial amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Bank and other borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

Trade and other payables

Trade and other payables include trade payables, accruals and other payables and amounts due to subsidiaries. These are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

2.21 Warrants

The net proceeds received from the issue of warrants are recognised in warrants reserve within equity. Net proceeds received for warrants issued with notes are determined based on their relative fair value at the issue date. When the warrants are exercised, the amount recognised in warrants reserve will be transferred to share capital and share premium accounts. When the warrants are still not exercised at the expiry date, the amount previously recognised in the warrants reserve will be transferred to retained profits.

2.22 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to be required to settle the obligation.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Provisions and contingent liabilities (Continued)

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the present obligation is disclosed as a contingent liability, unless the possibility of outflow of economic benefits is remote. Possible obligations that arise from past events, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the possibility of an outflow of economic benefits is remote.

2.23 Segment reporting

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

The Group has identified the following reportable segments:

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

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

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

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

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

Each of these operating segments is managed separately as each of the service lines requires different resources as well as marketing approaches. No operating segments identified have been aggregated in arriving at the reportable segments of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Segment reporting (Continued)

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

(a) share of results of joint ventures accounted for using the equity method;

(b) revaluation on investment properties;

(c) income tax expense; and

(d) corporate income and expenses which are not directly attributable to the business activities of any operating segment

are not included in arriving at the operating results of the operating segments. Inter-segment revenue are charged on the expenses incurred by the relevant subsidiaries plus certain percentages.

Segment assets include all assets but interests in joint ventures and investment properties. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarters.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

2.24 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Related parties (Continued)

(b) (Continued)

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include (a) that person's children and spouse or domestic partner; (b) children of that person's spouse or domestic partner; and (c) dependants of that person or that person's spouse or domestic partner.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

3.1 Adoption of new and amended HKFRSs

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

Amendments to HKAS 7, Disclosure Initiative

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

The Group's liabilities arising from financing activities consist of third party interests in consolidated investment fund within accruals and other payables and financial assets sold under repurchase agreements. Reconciliations between the opening and closing balances of these items are provided in note 27 to these financial statements. According to the transition provisions of the amendments, the Group is not required to disclose comparative information for the prior period. Apart from the additional disclosures, the application of these amendments has had no impact on the Group's consolidated financial statements.

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.1 Adoption of new and amended HKFRSs (Continued)

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

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

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

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

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

HKFRS 9 (2014), Financial Instruments

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

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

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.2 New and amended HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9 (2014), Financial Instruments (Continued)

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

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

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

HKFRS 15, Revenue from Contracts with Customers

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.2 New and amended HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 15, Revenue from Contracts with Customers (Continued)

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

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

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

HKFRS 16, Leases

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

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

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

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

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.2 New and amended HKFRSs that have been issued but are not yet effective (Continued)

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

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

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

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

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Provision for impairment of trade and loan receivables

The Group's policy of provision for impairment of trade receivables is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. In determining the provision for impairment of loan receivables, management individually assessed each of the borrowers' financial position and the net realisable value of the underlying collateral or guarantees in favour of the Group. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables based on, among other factors, the current creditworthiness, the collateral security and the past collection history of each debtor. Management reviews the provision for impairment of receivables on a regular basis.

(ii) Impairment of non-financial assets

At each reporting date, goodwill are tested for impairment. The Group also reviews internal and external sources of information to identify indications that any of the property and equipment, other intangible assets (including development costs), interests in joint ventures and associates may be impaired or an impairment loss previously recognised no longer exists or may have decreased. The sources utilised to identify indications of impairment are often subjective in nature and the directors of the Company are required to use judgement in applying such information to its business. Their interpretation of such information has a direct impact on whether an impairment assessment is performed as at any given reporting date.

Determining whether an asset or a CGU is impaired requires an estimation of their recoverable amount. Depending on the assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable amount, the Group may perform such assessment utilising internal resources or may engage external advisers in making this assessment. Regardless of the resources utilised, the Group is required to make many assumptions in this assessment, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable amount of these assets.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (Continued)

(iii) Fair value of investments in unlisted debt and equity instruments

The investments in unlisted debt and equity instruments that are accounted for as "Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at fair value through profit or loss" are stated at fair value. The fair value of these investments is determined by using valuation techniques. Specific valuation techniques used to value these investments included value as reported by the fund administrators or other techniques, such as discounted cash flow analysis. The assumptions and discount rates used to prepare the cash flow analysis involve significant estimates and judgements and hence the fair value of these investments is subject to uncertainty. As at 31 December 2017, the carrying amount of the Group's investments in unlisted debt and equity instruments was approximately HK$88,007,000 (31 March 2017: Nil) and HK$11,615,000 (31 March 2017: HK$13,840,000), respectively.

(iv) Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at their fair value of HK$10,200,000 (31 March 2017: HK$9,340,000). The fair value was based on valuation conducted by independent firm of professional valuers using direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property. Favourable or unfavourable changes to these adjustments would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated profit or loss.

(v) Current tax and deferred tax

The Group is mainly subjected to income tax in Hong Kong. Significant judgement is required in determining the amount of the provision and the timing of payment. There are many transactions and calculations for which the ultimate tax expense is uncertain during the ordinary course of business. The Group recognises taxes based on estimates of the likely outcome with reference to current tax laws and practices. Where the final outcome of these matters is different from the amounts that were originally estimated, such differences will impact the provision for income tax and deferred tax in the period in which such determination is made.

Deferred tax assets relating to certain deductible temporary differences and tax losses will be recognised when management considers it is probable that future taxable profit will be available against which the deductible temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax expense in the period in which such estimate is changed.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical judgement in applying accounting policies

In the process of applying the Group's accounting policies, the directors are required to make judgements, apart from those involving estimates. The judgements that have been made and can significantly affect the amounts recognised in the financial statements are discussed below:

(i) Deferred taxation on investment properties

For the purpose of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amount of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on disposal of its investment properties.

(ii) Determination of control over an investment fund

The Group invested in certain investment funds with primary objectives for capital appreciation, investment income and selling in the near future for profit. Pursuant to subscription agreement or equivalent documents, the beneficial interests in these investment funds held by the Group are in the form of participating shares or interests which primarily provide the Group with the share of returns from the investment funds.

These investment funds are managed by respective investment manager who has the power and authority to manage the investment funds and make investment decisions. Among those investment funds held by the Group where the Group acted as investment manager, the Group regularly assesses and determines whether:

— the Group is acting as an agent or a principal to these investment funds;

— substantive removal rights held by other parties may remove the Group as investment manager; and

— the investment held together with its remuneration from managing these investment funds create significant exposure to variability of returns in these investment funds.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical judgement in applying accounting policies (Continued)

(ii) Determination of control over an investment fund (Continued)

When the Group assesses that the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of the investment funds that is of such significance that indicates the Group is a principal, the Group had consolidated these investment funds. Third-party interests in consolidated investment funds are reflected as a liability and included in "Accruals and other payables" since they can be put back to the Group for cash and the realisation of which cannot be predicted with accuracy since these are subject to the actions of these holders. Changes in net assets attributable to other holders of consolidated investment fund are included in "Other operating income and gains less losses" in the consolidated statement of comprehensive income. The carrying amount included in "Accruals and other payables" as at 31 December 2017 is HK$53,608,000 (31 March 2017: Nil).

When the variable returns of these investment funds to the Group are not significant or the Group is subject to substantive removal rights held by other parties who may remove the Group as an investment manager, the Group did not consolidate these investment funds and classified them as "Interest in an associate" or "Financial assets measured at fair value through profit or loss" in accordance with the Group's accounting policies. Further details in respect of those investment funds in which the Group had an interest are disclosed in notes 19 and 25 to these financial statements.

5. REVENUE

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

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

6. OTHER OPERATING INCOME AND GAINS LESS LOSSES

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

7. SEGMENT INFORMATION

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

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

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

7. SEGMENT INFORMATION (CONTINUED)

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

7. SEGMENT INFORMATION (CONTINUED)

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

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

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

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

7. SEGMENT INFORMATION (CONTINUED)

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

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

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

7. SEGMENT INFORMATION (CONTINUED)

In accordance with the service agreements of three executive directors, each of them are entitled a lump sum equivalent to their 12 months' salaries and HK$4.0 million compensation upon a change of control of the Company. In addition, under a phantom share scheme adopted in August 2016, certain employees are entitled an awarded cash payment, 50% of which are payable when the awardees remain as employees of the Group upon a change of control of the Company and the remaining 50% will be payable upon completion of 12 months' service with the Group following the change of control or being terminated by the Group without cause during the 12 months' service period. As at 31 December 2017 and 31 March 2017, the 12 months' salaries to the three executive directors was unpaid and included in "Accruals and other payables".

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

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

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

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

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

7. SEGMENT INFORMATION (CONTINUED)

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

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

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

8. FINANCE COSTS

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

9. STAFF COSTS

	Period from 1 April 2017 to 31 December 2017 HK$'000	Year ended 31 March 2017 HK$'000
Directors' emoluments (note 14)		
— Fees, salaries, allowances and benefits in kind	**9,602**	32,307
— Retirement benefits scheme contributions	**28**	45
	9,630	32,352
Other staff		
— Salaries, allowances and bonuses	**84,646**	119,538
— Share awards expense (note 34)	**—**	302
— Retirement benefits scheme contributions	**2,902**	3,691
— Other staff benefits	**828**	1,304
	88,376	124,835
Total staff costs	**98,006**	157,187
Less: Amount capitalised into development costs	**—**	(1,950)
Amount recognised in profit or loss	**98,006**	155,237

10. PROFIT/(LOSS) BEFORE INCOME TAX

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

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

11. INCOME TAX EXPENSE/(CREDIT)

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

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

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

11. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

Reconciliation between income tax expense/(credit) and accounting profit/(loss) at applicable tax rate is as follows:

	Period from 1 April 2017 to 31 December 2017 HK$'000	Year ended 31 March 2017 HK$'000
Profit/(Loss) before income tax	**47,189**	(59,092)
Notional tax at Hong Kong profits tax rate of 16.5%	**7,786**	(9,750)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**64**	42
Tax effect of non-deductible expenses	**3,050**	5,184
Tax effect of non-taxable income	**(1,317)**	(2,790)
Tax effect of unused tax losses not recognised as deferred tax assets	**211**	6,430
Tax effect of prior years' unrecognised tax losses utilised this period/year	**(2,554)**	(364)
Tax effect of temporary differences not recognised as deferred tax assets	**789**	881
Tax effect of temporary differences and tax losses previously not recognised as deferred tax assets	**(4,125)**	(2,070)
Write-down of deferred tax assets	**—**	445
Under provision in prior year	**—**	847
Income tax expense/(credit)	**3,904**	(1,145)

12. DIVIDENDS

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

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

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

13. EARNINGS/(LOSS) PER SHARE

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

Earnings/(Loss)

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

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

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

During the year ended 31 March 2017, the Company has outstanding share options which were granted on 29 February 2008 and 6 June 2008 with exercise price of HK$0.8340 and HK$0.7623, respectively. The Company also has outstanding warrants during the current period and previous year which were issued on 4 April 2014 with exercise price of HK$0.50. The calculation of diluted loss per share for the year ended 31 March 2017 does not assume an exercise of those share options and warrants because it would result in a decrease in diluted loss per share.

14. EMOLUMENTS OF DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

Directors' emoluments

The aggregate amounts of emoluments paid and payable to the directors of the Company are as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Period from 1 April 2017 to 31 December 2017				
Executive Directors				
Mr. HAN Xiaosheng	—	—	—	—
Mr. ZHANG Bo	—	569	5	574
Mr. ZHANG Xifang	—	—	—	—
Mr. LIU Hongwei	—	—	—	—
Mr. Kenneth LAM Kin Hing	—	3,831	14	3,845
Mr. Richard David WINTER (note (i))	—	1,707	9	1,716
Mr. Bernard POULIOT (note (ii))	—	2,659	—	2,659
Non-executive Directors				
Mr. Bernard POULIOT (note (ii))	123	57	—	180
Mr. LIU Bing	—	—	—	—
Mr. FENG Henian	—	—	—	—
Mr. ZHAO Xiaoxia	—	—	—	—
Independent Non-executive Directors				
Mr. Roy LO Wa Kei	144	—	—	144
Mr. KONG Aiguo	144	—	—	144
Mr. LIU Jipeng (note (iii))	—	—	—	—
Mr. HE Xuehui	144	—	—	144
Mr. HUANG Yajun	144	—	—	144
Mr. Robert CHAN Tze Leung (note (iv))	80	—	—	80
	779	8,823	28	9,630

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

14. EMOLUMENTS OF DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT (CONTINUED)

Directors' emoluments (Continued)

	Fees	Salaries, allowances and benefits in kind	Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2017				
Executive Directors				
Mr. HAN Xiaosheng (note (a))	—	—	—	—
Mr. ZHANG Bo (note (a))	—	—	—	—
Mr. Bernard POULIOT	—	9,989	9	9,998
Mr. ZHANG Xifang (note (a))	—	—	—	—
Mr. LIU Hongwei (note (a))	—	—	—	—
Mr. Kenneth LAM Kin Hing	—	10,456	18	10,474
Mr. Richard David WINTER	—	11,191	18	11,209
Non-executive Directors				
Mr. LIU Bing (note (b))	—	—	—	—
Mr. FENG Henian (note (b))	—	—	—	—
Mr. ZHAO Xiaoxia (note (b))	—	—	—	—
Independent Non-executive Directors				
Mr. Roy LO Wa Kei (note (c))	32	—	—	32
Mr. KONG Aiguo (note (c))	32	—	—	32
Mr. HE Xuehui (note (c))	32	—	—	32
Mr. HUANG Yajun (note (c))	32	—	—	32
Mr. Robert CHAN Tze Leung	181	—	—	181
Mr. Robert Stephen TAIT (note (d))	172	—	—	172
Mr. Kenneth YOUNG Chun Man (note (d))	190	—	—	190
	671	31,636	45	32,352

14. EMOLUMENTS OF DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT (CONTINUED)

Directors' emoluments (Continued)

Notes:

(i) resigned as executive director with effect from 20 September 2017

(ii) re-designated from an executive director to a non-executive with effect from 1 October 2017

(iii) appointed as independent non-executive director with effect from 18 December 2017

(iv) retired as an independent non-executive director with effect from 19 September 2017

(a) appointed as executive director with effect from 3 February 2017

(b) appointed as non-executive director with effect from 3 February 2017

(c) appointed as independent non-executive director with effect from 3 February 2017

(d) resigned as independent non-executive director with effect from 23 February 2017

There was no arrangement under which a director waived or agreed to waive any emoluments in respect of the current period and the previous year. No emolument was paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

Emoluments of five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the period included two (year ended 31 March 2017: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (year ended 31 March 2017: two) individuals during the period are as follows:

	Period from 1 April 2017 to 31 December 2017 HK$'000	Year ended 31 March 2017 HK$'000
Salaries and allowances	**8,640**	10,566
Share awards expense	**—**	14
Retirement benefits scheme contributions	**41**	36
	8,681	10,616

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

14. EMOLUMENTS OF DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT (CONTINUED)

Emoluments of five highest paid individuals (Continued)

The emoluments of these remaining three (year ended 31 March 2017: two) highest paid individuals fell within the following bands:

	Number of individuals	
	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017
HK$2,000,001 — HK$2,500,000	**1**	—
HK$2,500,001 — HK$3,000,000	**1**	—
HK$3,500,001 — HK$4,000,000	**1**	—
HK$4,000,001 — HK$4,500,000	**—**	1
HK$6,000,001 — HK$6,500,000	**—**	1
	3	2

During the current period and previous year, no emolument was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

Emoluments of senior management

Senior management of the Group included three (year ended 31 March 2017: two) individuals whose emoluments are reflected in the analysis presented above. The emoluments paid or payable to other members of senior management fell within the following bands:

	Number of individuals	
	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017
Below HK$1,000,000	**4**	4
HK$1,000,001 — HK$1,500,000	**4**	3
HK$1,500,001 — HK$2,000,000	**2**	1
HK$2,000,001 — HK$2,500,000	**2**	2
HK$2,500,001 — HK$3,000,000	**—**	—
HK$3,500,001 — HK$4,000,000	**—**	3
HK$4,000,001 — HK$4,500,000	**—**	1
	12	14

15. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property, plant and equipment						
	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Subtotal HK$'000	Investment properties HK$'000	Total HK$'000
At 1 April 2016							
Cost	2,228	627	12,373	53,914	69,142	—	69,142
Accumulated depreciation	(18)	(84)	(9,034)	(42,761)	(51,897)	—	(51,897)
Net carrying amount	2,210	543	3,339	11,153	17,245	—	17,245
Year ended 31 March 2017							
Opening net carrying amount	2,210	543	3,339	11,153	17,245	—	17,245
Additions	—	—	2,742	3,065	5,807	—	5,807
Disposals	—	—	—	(258)	(258)	—	(258)
Depreciation	(1)	(7)	(2,804)	(4,038)	(6,850)	—	(6,850)
Surplus on revaluation upon transfer to investment properties	4,101	1,154	—	—	5,255	—	5,255
Transfer to investment properties	(6,310)	(1,690)	—	—	(8,000)	8,000	—
Fair value change	—	—	—	—	—	1,340	1,340
Translation differences	—	—	—	(14)	(14)	—	(14)
Closing net carrying amount	—	—	3,277	9,908	13,185	9,340	22,525
At 31 March 2017							
Cost	—	—	12,007	55,388	67,395	—	67,395
Valuation	—	—	—	—	—	9,340	9,340
Accumulated depreciation	—	—	(8,730)	(45,480)	(54,210)	—	(54,210)
Net carrying amount	—	—	3,277	9,908	13,185	9,340	22,525
Period from 1 April 2017 to 31 December 2017							
Opening net carrying amount	—	—	**3,277**	**9,908**	**13,185**	**9,340**	**22,525**
Additions	—	—	**2,592**	**2,703**	**5,295**	—	**5,295**
Disposals	—	—	—	**(2)**	**(2)**	—	**(2)**
Depreciation	—	—	**(2,145)**	**(2,864)**	**(5,009)**	—	**(5,009)**
Fair value change	—	—	—	—	—	**860**	**860**
Translation differences	—	—	—	**14**	**14**	—	**14**
Closing net carrying amount	—	—	**3,724**	**9,759**	**13,483**	**10,200**	**23,683**
At 31 December 2017							
Cost	—	—	**13,793**	**56,756**	**70,549**	—	**70,549**
Valuation	—	—	—	—	—	**10,200**	**10,200**
Accumulated depreciation	—	—	**(10,069)**	**(46,997)**	**(57,066)**	—	**(57,066)**
Net carrying amount	—	—	**3,724**	**9,759**	**13,483**	**10,200**	**23,683**

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

16. GOODWILL

	31 December 2017 HK$'000	31 March 2017 HK$'000
At the beginning and the end of the period/year		
Gross carrying amount	**14,738**	14,738
Accumulated impairment	**(43)**	(43)
Net carrying amount	**14,695**	14,695

The net carrying amount of goodwill of HK$14,695,000 (31 March 2017: HK$14,695,000) relates to the CGU which is principally engaged in the dealing services for securities, futures and options contracts and the securities placing and underwriting services. For the purpose of the annual impairment testing, the recoverable amount was determined based on fair value less costs of disposal, using a discounted cash flows projection, covering a detailed five-year budget plan with a discount rate of 13% (31 March 2017: 14%). The fair value measurement of the CGU is categorised within level 3 of the fair value hierarchy.

The key assumptions used in the budget plan are:

(a) revenue will grow by 5% per annum up to financial year 2022; and

(b) gross margin will be maintained at its current level throughout the five-year budget plan.

The Group management's key assumptions have been determined based on past performance and its expectations for the market's development. The discount rate used reflect specific risks relating to the relevant businesses. Based on the above key assumptions and detailed five-year budget plan, the Group's management concluded there was no impairment to goodwill as the carrying amount of the CGU did not exceed its recoverable amount.

The Group's management is currently not aware of any reasonably possible change in the above key assumptions on which the recoverable amount is based would cause the carrying amount of the CGU to exceed its recoverable amount.

17. DEVELOPMENT COSTS AND OTHER INTANGIBLE ASSETS

	Development costs	Other intangible assets				Total
		Film rights	Mobile phone and computer applications	Trading rights	Subtotal	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2016						
Cost	7,758	—	300	12,400	12,700	20,458
Accumulated amortisation	(3,913)	—	(88)	(12,400)	(12,488)	(16,401)
Net carrying amount	3,845	—	212	—	212	4,057
Year ended 31 March 2017						
Opening net carrying amount	3,845	—	212	—	212	4,057
Additions	—	1,705	430	—	2,135	2,135
Capitalised during the year	3,350	—	—	—	—	3,350
Amortisation	(1,839)	(194)	(130)	—	(324)	(2,163)
Closing net carrying amount	5,356	1,511	512	—	2,023	7,379
At 31 March 2017						
Cost	11,108	1,705	730	12,400	14,835	25,943
Accumulated amortisation	(5,752)	(194)	(218)	(12,400)	(12,812)	(18,564)
Net carrying amount	5,356	1,511	512	—	2,023	7,379
Period from 1 April 2017 to 31 December 2017						
Opening net carrying amount	**5,356**	**1,511**	**512**	**—**	**2,023**	**7,379**
Additions	**—**	**69**	**—**	**—**	**69**	**69**
Amortisation	**(1,096)**	**(439)**	**(110)**	**—**	**(549)**	**(1,645)**
Closing net carrying amount	**4,260**	**1,141**	**402**	**—**	**1,543**	**5,803**
At 31 December 2017						
Cost	**11,108**	**1,774**	**730**	**12,400**	**14,904**	**26,012**
Accumulated amortisation	**(6,848)**	**(633)**	**(328)**	**(12,400)**	**(13,361)**	**(20,209)**
Net carrying amount	**4,260**	**1,141**	**402**	**—**	**1,543**	**5,803**

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

17. DEVELOPMENT COSTS AND OTHER INTANGIBLE ASSETS (CONTINUED)

Development costs represent the in-house developed securities, futures and options settlement systems; and an online trading platform. Trading rights represent the eligibility rights acquired to trade on or through the Stock Exchange and Hong Kong Futures Exchange Limited. Mobile phone and computer applications represent the customer service platform purchased from independent application solution providers. All amortisation is included in "depreciation and amortisation expenses" in the consolidated statement of comprehensive income.

18. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	McMillen Advantage Capital Limited ("MAC") (note (a)) HK$'000	**Capital Partners Securities Co., Ltd.** HK$'000	**Others** HK$'000	**Total** HK$'000
At 1 April 2016	1,663	13,717	—	15,380
Fair value changes recognised in other comprehensive income	(23)	(1,517)	—	(1,540)
At 31 March 2017 and 1 April 2017	**1,640**	**12,200**	**—**	**13,840**
Fair value changes recognised in other comprehensive income	**602**	**(2,827)**	**—**	**(2,225)**
At 31 December 2017	**2,242**	**9,373**	**—**	**11,615**

Notes:

(a) MAC is a limited liability company incorporated in Hong Kong in which the Group held 22.69% of its ordinary shares. The Group had not accounted for MAC as an associate despite its 22.69% ownership interest because the Group does not have any power to participate in its financial and operating policy decisions nor any right to appoint a director of MAC.

(b) The above investments are unlisted equity securities which are not held for trading. Instead, they are held for medium or long-term strategic purpose. The Group has designated these investments in equity securities as at fair value through other comprehensive income as the directors believe that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

(c) Fair value of the unlisted equity securities has been determined by using the discounted cash flow valuation technique. The valuation involves assumptions and estimates, including discount rate of 16% (31 March 2017: 15%) and the expected future cash flows from the unlisted equity securities. The directors believe that the estimated fair value resulting from the valuation technique, which is recorded in the consolidated statement of financial position and the related changes in fair value, which is recorded in the consolidated statement of comprehensive income, is reasonable, and that is the most appropriate value at the reporting date.

19. INTEREST IN AN ASSOCIATE

	31 December 2017 HK$'000	31 March 2017 HK$'000
Share of net assets	—	42,096

In prior years, the Group incorporated Oceanwide Funds SICAV ("SICAV"), which is formerly known as Quam Funds SICAV and is an investment company organised under the laws of Grand Duchy of Luxembourg and launched the first sub-fund, namely, Oceanwide Greater China UCITS Fund ("Greater China Fund"). The principal activity of Greater China Fund is investment in securities and its principal place of operations is in Hong Kong. Greater China Fund is an unlisted investment fund whose quoted market price is not available.

During the current period, the Group launched another sub-fund, known as Dynamic Opportunities UCITS Fund ("Dynamic Opp Fund"). According to the article of incorporation, directors of SICAV shall be elected by the majority of the votes of shares within any class of a sub-fund at a general meeting. Assets and liabilities of each sub-fund are segregated from one another and will be invested in accordance with the investment objectives and policies applicable to each sub-fund.

As at 1 April 2016, the percentage of interest held by the Group in SICAV via its shareholding in Greater China Fund was approximately 55% and the Group had consolidated Greater China Fund as at that date in accordance to HKFRSs. In September 2016, the Group's interest in SICAV was diluted to less than 50% as a result of subscription of new shares by others. Though the Group served as an investment manager of Greater China Fund and generated management and performance fee income from managing assets on behalf of investors, because the Group as the investment manager can be removed by a simple majority vote from other shareholders, the directors of the Company are of the opinion that the Group is subject to substantive removal rights held by other parties and therefore did not have control but retained significant influence over Greater China Fund by holding a more than 20% equity interest in SICAV. In December 2016, the Group's interests in SICAV had increased to more than 50% as a result of redemption of certain shares by other holders. The Group regained the control of Greater China Fund and accounted for this as acquisition of a subsidiary. Following the subsequent subscription of new shares by others in Greater China Fund in February 2017, the Group's interests was again diluted to less than 50%, and the Group had lost control over Greater China Fund as a result. As at 31 March 2017, the percentage of interest held by the Group in SICAV via its shareholding in Greater China Fund was approximately 49%* and the Group had recognised its equity interests as an associate.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

19. INTEREST IN AN ASSOCIATE (CONTINUED)

In June 2017, the Group's interest in SICAV had again increased to more than 50% as a result of redemption of certain shares by other holders. The Group regained the control of Greater China Fund and accounted for this as acquisition of a subsidiary. Following the subsequent subscription of new shares by others in Dynamic Opp Fund in September 2017, the Group's interest in SICAV was again diluted to less than 50%, and the Group had lost control of Greater China Fund as a result but retained significant influence for its equity interest is more than 20%. In November 2017, the Group's interests in SICAV had increased to more than 50% as a result of subscription of additional shares in Greater China Fund. The Group regained the control of Greater China Fund and accounted for this as acquisition of a subsidiary. As at 31 December 2017, the percentage of interest held by the Group in SICAV via its shareholding in Greater China Fund was approximately 85%* and the Group had recognised its equity interest as a subsidiary.

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

For the period from 1 April 2017 to 31 December 2017

	Recognised 06/2017 HK$'000	Derecognised 09/2017 HK$'000	Recognised 11/2017 HK$'000
Financial assets measured at fair value through profit or loss	87,619	91,631	100,617
Prepayments, deposits and other receivables	1,189	1,080	1,100
Cash and cash equivalents	18,225	6,130	16,285
Accruals and other payables	(62,959)	(49,224)	(50,667)
Net assets	44,074	49,617	67,335

	06/2017 HK$'000	09/2017 HK$'000	11/2017 HK$'000
Included in "Accruals and other payables" above is the following amount of third-party interests in Greater China Fund	45,265	48,351	50,505
Net cash inflow/(outflow) upon change of control	18,225	(6,130)	1,852

19. INTEREST IN AN ASSOCIATE (CONTINUED)

For the year ended 31 March 2017

	Derecognised 09/2016 HK$'000	Recognised 12/2016 HK$'000	Derecognised 02/2017 HK$'000
Financial assets measured at fair value through profit or loss	69,780	68,516	73,924
Cash and cash equivalents	761	5,848	2,513
Prepayments, deposits and other receivables	1,218	1,095	1,990
Accruals and other payables	(32,165)	(37,705)	(38,627)
Net assets	39,594	37,754	39,800

	09/2016 HK$'000	12/2016 HK$'000	02/2017 HK$'000
Included in "Accruals and other payables" above is the following amount of third-party interests in Greater China Fund	31,854	37,679	38,398
Net cash inflow/(outflow) upon change of control	(761)	5,848	(2,513)

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

19. INTEREST IN AN ASSOCIATE (CONTINUED)

The following table illustrates the financial information of the Group's associate, extracted from its unaudited management accounts and reconciliation to the carrying amount recognised in the consolidated statement of financial position:

	Year ended 31 March 2017 HK$'000
Revenue	12,541
Other operating income	6
Other operating expenses	(3,486)
Profit from continuing operations and total comprehensive income for the year	9,061

	31 March 2017 HK$'000
Non-current assets	—
Current assets	86,388
Current liabilities	(1,059)
Non-current liabilities	—
Net assets	85,329
Percentage of interests held by the Group*	49%
Carrying amount recognised in the consolidated statement of financial position	42,096

No dividend was received from the associate during the previous year.

* rounded to the nearest one percent

20. INTERESTS IN JOINT VENTURES

	31 December 2017 HK$'000	31 March 2017 HK$'000
Share of net assets	**42,028**	41,344

Particulars of the joint ventures, which are accounted for using the equity method in the consolidated financial statements, as at 31 December 2017 are as follows:

Name	Country of incorporation and operation	Particulars of paid-up capital	Percentage of interest held by the Group*	Principal activity
Suzhou Gaohua Venture Investment Management Ltd. ("SGVIM")	PRC	Renminbi ("RMB")7,000,000	73*	Financial advisory consultancy
Suzhou QUAM-SND Venture Capital Enterprise ("SQVCE")	PRC	RMB71,000,000	73*	Financial advisory consultancy

SGVIM and SQVCE were established by the Group with another investor in a prior year to expand the Group in RMB-dedicated private equity ventures. Both entities are unlisted corporate entity whose quoted market price is not available. These entities were classified as joint ventures of the Group because the Group does not have control over the significant financial and operating policies of the above entities despite its 73%* ownership interest, as unanimous consent with the minority equity holders is required for any major financial and operating decisions.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

20. INTERESTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the financial information of the Group's joint ventures, extracted from their unaudited management accounts and reconciliation to the carrying amount recognised in the consolidated statement of financial position:

	Period from 1 April 2017 to 31 December 2017		Year ended 31 March 2017	
	SGVIM	**SQVCE**	SGVIM	SQVCE
	HK$'000	**HK$'000**	HK$'000	HK$'000
Revenue, excluding interest income	**17**	**—**	10	—
Interest income	**—**	**2**	—	3
Other gains less losses	**—**	**(2,627)**	39	2,896
Other operating expenses	**(33)**	**(7)**	(418)	(204)
(Loss)/Profit from continuing operations and total comprehensive income for the period/year	**(16)**	**(2,632)**	(369)	2,695

	31 December 2017		31 March 2017	
	SGVIM	**SQVCE**	SGVIM	SQVCE
	HK$'000	**HK$'000**	HK$'000	HK$'000
Cash and cash equivalents	**245**	**51,129**	312	50,587
Other current assets	**3**	**5,875**	7	5,519
Current assets	**248**	**57,004**	319	56,106
Non-current assets	**841**	**—**	790	—
Current liabilities	**—**	**(411)**	(75)	(398)
Non-current liabilities	**—**	**—**	—	—
Net assets	**1,089**	**56,593**	1,034	55,708
Percentage of interests held by the Group*	**73%**	**73%**	73%	73%
Carrying amount recognised in the consolidated statement of financial position	**795**	**41,233**	755	40,589

No dividend was received from the joint ventures during the current period and previous year. The above joint ventures also did not have any financial liabilities other than trade and other payables as at 31 December 2017 and 31 March 2017 and did not incur any interest and income tax expense for the current period and previous year.

* rounded to the nearest one percent

21. OTHER ASSETS

Other assets mainly comprise deposits with the Stock Exchange and clearing houses.

22. TRADE RECEIVABLES

	Notes	31 December 2017 HK$'000	31 March 2017 HK$'000
Accounts receivable from dealings in securities, futures and options contracts			
— Brokers and clearing houses	(a)	**771,640**	944,585
— Cash clients	(a)	**12,684**	9,867
— Margin clients	(b)	**2,145,556**	814,043
— Clients for subscription of securities	(a)	**15,425**	3,054
Accounts receivable from asset management, advisory and other services			
— Clients	(a)	**21,410**	8,471
	(c)	**2,966,715**	1,780,020
Less: Provision for impairment	(d)	**(23,642)**	(20,498)
	(e)	**2,943,073**	1,759,522

Notes:

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

(b) Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a comprehensive analysis including but not limited to loan-to-market and loan-to-discounted value ratios ("lending ratios"), concentration risk, illiquid collaterals and overall availability of funds. The Group exercises continuous monitoring of outstanding margin loans to see if the lending ratios have exceeded the pre-determined levels as a credit risk control mechanism. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. As at 31 December 2017, the market value of securities pledged by margin clients to the Group as collateral was HK$11,593,398,000 (31 March 2017: HK$5,819,590,000) and the Group is permitted to sell these collaterals if the client defaults in payments. The amounts due from margin clients are repayable on demand and bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread).

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

22. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

(c) Included in accounts receivable is the following amounts with related parties:

	31 December 2017 HK$'000	31 March 2017 HK$'000
An associate	—	1,065
A director of the Company	8,761	—
A fellow subsidiary	2,345	—
	11,106	1,065

(d) Movement in the provision for impairment of trade receivables is as follows:

	Period from 1 April 2017 to 31 December 2017 HK$'000	Year ended 31 March 2017 HK$'000
At the beginning of the period/year	20,498	22,511
Amount written off	(4)	(7,295)
Impairment losses recognised	3,148	5,302
Impairment losses reversed	—	(20)
At the end of the period/year	23,642	20,498

At each of the reporting date, the Group reviews trade receivables for evidence of impairment on both an individual and collective basis. The above provision relates to individually impaired trade receivables with gross carrying amount of HK$27,357,000 (31 March 2017: HK$31,981,000). The individually impaired trade receivables relate to clients that were in default or delinquency in payments and management assessed that only a portion of the receivables is expected to be recovered.

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

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

22. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

(f) Ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	31 December 2017 HK$'000	31 March 2017 HK$'000
Neither past due nor impaired	**2,126,994**	789,906
0–30 days past due	**803,761**	955,699
31–60 days past due	**4,236**	512
61–90 days past due	**622**	90
91–180 days past due	**2,888**	135
181–360 days past due	**93**	160
Over 360 days past due	**764**	1,537
	2,939,358	1,748,039

Trade receivables that were neither past due nor impaired related to a large number of diversified clients for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a large number of diversified clients that had a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

23. LOAN RECEIVABLES MEASURED AT AMORTISED COST

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

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

23. LOAN RECEIVABLES MEASURED AT AMORTISED COST (CONTINUED)

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

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

Notes:

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

(b) There was no movement in the provision for impairment of loan receivables for the current period and previous year.

At each of the reporting date, the Group reviews loan receivables for evidence of impairment on both an individual and collective basis. The above provision relates to individually impaired loan receivables with gross carrying amount of HK$43,000 (31 March 2017: HK$43,000). The individually impaired loan receivables relate to a borrower that were in default or delinquency in payments.

24. OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST

	31 December 2017 HK$'000	31 March 2017 HK$'000
Unlisted corporate bonds	**117,499**	—

The Group had an objective to hold corporate bonds in order to collect contractual cash flows and had measured them at their amortised cost. The corporate bonds carry interest at 6.25% per annum (31 March 2017: not applicable) and will mature in December 2018. None of these bonds had been past due or impaired at the end of the reporting period.

25. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	31 December 2017 HK$'000	31 March 2017 HK$'000
Listed debt securities		**726,168**	—
Listed equity securities		**769,720**	11
Unlisted mutual fund	(a)	**9,231**	7,283
Unlisted private equity fund	(b)	**88,007**	—
		1,593,126	7,294
Non-current		**88,007**	—
Current		**1,505,119**	7,294
		1,593,126	7,294

Notes:

(a) Pursuant to the subscription agreement, the Group's interest in the above mutual fund is in the form of redeemable shares, which is puttable at the holder's option and entitles the Group to a proportionate stake in the fund's net assets. The mutual fund is managed by an investment manager who is empowered to manage its daily operations and apply various investment strategies to accomplish its investment objectives.

The Group served as an investment manager for this mutual fund and generated management and performance fee income from managing assets on behalf of investors. As the variable returns the Group exposed are not significant, the Group did not consolidate the above mutual fund in which it holds an interest.

Total net asset value of the above mutual fund of which the Group is the investment manager as at 31 December 2017 is HK$469,738,000 (31 March 2017: HK$471,886,000). The Group's maximum exposure to loss from its interest in the mutual fund is limited to the carrying amount presented above. Change in fair value of the mutual fund is included in the consolidated statement of comprehensive income in "Net realised and unrealised gain on financial assets measured at fair value through profit or loss" within "Revenue" and the amount attributable to this mutual fund of which the Group is the investment manager represented a gain of HK$1,948,000 (year ended 31 March 2017: gain of HK$1,087,000).

(b) In the current period, the Group had committed to invest US$20 million in Oceanwide Pioneer Limited Partnership (the "Fund"), representing 45%* of the aggregated capital committed by all partners in the Fund as at 31 December 2017. Following the acceptance of the subscription agreement by the general partner, the Group was admitted as a limited partner.

The Fund is a close-ended private equity fund structured as a Cayman Islands exempted limited partnership with an investment objective to archive long-term capital appreciation through equity and equity-related investments in selected good-quality enterprises and projects as pioneers in the relevant industries. Under the subscription agreement, the limited partners do not have the power to participate in the financial and operating policy decisions of the Fund, whilst the general partner has the rights and power to administer the affairs of the Fund and include all powers statutory and otherwise, which may be possessed under the laws of Cayman Islands. Though the Group had served as an investment manager and generated management fee income from managing assets on behalf, as the Group as an investment manager is terminable by the general partner without a cause, and the Group did not have any control or significant influence over the general partner, the Group did not consolidated or accounted for the Fund as an associate despite of its equity interest of 45%*.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

25. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Notes: (Continued)

(b) (Continued)

Total net asset value of the above private equity fund of which the Group is the investment manager as at 31 December 2017 is HK$193,422,000 (31 March 2017: not applicable). The Group's maximum exposure to loss from its interest in the private equity fund is limited to the carrying amount presented above. Change in fair value of the private equity fund is included in the consolidated statement of comprehensive income in "Net realised and unrealised gain on financial assets measured at fair value through profit or loss" within "Revenue" and the amount attributable to the private equity fund of which the Group is the investment manager represented a loss of HK$2,001,000 (year ended 31 March 2017: not applicable).

* rounded to the nearest one percent

26. TRUST TIME DEPOSITS AND TRUST BANK BALANCES HELD ON BEHALF OF CLIENTS

From the Group's ordinary business of securities, futures and options dealing, it receives and holds money deposited by clients in the course of conducting its regulated activities. These client's monies are maintained in one or more segregated bank accounts and bank time deposits. The Group has recognised the corresponding trade payables to respective clients.

27. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

Cash and cash equivalents

	Notes	**31 December 2017 HK$'000**	31 March 2017 HK$'000
Demand deposits and cash on hand	(a)	**516,295**	63,230
Time deposits	(b)	**558,637**	—
	(c)	**1,074,932**	63,230

Notes:

(a) Demand deposits earn interest at floating rates based on daily bank deposit rates.

(b) Time deposits are placed with the banks and earn interest at fixed rates ranging from 0.20% to 1.43% per annum and have an initial maturity period of less than 3 months (31 March 2017: not applicable).

(c) Included in cash and cash equivalents of the Group is RMB of HK$7,280,000 (31 March 2017: HK$6,412,000) placed with banks in Mainland China. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks that are authorised to conduct foreign exchange business.

27. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

Reconciliation of liabilities arising from financing activities

	Third party interests in consolidated investment fund HK$'000 Note 4(b)(ii)	Financial assets sold under repurchase agreements HK$'000 Note 29	Total HK$'000
At 1 April 2017	—	—	—
Changes from financing cash flows			
— Interest paid under repurchase agreements	—	(1,459)	(1,459)
— Payments on redemption of shares by other holders of a consolidated investment fund	(3,886)	—	(3,886)
— Proceeds from shares issued to other holders of a consolidated investment fund	4,606	—	4,606
— Proceeds received under repurchase agreements	—	110,250	110,250
	720	108,791	109,511
Non cash changes			
— Changes in net asset value attributable to other holders of a consolidated investment fund (note 6)	5,469	—	5,469
— Derecognised on deconsolidation of an investment fund (note 19)	(48,351)	—	(48,351)
— Finance charges under repurchase agreements (note 8)	—	1,459	1,459
— Recognised on consolidation of an investment fund (note 19)	95,770	—	95,770
— Settlement of subscription proceeds of the Transferred Securities on behalf of the Group	—	195,458	195,458
	52,888	196,917	249,805
At 31 December 2017	53,608	305,708	359,316

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

28. TRADE PAYABLES

	Notes	**31 December 2017 HK$'000**	31 March 2017 HK$'000
Accounts payable from dealings in securities, futures and options contracts			
— Brokers and clearing house	(a)	**48,975**	73,538
— Cash clients	(a)	**663,527**	726,569
— Margin clients	(b)	**1,462,000**	1,497,414
Accounts payable from financial information and other services			
— Clients	(c)	**3,055**	1,269
	(d)	**2,177,557**	2,298,790

Notes:

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

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

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

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

28. TRADE PAYABLES (CONTINUED)

Notes: (Continued)

(d) Included in accounts payable were the following amounts with related parties:

	31 December 2017 HK$'000	31 March 2017 HK$'000
Related companies	**137**	1,234
Directors of the Company	**5,167**	125,730
Close family members of directors of the Company	**6,929**	13,483
	12,233	140,447

29. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	31 December 2017 HK$'000	31 March 2017 HK$'000
Analysed by collateral type		
— Equity securities	**234,549**	—
— Corporate bonds	**71,159**	—
	305,708	—
Analysed by market		
— Stock Exchange	**234,549**	—
— Over-the-counter	**71,159**	—
	305,708	—

Under the repurchase agreements, the Group sold US$50,000,000 non-cumulative perpetual offshore preference shares and US$13,000,000 unsecured corporate bonds ("Transferred Securities") to the respective buyers at purchase prices of approximately US$30,000,000 and US$9,102,000, respectively and the Group agreed to repurchase the Transferred Securities on the scheduled repurchase dates for considerations equal to the respective purchase price and an amount representing the product of the relevant purchase price and a spread. As the Group retained substantially the risks and rewards of ownership of the Transferred Securities, these transactions were accounted for as financing arrangements to the Group with the Transferred Securities as collaterals. The Group continued to recognise the Transferred Securities, which amounted to HK$384,309,000 and HK$101,638,000 as at 31 December 2017, under "Financial assets measured at fair value through profit or loss" as "Listed equity securities" (note 25) and under "Other financial assets measured at amortised cost" (note 24) and recognised the consideration received on transfer as financial liabilities.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

29. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS (CONTINUED)

In addition, the repurchase agreements contain clauses which give the buyers a right to require the Group to repurchase the Transferred Securities before the scheduled repurchase dates. Accordingly, the amounts are classified under current liabilities.

30. BANK AND OTHER BORROWINGS

	31 December 2017 HK$'000	31 March 2017 HK$'000
Bank loans (note (a))		
— Secured	**255,940**	374,527
Note payables (note (b))		
— Unsecured	**—**	101,807
	255,940	476,334

Notes:

(a) Bank loans of HK$255,940,000 (31 March 2017: HK$374,527,000) were secured by corporate guarantees issued by the Company and/or securities collateral pledged to the Group by margin clients with total market value of HK$856,149,000 (31 March 2017: HK$880,845,000). Specific written authorisations have been obtained by the Group from the margin clients for such use over the clients' securities. The bank loans bear interest at floating rates ranging from 2.47% to 3.85% (31 March 2017: 1.47% to 4.62%) per annum.

(b) The notes were matured on the date immediately following three years after issuance which is 5 April 2017. On maturity date, the Company redeemed each outstanding notes at 100% of the principal amount, together with the payment of interest accrued thereon up to the maturity date.

31. DEFERRED TAX

(a) Deferred tax assets and (liabilities) recognised

	Accelerated tax depreciation allowances HK$'000	Impairment of receivables HK$'000	Tax losses HK$'000	Phantom Share Scheme HK$'000	Others HK$'000	Total HK$'000
At 1 April 2016	28	417	—	—	—	445
(Debited)/Credited to profit or loss (note 11)	(1,016)	512	2,349	283	—	2,128
At 31 March 2017 and 1 April 2017	**(988)**	**929**	**2,349**	**283**	**—**	**2,573**
(Debited)/Credited to profit or loss (note 11)	**(384)**	**286**	**3,318**	**772**	**47**	**4,039**
At 31 December 2017	**(1,372)**	**1,215**	**5,667**	**1,055**	**47**	**6,612**

(b) Deferred tax assets not recognised

	31 December 2017 HK$'000	31 March 2017 HK$'000
Tax losses	**78,339**	117,539
Deductible temporary differences	**11,875**	7,096
	90,214	124,635

Deferred tax assets are recognised for tax losses carried forward and deductible temporary differences to the extent that realisation of the related tax benefit through future taxable profits is probable. No deferred tax asset has been recognised for these tax losses and deductible temporary differences due to the uncertainty of future profit streams against which these assets can be utilised. Under the current tax legislation, the tax losses can be carried forward indefinitely.

(c) Deferred tax liabilities not recognised

As at 31 December 2017, temporary differences relating to the undistributed profits of subsidiaries amounted to HK$997,000 (31 March 2017: HK$473,000). Deferred tax liabilities have not been recognised in respect of the tax that would be payable on distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that these profits will not be distributed in the foreseeable future.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

32. SHARE CAPITAL

	Number of ordinary shares of HK one third of one cent each	HK$'000
Authorised		
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 December 2017	30,000,000,000	100,000
Issued and fully paid		
At 1 April 2016	1,511,331,159	5,038
Exercise of share options (note (a))	59,946	—
Exercise of warrants (note (b))	43,903,600	146
At 31 March 2017 and 1 April 2017	**1,555,294,705**	**5,184**
Exercise of warrants (note (c))	**217,600**	**1**
Issue of shares under rights issue (note (d))	**4,666,536,915**	**15,555**
At 31 December 2017	**6,222,049,220**	**20,740**

Notes:

(a) Holders of the share options had exercised their rights to convert 59,946 share options at the exercise price of HK$0.7623 each into an aggregate of 59,946 ordinary shares of HK one third of one cent each of the Company during the year ended 31 March 2017.

(b) Holders of the warrants had exercised their rights to convert 43,903,600 warrants at the exercise price of HK$0.50 each into 43,903,600 ordinary shares of HK one third of one cent each of the Company during the year ended 31 March 2017.

(c) Holders of the warrants had exercised their rights to convert 217,600 warrants at the exercise price of HK$0.50 each into 217,600 ordinary shares of HK one third of one cent each of the Company during the period from 1 April 2017 to 31 December 2017.

(d) In August 2017, 4,666,536,915 ordinary shares of HK one third of one cent each were issued by way of rights issue at a subscription price of HK$1.10 per share.

All issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

33. SHARE OPTION SCHEME

On 30 September 2002, the Company adopted a share option scheme ("Scheme") which has an option life of 10 years. The purpose of the Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Pursuant to the annual general meeting of shareholders on 30 September 2002, the directors of the Company were authorised to grant share options not exceeding 10% of the shares in issue as at the date of that meeting. Eligible participants of the Scheme include the directors of the Company, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, a person or entity that provides research, development or technological support or other services to the Group or any invested entity and any shareholder or any member of the Group.

The maximum number of shares which can be granted under the Scheme may not exceed 10% of the issued share capital of the Company from time to time. Under the Scheme, the maximum number of shares issuable under share options to each eligible participant within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5,000,000, within any 12-month period, are subject to prior shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, with HK$10 consideration being payable by the grantee upon acceptance. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the Company's shares as quoted on the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Company's shares as quoted on the Stock Exchange for the five trading days immediately preceding the date of the offer, and (iii) the nominal value of the Company's share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

33. SHARE OPTION SCHEME (CONTINUED)

During the period, there was no outstanding share options under the Scheme. The number of share options and weighted average exercise price for the year ended 31 March 2017 were as follows:

	Number of share options	**Weighted average exercise price** HK$
At 1 April 2016	3,026,248	0.7694
Exercised	(59,946)	0.7623
Cancelled	(2,966,302)	0.7695
At 31 March 2017	—	N/A

The weighted average closing price of the Company's share at the dates on which the share options were exercised was HK$1.20.

For the year ended 31 March 2017, no share options expense was recognised as all the outstanding share options were vested at the beginning of that year. No liabilities were recognised as these were all equity-settled share-based payment transactions.

According to the Company's announcement dated 23 February 2017, the Company's immediate holding company completed an unconditional mandatory cash offers to cancel all the outstanding share options ("Offers") pursuant to the Code on Takeovers and Mergers published by the Securities and Futures Commission. Following the receipt of valid acceptance of the Offers, 2,966,302 share options together with all rights attaching thereto were cancelled. Cash consideration of HK$1,811,000 paid by the immediate holding company for the share option tendered under the Offers was accounted for as a contribution from the shareholder and credited directly to shareholder's contribution reserve.

34. SHARE AWARD SCHEME

A restricted share award scheme ("Share Award Scheme") was adopted by the Company on 19 August 2010. The purpose of the Share Award Scheme is to recognise and motivate the contribution of certain employees and/or consultants and to provide incentives and help the Group in retaining its existing employees or consultants and recruiting additional employees or consultants and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

Pursuant to the rules of Share Award Scheme, the Board may, from time to time, at its absolute discretion select the employees and consultants as they deem appropriate for participation in the Share Award Scheme and determines the number of awarded shares to be granted. Existing shares would be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected participants. The awarded shares of the Company will be vested only after satisfactory completion of time-based targets or time-and-performance-based targets.

34. SHARE AWARD SCHEME (CONTINUED)

The Share Award Scheme is subject to the administration of the Board in accordance with the rules of Share Award Scheme. The aggregate number of awarded shares granted by the Board throughout the duration of the Share Award Scheme should not in excess of 10% of the issued share capital of the Company as at the date of its adoption. The maximum number of awarded shares which may be granted to a selected participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company as at the date of its adoption. Any grant of the awarded shares to any directors or senior management of the Company must first be approved by the remuneration committee of the Company.

Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years from the date of its adoption. However, the Board has the right to renew the Share Award Scheme up to three times and each time for another 5-year terms.

Movement in the number of shares held for Share Award Scheme and the awarded shares of the Company are as follows:

	Number of shares held for Share Award Scheme	**Number of awarded shares**
At 1 April 2016	4,762,355	2,917,021
Forfeited	—	(316,668)
Vested	(2,600,353)	(2,600,353)
At 31 March 2017, 1 April 2017 and 31 December 2017	2,162,002	—

Pursuant to the Share Award Scheme, if there occurs an event of change in control of the Company, all the awarded shares shall immediately vest on the date when such change of control event becomes or is declared unconditional and such date shall be deemed the vesting date. Upon the change of the controlling shareholders as disclosed in the Company's announcement dated 26 January 2017, any unvested awarded shares at that date were vested.

As at 31 December 2017, 2,162,002 (31 March 2017: 2,162,002) forfeited shares were held by the trustee under the Share Award Scheme and would be re-granted to eligible employees in future.

In the current period, no share awards expense was recognised as all the awarded shares were vested at the beginning of the period. In the previous year, share awards expense of HK$302,000 was recognised by the Group as staff costs in profit or loss and the corresponding amount has been credited to the awarded share reserve. No liabilities were recognised as these were all equity-settled share-based payment transactions.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

35. CONTRIBUTED SURPLUS

The Group's contributed surplus as at 31 December 2017 and 31 March 2017 comprises (a) the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group's reorganisation prior to the listing of the Company's shares over the nominal value of the Company's shares issued in exchange thereof of HK$2,225,000 and (b) amounts of HK$350,355,000 transferred from share capital and share premium account less amounts distributed as dividends in prior years.

During the year ended 31 March 2017, HK$270,000,000 was transferred from share premium account pursuant to shareholders' special resolution passed on 19 August 2016. An amount of HK$7,557,000 was distributed as dividend in accordance with the Bye-Laws of the Company.

36. LOANS TO DIRECTORS

Name/Relationship with directors	Notes	At 31 December 2017 Debit/ (Credit)	Maximum outstanding during the period	At 1 April 2017 Debit/ (Credit)	Margin finance facilities approved	Securities held
		HK$'000	HK$'000	HK$'000	HK$'000	
Mr. Kenneth LAM Kin Hing	(a), (b)	(5,167)	9,113	(94,552)	10,000	Marketable securities
Mr. Bernard POULIOT	(a), (b)	8,761	14,893	(31,159)	15,002	Marketable securities
Mr. Stefan Andre POULIOT, son of Mr. Bernard POULIOT	(a), (b)	(23)	35	(415)	500	Marketable securities

Notes:

(a) The loans granted under margin finance facilities to two directors of the Company and a son of a director of the Company are secured by marketable securities collateral, bear interest at Hong Kong Dollar Prime Rate plus a spread and repayable on demand.

(b) The amounts due to two directors of the Company and a son of a director of the Company are unsecured, interest-free and repayable on demand.

37. COMMITMENTS

Operating lease commitments

At the reporting date, the total future minimum lease payments under non-cancellable operating leases, in respect of land and buildings, are payable as follows:

	31 December 2017 HK$'000	31 March 2017 HK$'000
Within one year	**30,960**	26,629
In the second to fifth years, inclusive	**103,912**	4,739
After fifth year	**12,526**	—
	147,398	31,368

The Group leases a number of properties under operating leases. The leases run for an initial period of one to five years (31 March 2017: one to three years), with an option to renew the leases and renegotiate the terms at the expiry dates or at dates as mutually agreed between the Group and respective lessors. None of the leases include contingent rentals.

Capital commitments

At the reporting date, the Group had the following capital commitments which were contracted, but not provided for:

	31 December 2017 HK$'000	31 March 2017 HK$'000
Capital contributions payable to a private equity fund	**66,292**	—
Subscription of shares (note)	**422,188**	—
Property, plant and equipment	**1,288**	—
	489,768	—

Note: The Group had entered into agreements for subscription of shares in two private entities. Under the agreements, the Group shall subscribe 3,529,411 ordinary shares and 4,000,000 ordinary shares of the respective entities for a total consideration of approximately US$60,000,000 and had paid deposits of US$6,000,000 as at 31 December 2017 (31 March 2017: not applicable). Upon the completion of these shares subscriptions in January 2018, the Group's interests in each of these entities would be less than 1%.

Notes to the Consolidated Financial Statements

38. RELATED PARTY TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties and connected persons during the current period and previous year:

	Period from 1 April 2017 to 31 December 2017 HK$'000	Year ended 31 March 2017 HK$'000
I. Continuing connected transactions		
(A) Arising from connected dealing services provided to:		
Commission income from securities and futures dealings		
Directors of the Company		
— Mr. Bernard POULIOT (notes (a), (f))	**272**	954
— Mr. Kenneth LAM Kin Hing (notes (a), (f))	**81**	41
— Mr. Richard David WINTER (notes (a), (f))	**—**	1
Close family members of directors of the Company		
— Ms. Elizabeth CHAN Wai Yin, spouse of Mr. Bernard POULIOT (notes (a), (f))	**3**	—
— Mr. Nicolas POULIOT, son of Mr. Bernard POULIOT (notes (a), (f))	**—**	1
— Mr. Stefan Andre POULIOT, son of Mr. Bernard POULIOT (notes (a), (f))	**12**	12
— Mrs. CHAN CHAN Yeuk Lan, mother-in-law of Mr. Bernard POULIOT (notes (a), (f))	**15**	25
— Ms. Mona KWOK Ka Wai, spouse of Mr. Kenneth LAM Kin Hing (notes (a), (f))	**9**	7
Directors of subsidiaries and their close family members (note (a))	**256**	493
Interest income from margin financing		
Directors of the Company		
— Mr. Bernard POULIOT (notes (a), (f))	**83**	765
— Mr. Kenneth LAM Kin Hing (notes (a), (f))	**40**	1
Close family member of a director of the Company		
— Mr. Stefan Andre POULIOT, son of Mr. Bernard POULIOT (notes (a), (f))	**1**	—
Directors of subsidiaries and their close family members (note (a))	**194**	268
	966	2,568
(B) Arising from asset management services provided to:		
Asset management fee income		
Related company		
— Company indirectly owned by Mr. LU Zhiqiang, the ultimate controlling shareholder of the Company (notes (b), (f))	**1,920**	—

38. RELATED PARTY TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (CONTINUED)

		Period from 1 April 2017 to 31 December 2017 HK$'000	Year ended 31 March 2017 HK$'000
I.	**Continuing connected transactions (Continued)**		
(C)	**Arising from advisory services provided by:**		
	<u>Advisory fee expense</u>		
	Fellow subsidiary (notes (b), (f))	**960**	—
(D)	**Arising from service transactions provided to:**		
	<u>Interest income</u>		
	Fellow subsidiaries		
	— Subsidiary of China Oceanwide Group (notes (c), (d), (f))	**460**	—
	— Subsidiary of Oceanwide Holdings Group (notes (c), (e), (f))	**6,377**	—
	<u>Placing fee income</u>		
	Fellow subsidiary		
	— Subsidiary of Oceanwide Holdings Group (notes (c), (f))	**2,340**	—
(E)	**Arising from service transactions provided by:**		
	<u>Referral fee expense</u>		
	Fellow subsidiary		
	— Subsidiary of China Oceanwide Group (notes (c), (f))	**469**	—
(F)	**Maximum daily outstanding balance of connected margin loans:**		
	<u>Connected margin loans</u>		
	— Connected persons (note (a))	**23,600**	44,083
(G)	**Maximum daily amount/outstanding balance from investment and lending transactions provide to:**		
	<u>Financial assistance</u>		
	Fellow subsidiaries		
	— Subsidiary of China Oceanwide Group (note (c))	**280,460**	—
	— Subsidiary of Oceanwide Holdings Group (note (c))	**936,168**	—

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

38. RELATED PARTY TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (CONTINUED)

	Period from 1 April 2017 to 31 December 2017 HK$'000	Year ended 31 March 2017 HK$'000
II. Other related party transactions		
Asset management and performance fee income		
Associate	**348**	944
Referral fee expense		
Related company		
— Company in which Mr. LU Zhiqiang, the ultimate controlling shareholder of the Company, is also a director of its parent company	**1,450**	—
Interest income		
Related companies		
— Company in which Mr. LU Zhiqiang, the ultimate controlling shareholder of the Company, is also a director of its parent company (note (g))	**377**	—
— Company in which Mr. LU Zhiqiang, the ultimate controlling shareholder of the Company, had indirect significant influence (note (h))	**2,088**	—
Advisory fee income		
Fellow subsidiary	**100**	—
Commission income		
Fellow subsidiary	**117**	—
Commission income from securities and futures dealings		
Related company		
— Company in which Mr. LU Zhiqiang, the ultimate controlling shareholder of the Company, is also a director of its parent company	**63**	12
Interest expense		
Directors of the Company		
— Mr. Bernard POULIOT (note (i))	**7**	641
— Mr. Kenneth LAM Kin Hing (note (i))	**32**	2,885
Motor vehicle expense		
Director of the Company		
— Mr. Kenneth LAM Kin Hing	**189**	252

38. RELATED PARTY TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (CONTINUED)

Notes:

(a) The income from connected dealing services received from directors of the Company and the subsidiaries and their close family members was based on the pricing stated in the letters stipulating the applicable service fees and interest rate for dealing services. Details of the annual caps of the connected dealings services and connected margin loans were set out in the Company's circulars dated 26 April 2016.

(b) The asset management fee income received from a related company and advisory fee expenses paid to a fellow subsidiary were based on the relevant management and advisory agreements. Details of the annual caps of the management fee income and advisory fee expenses were set out in the Company's announcement dated 20 September 2017.

(c) The income and expense was charged based on the respective framework services agreement. China Oceanwide Group includes China Oceanwide Holdings Limited and its subsidiaries. Oceanwide Holdings Group includes Oceanwide Holdings Co., Ltd and its subsidiaries, which exclude the China Oceanwide Group and the Group. Details of the annual caps of these income and expense and the maximum daily outstanding balances were set out in the Company's circulars dated 31 October 2017.

(d) Interest income of HK$460,000 (year ended 31 March 2017: Nil) received/receivable from a fellow subsidiary was in connection with loan advanced to this entity during the period. The principal amount of loan receivable from this entity as at 31 December 2017 amounted to HK$280,000,000 (31 March 2017: Nil) and was included under "Loan receivables measured at amortised cost" (note 23). The loan receivable is secured, interest-bearing at 6% per annum and repayable in June 2018.

(e) Interest income of HK$6,377,000 (year ended 31 March 2017: Nil) received/receivable from a fellow subsidiary was in connection with the senior notes issued to and held by the Group during the period. The principal amount of senior notes as at 31 December 2017 amounted to US$91,500,000 (31 March 2017: Nil) and was included as "Listed debt securities" under "Financial assets measured at fair value through profit or loss" (note 25). The senior notes are unsecured, interest-bearing at 8.5% per annum and repayable in May 2019.

(f) The transactions are also related party transactions under HKAS 24 (Revised) — Related Party Disclosures.

(g) Interest income of HK$377,000 (year ended 31 March 2017: Nil) received/receivable from a related company was in connection with demand and time deposits maintained with it during the period. The carrying amount of deposits with this entity as at 31 December 2017 amounted to HK$400,032,000 (31 March 2017: Nil) and was included under "Cash and cash equivalents" (note 27). The deposits are unsecured, interest-bearing at relevant deposit rates and are repayable on demand or in January 2018.

(h) Interest income of HK$2,088,000 (year ended 31 March 2017: Nil) received/receivable from a related company was in connection with the loan advanced to this entity during the period. The principal amount of loan receivable from this entity as at 31 December 2017 amounted to HK$100,000,000 (31 March 2017: Nil) and was included under "Loan receivables measured at amortised cost" (note 23). The loan receivable is secured, interest-bearing at 6% per annum and repayable in May 2018.

(i) Interest expense of HK$7,000 (year ended 31 March 2017: HK$641,000) and HK$32,000 (year ended 31 March 2017: HK$2,885,000) paid/payable to Mr. Bernard POULIOT and Mr. Kenneth LAM Kin Hing respectively, was in connection with notes held by them during the period/year. The principal amount of notes held by Mr. Bernard POULIOT and Mr. Kenneth LAM Kin Hing as at 31 March 2017 amounted to HK$9,869,000 and HK$44,391,000, respectively, the balance of which were fully repaid on 5 April 2017 (note 30).

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

38. RELATED PARTY TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (CONTINUED)

Except as disclosed above, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, were entered into or subsisted at any time during financial period/year.

Compensation of key management personnel

Included in staff costs (note 9) are key management personnel compensation and comprises the following categories:

	Period from 1 April 2017 to 31 December 2017 HK$'000	Year ended 31 March 2017 HK$'000
Short-term employee benefits	**9,602**	32,307
Post-employment benefits	**28**	45
	9,630	32,352

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include debt and equity investments, statutory and other deposits, loan receivables, trade and other receivables, trade and other payables, financial assets sold under repurchase agreements and bank and other borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these risk exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(a) Foreign currency risk

Foreign currency risk is the risk of losses due to adverse changes in foreign exchange rates mainly relating to receivables from or payables to clients and foreign brokers and foreign currency denominated investments as well as deposits with banks and borrowings from other financial institutions. To mitigate the foreign currency risk, treasury and settlement divisions work closely to manage and monitor the foreign exchange exposure arising from broking in foreign shares and commodities. The policies to manage foreign currency risk have been followed by the Group since prior periods and are considered to be effective.

The following table summarises the Group's major financial assets and liabilities denominated in currencies other than the functional currency of the entities to which they relate, as at 31 December 2017 and 31 March 2017.

	Expressed in HK$'000							
	Thai Baht ("THB")	United States dollars ("US$")	Japanese Yen ("JPY")	Singapore dollars ("SGD")	Renminbi ("RMB")	British Pound ("GBP")	Euros ("EUR")	Others
At 31 December 2017								
Financial assets measured at fair value through other comprehensive income	—	2,242	9,373	—	—	—	—	—
Other assets	—	—	—	—	852	—	—	—
Deposits for subscription of shares	—	46,910	—	—	—	—	—	—
Other financial assets measured at amortised cost	—	117,499	—	—	—	—	—	—
Financial assets measured at fair value through profit or loss	—	1,107,858	—	—	—	—	—	1
Trade receivables	—	322,142	11,778	40	4,437	14,891	60,435	2,775
Other receivables	—	8,923	—	—	11	—	—	—
Trust time deposits and trust bank balances held on behalf of clients	12,635	314,827	21	56	127,811	3,098	40	2,297
Cash and cash equivalents	68	293,594	12	205	2,846	31	8	1,303
Trade payables	(12,635)	(550,825)	(11,768)	(56)	(128,587)	(17,969)	(60,391)	(5,012)
Financial assets sold under repurchase agreements	—	(305,708)	—	—	—	—	—	—
Bank and other borrowings	—	—	—	—	—	—	—	(999)
Accruals and other payables	—	(238)	—	(6)	(168)	—	(1)	—
Overall net exposure	68	1,357,224	9,416	239	7,202	51	91	365

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(a) Foreign currency risk (Continued)

	Expressed in HK$'000							
	Thai Baht ("THB")	United States dollars ("US$")	Japanese Yen ("JPY")	Singapore dollars ("SGD")	Renminbi ("RMB")	British Pound ("GBP")	Euros ("EUR")	Others
At 31 March 2017								
Financial assets measured at fair value through other comprehensive income	—	1,640	12,200	—	—	—	—	—
Other assets	—	—	—	—	2,219	—	—	—
Financial assets measured at fair value through profit or loss	—	7,283	—	—	—	—	—	2
Trade receivables	—	414,676	13,701	38	8,411	35,898	86,996	2,164
Other receivables	—	1,042	—	—	27	—	—	—
Trust time deposits and trust bank balances held on behalf of clients	4,366	238,354	74	212	124,457	809	43	2,772
Cash and cash equivalents	128	7,053	22	482	887	35	6	307
Trade payables	(4,360)	(593,277)	(13,740)	(210)	(131,979)	(36,519)	(87,034)	(4,519)
Bank and other borrowings	—	(55,946)	—	—	(2,253)	—	—	—
Accruals and other payables	—	(1,261)	—	(11)	(166)	—	(1)	(17)
Overall net exposure	134	19,564	12,257	511	1,603	223	10	709

The following table indicates the approximate changes in the Group's profit or loss for the period/year and equity in response to reasonably possible changes in foreign exchange rates to which the Group has significant exposure as at the reporting date. A positive number below indicates an increase in profit or a decrease in loss for the period/year (and an increase in equity). For a decrease in profit or an increase in loss for the period/year (and decrease in equity), the balances below would be negative. As US$ is pegged to HK$, the Group does not expect any significant changes in US$/HK$ exchange rates. No sensitivity analysis in respect of the Group's financial assets and liabilities denominated in US$ is disclosed as in the opinion of the directors, such sensitivity analysis does not give additional value in view of insignificant change in the US$/HK$ exchange rates as at the reporting date.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(a) Foreign currency risk (Continued)

	Increase in foreign exchange rates		Effect on profit or loss		Effect on equity	
	31 December 2017	31 March 2017	**31 December 2017**	31 March 2017	**31 December 2017**	31 March 2017
	%	%	**HK$'000**	HK$'000	**HK$'000**	HK$'000
THB	**20**	20	**431**	171	**431**	171
JPY	**5**	5	**2**	3	**471**	613
SGD	**5**	5	**12**	27	**12**	27
RMB	**5**	5	**1,384**	1,100	**1,384**	1,100
GBP	**5**	5	**28**	16	**28**	16
EUR	**5**	5	**4**	1	**4**	1

Decrease in the above foreign exchange rates at each reporting date would have the equal but opposite effect to the amounts shown above, on the basis that all other variables were held constant.

The sensitivity analysis has been determined by assuming that the changes in foreign exchange rates had occurred at the reporting date and that all other variables were held constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the exposure at the end of the reporting period does not reflect the exposure during the period/year.

(b) Price risk

The Group is exposed to equity price risk through its investments in listed debt and equity securities which are classified as financial assets measured at fair value through profit or loss. The Board manages this risk exposure by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise. The policies to manage price risk have been followed by the Group since prior periods and are considered to be effective. The Group is not exposed to commodity price risk.

As at 31 December 2017, if equity prices had increased/(decreased) by 10% (31 March 2017: 10%) and all other variables were held constant, profit for the period would increase/(decrease) by approximately HK$149,589,000 (year ended 31 March 2017: loss would decrease/(increase) by HK$1,000) and the equity other than retained profits would remain unchanged (31 March 2017: unchanged).

The sensitivity analysis has been determined by assuming that the price change had occurred at the reporting date and has been applied to the Group's investments at that date. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent price risk as the exposure at the end of the reporting period does not reflect the exposure during the period/year.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(c) Interest rate risk

The Group is exposed to interest rate risk primarily through the impact of interest rate changes on bank balances, margin and cash client receivables and borrowings carrying interests at variable rates.

The following table illustrates the sensitivity of the profit/(loss) for the period/year to a change in interest rates of +1% and -1% (31 March 2017: +1% and -1%). The calculations are based on the Group's bank balances, margin and cash client receivables, financial assets sold under repurchase agreements and bank and other borrowings held at each reporting date. All other variables are held constant. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposure at the end of the reporting period does not reflect the exposure during the period/year.

	31 December 2017 HK$'000	31 March 2017 HK$'000
If interest rates were 1% (31 March 2017: 1%) higher		
Increase in profit/Decrease in loss for the period/year	**26,861**	12,385
If interest rates were 1% (31 March 2017: 1%) lower		
Decrease in profit/Increase in loss for the period/year	**(26,861)**	(12,385)

Credit risk

In the course of margin trading in securities and futures and options products, clients are required to maintain a margin in order to hold positions and meet margin calls when there are changes in value of the underlying interest. In the situations where there are sudden volatile market movement (e.g. market gap opening) affecting the client's positions, the Group would be exposed to credit risk. The Group's credit risk also arises when the debtors, including brokers and clients from money lending services, fail to perform their obligations as at the reporting date.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

In order to minimise the credit risk, margins for futures and options products to be maintained are based on the requirements set by the exchanges and counter party brokers, while loan ratios for securities margin and corporate loans are based on a combination of factors, including indicative acceptable lending rates from the bankers, the quality of the assets and the company represented by the securities, the liquidity of the securities, and the concentration level of securities held. The Group's credit committee, which is appointed by the Executive Committee of the Company and ultimately reporting to the Board, approves individual stocks acceptable for margin lending and revised the stock list as and when deemed necessary. The credit committee meets regularly and prescribes from time to time the lending limits on individual stocks and/or the credit limits for each individual client, taking into account the loan and stock concentration exposures. The credit control department monitors and making margin calls to clients when limits have been exceeded and when concentration risks posed a strategic risk. It also runs stress tests on loan portfolios to determine the impact on the Group's financial position and exposure. In this regard, the Board considers that the Group's credit risk is effectively controlled and significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparties and clients rather than the geographical area or industry in which these parties operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual counterparties or clients. The Group's credit risk exposure on trade receivables is spread over a number of counterparties and clients. The Group's credit risk for loan receivables is concentrated as the amounts are due from 7 clients (31 March 2017: 1 client).

The Group does not hold any collateral or other credit enhancement to cover its credit risk associated with its financial assets except for margin client and certain loan receivables. Further quantitative data in respect of the collaterals and the Group's exposure to credit risk arising from trade and loan receivables is disclosed in notes 22 and 23 to the financial statements, respectively.

The credit policies have been followed by the Group since prior periods and are considered to be effective in limiting the Group's exposure to credit risk to a desirable level.

Liquidity risk

As part of ordinary broking activities, the Group is exposed to liquidity risk arising from the timing differences between settlement with clearing houses or brokers and clients. The Group's operating units are also subject to various liquidity requirements as prescribed by the authorities and financial market regulators. The Group has put in place monitoring systems to ensure it maintains adequate liquid capital to fund its business commitments and to comply with the relevant rules including the Securities and Futures (Financial Resources) Rules. As a further safeguard, the Group has maintained banking facilities to meet contingencies in its operations. The Company will also consider raising fund to meet the business operations growth which require intensive capital buffer.

The liquidity policies have been followed by the Group since prior periods and are considered to be effective in managing liquidity risks.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Analysed below is the Group's remaining contractual maturities for its financial liabilities as at 31 December 2017 and 31 March 2017. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on which the Group can be required to pay. "Financial assets sold under repurchase agreements" with a repayment on demand clause are included in the earliest time band regardless of the probability of the counterparties choose to exercise their rights within one year after the reporting date. The maturity analysis for other financial liabilities is prepared based on the scheduled repayment dates.

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000
At 31 December 2017				
Trade payables	**2,177,557**	**2,177,557**	**2,177,557**	**—**
Financial assets sold under repurchase agreements (note)	**305,708**	**305,708**	**305,708**	**—**
Bank and other borrowings	**255,940**	**255,940**	**255,940**	**—**
Accruals and other payables	**118,480**	**118,480**	**118,480**	**—**
	2,857,685	**2,857,685**	**2,857,685**	**—**
At 31 March 2017				
Trade payables	2,298,790	2,298,790	2,298,790	—
Bank and other borrowings	476,334	476,457	476,457	—
Accruals and other payables	61,822	61,822	61,822	—
	2,836,946	2,837,069	2,837,069	—

Note:

"Financial assets sold under repurchase agreements" contain clauses which give the lenders a right to repay on demand are categorised under "On demand or within 1 year" in the above maturity analysis. The aggregated undiscounted principal amounts of these financial liabilities amounted to HK$326,693,000 (31 March 2017: not applicable). The following table summarised the maturity analysis based on the scheduled repayments:

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000
At 31 December 2017				
Financial assets sold under repurchase agreements	**305,708**	**326,693**	**80,035**	**246,658**

40. FAIR VALUE MEASUREMENT

For financial reporting purpose, fair value measurements are categorised into three levels based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses its own internal expertise or engages third party qualified valuers to perform the valuation. Valuation is prepared at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

(a) Fair value of financial instruments measured at fair value

The following table presents financial instruments measured at fair value on a recurring basis in the consolidated statement of financial position according to the fair value hierarchy:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2017				
Financial assets measured at fair value through profit or loss				
— Listed debt securities (note (i))	**726,168**	**—**	**—**	**726,168**
— Listed equity securities (note (i))	**769,720**	**—**	**—**	**769,720**
— Unlisted mutual fund (note (ii))	**—**	**9,231**	**—**	**9,231**
— Unlisted private equity fund (note (iii))	**—**	**—**	**88,007**	**88,007**
Financial assets measured at fair value through other comprehensive income				
— Unlisted equity securities (note (iv))	**—**	**—**	**11,615**	**11,615**
	1,495,888	**9,231**	**99,622**	**1,604,741**

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

40. FAIR VALUE MEASUREMENT (CONTINUED)

(a) Fair value of financial instruments measured at fair value (Continued)

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2017				
Financial assets measured at fair value through profit or loss				
— Listed equity securities (note (i))	11	—	—	11
— Unlisted mutual fund (note (ii))	—	7,283	—	7,283
Financial assets measured at fair value through other comprehensive income				
— Unlisted equity securities (note (iv))	—	—	13,840	13,840
	11	7,283	13,840	21,134

There have been no transfers between levels 1, 2 or transfers into or out of level 3 in the current period and previous year. The Group's policy is to recognise transfers between levels of fair value hierarchy at the date of the event or change in circumstances that caused the transfer.

Notes:

(i) The fair value of the listed debt and equity securities has been determined by reference to their quoted bid prices at the reporting date and has been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

(ii) The fair value of the unlisted mutual fund has been determined with reference to the fair value of the underlying assets and liabilities at the reporting date.

(iii) The fair value of the unlisted private equity fund has been determined with reference to the price of recent investment valuation technique under market approach.

(iv) The fair value of the unlisted equity securities has been determined by using the discounted cash flow valuation technique. The discounted cash flow valuations are based on the following significant unobservable inputs:

Significant unobservable inputs	**31 December 2017**	31 March 2017
Discount for lack of marketability	**25%**	25%
Discount for lack of control	**10%**	10%
Weighted average cost of capital	**16%**	15%
Long-term revenue growth rate	**3%**	3%

Generally, a change in the discount for lack of marketability and control and weighted average cost of capital is accompanied by a directionally opposite change to the fair value measurement whilst a change in the long-term revenue growth rate is accompanied by a directionally similar change to the fair value measurement.

40. FAIR VALUE MEASUREMENT (CONTINUED)

(b) Fair value of financial instruments measured at amortised cost

The carrying amounts of the financial assets and financial liabilities measured at amortised cost as disclosed under current assets and current liabilities, respectively, approximate their fair value as they are all short term in nature.

The carrying amount of the financial instruments measured at amortised cost under non-current assets, other than those whose carrying amount reasonably be approximate to their fair value, and their fair value are as follows:

	Carrying amount		Fair value	
	31 December 2017 HK$'000	31 March 2017 HK$'000	**31 December 2017 HK$'000**	31 March 2017 HK$'000
Financial assets				
— Loan receivables (note)	**458,333**	—	**460,951**	—

Note:

The fair value of the loan receivables has been calculated by discounting the expected future cash flows using rate currently available for instruments with similar terms, credit risk and remaining maturities and are categorised within level 2 of fair value hierarchy.

(c) Fair value of investment properties measured at fair value

Investment properties represented commercial office premises in Hong Kong and are categorised within level 2 of fair value hierarchy. There have been no transfers between levels 1, 2 or transfers into or out of level 3 in the current period and the previous year. The Group's policy is to recognise transfers between levels of fair value hierarchy at the date of the event or change in circumstances that caused the transfer. The fair value of the investment properties as at 31 December 2017 and 31 March 2017 has been arrived at on the basis of valuation carried out by a firm of independent valuers, who holds recognised and relevant professional qualifications and has recent experience in the location and category of the investment properties being valued. The fair value has been determined using market comparable approach by reference to transaction price of comparable properties on a price per saleable area basis using market data which is publicly available.

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

41. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group currently has a legally enforceable right to set off the Continuous Net Settlement (CNS) money obligations receivables and payables with a clearing house, Hong Kong Securities Company Limited ("HKSCC") and it intends to settle on a net basis as trade receivables from or trade payables to HKSCC. For the net amounts of CNS money obligations receivables or payables (i.e. after set-off) and other receivables and payables (such as deposits included under other assets), they do not meet the criteria for offsetting in the consolidated financial statements since the right to set-off of the recognised amount is only enforceable following an event of default and the Group does not intended to settle the balance on a net basis.

In addition, under the agreements signed between the Group and the clients for its dealing in securities, money obligations receivables and payables with the same client are settled on the net basis. The Group therefore has a legally enforceable right to set off the trade receivable and payable and the Group intended to settle these balances on a net basis.

(a) Financial assets subject to offsetting, enforceable master netting arrangement and similar arrangements

	Amounts due from clients and HKSCC	
	31 December 2017 HK$'000	31 March 2017 HK$'000
Gross amount of recognised financial assets (net of impairment)	**2,428,144**	1,059,255
Gross amount of recognised financial liabilities offset in the consolidated statement of financial position	**(289,462)**	(251,923)
Net amounts of financial assets included in the consolidated statement of financial position	**2,138,682**	807,332
Related amount not set off in the consolidated statement of financial position		
— financial instruments	**—**	—
— financial collaterals	**(2,138,682)**	(807,234)
Net amounts	**—**	98

41. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Financial liabilities subject to offsetting, enforceable master netting arrangement and similar arrangements

	Amounts to clients and HKSCC	
	31 December 2017 HK$'000	31 March 2017 HK$'000
Gross amount of recognised financial liabilities	**1,226,546**	1,349,680
Gross amount of recognised financial assets offset in the consolidated statement of financial position	**(289,462)**	(251,923)
Net amounts of financial liabilities included in the consolidated statement of financial position	**937,084**	1,097,757
Related amount not set off in the consolidated statement of financial position		
— financial instruments	**—**	—
— financial collaterals	**—**	—
Net amounts	**937,084**	1,097,757

(c) Reconciliation to trade receivables and trade payables as presented in the consolidated statement of financial position

	31 December 2017 HK$'000	31 March 2017 HK$'000
Trade receivables		
Net amounts of financial assets included in the consolidated statement of financial position	**2,138,682**	807,332
Trade receivables not within the scope of offsetting disclosure	**804,391**	952,190
Trade receivables presented in the consolidated statement of financial position	**2,943,073**	1,759,522
Trade payables		
Net amounts of financial liabilities included in the consolidated statement of financial position	**937,084**	1,097,757
Trade payables not within the scope of offsetting disclosure	**1,240,473**	1,201,033
Trade payables presented in the consolidated statement of financial position	**2,177,557**	2,298,790

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

42. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and liabilities as recognised at the reporting date may be categorised as follows. See notes 2.14 and 2.20 to the financial statements for explanations about how the category of financial instruments affects their subsequent measurement.

	31 December 2017 HK$'000	31 March 2017 HK$'000
Financial assets		
Financial assets measured at fair value through other comprehensive income	11,615	13,840
Financial assets measured at fair value through profit or loss	1,593,126	7,294
Financial assets measured at amortised cost		
— Other assets	23,619	27,125
— Deposits for subscription of shares	46,910	—
— Trade receivables	2,943,073	1,759,522
— Loan receivables	1,230,074	—
— Unlisted corporate bonds	117,499	—
— Other receivables	10,024	1,668
— Trust time deposits held on behalf of clients	661,014	584,818
— Trust bank balances held on behalf of clients	776,209	800,723
— Cash and cash equivalents	1,074,932	63,230
	6,883,354	3,237,086
	8,488,095	3,258,220
Financial liabilities		
Financial liabilities measured at amortised cost		
— Trade payables	2,177,557	2,298,790
— Financial assets sold under repurchase agreements	305,708	—
— Bank and other borrowings	255,940	476,334
— Accruals and other payables	118,480	61,822
	2,857,685	2,836,946

43. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the current period and previous year.

Certain subsidiaries of the Company are regulated by the Securities and Futures Commission and Professional Insurance Brokers Association. These subsidiaries are required to maintain certain minimum liquid capital; and net asset value and paid-up capital according to the Securities and Futures Ordinance and the Insurance Companies Ordinance, respectively. Management monitors these subsidiaries' liquid capital or net asset value and paid-up capital to ensure they meet the minimum requirement in accordance with the Securities and Futures (Financial Resources) Rules and the Insurance Companies Ordinance. These externally imposed capital requirements have been complied with by the relevant group entities for the current period and previous year.

The Group monitors its capital using a gearing ratio, which is total debts divided by net assets. For this purpose, total debts include financial assets sold under repurchase agreements and bank and other borrowings as shown in the consolidated statement of financial position. The Group aims to maintain the gearing ratio at a reasonable level. The gearing ratio as at the reporting date is as follows:

	31 December 2017 HK$'000	31 March 2017 HK$'000
Total debt	**561,648**	476,334
Net assets	**5,737,423**	566,515
Gearing ratio	**10%**	84%

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31 December 2017 HK$'000	31 March 2017 HK$'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	670	499
Investments in subsidiaries	143,613	124,612
Financial assets measured at fair value through other comprehensive income	11,615	13,840
Deferred tax assets	4,125	—
Deposits for property, plant and equipment	886	—
	160,909	138,951
Current assets		
Loan receivables measured at amortised cost	100,362	—
Prepayments, deposits and other receivables	3,874	1,254
Financial assets measured at fair value through profit or loss	394,577	—
Amounts due from subsidiaries	4,178,416	334,160
Cash and cash equivalents	706,784	20,106
	5,384,013	355,520
Current liabilities		
Borrowings	—	101,807
Accruals and other payables	30,167	19,139
Amounts due to subsidiaries	17,689	17,819
	47,856	138,765
Net current assets	5,336,157	216,755
Net assets	5,497,066	355,706
EQUITY		
Share capital	20,740	5,184
Reserves (note)	5,476,326	350,522
Total equity	5,497,066	355,706

On behalf of the Board

HAN Xiaosheng
Director

Kenneth LAM Kin Hing
Director

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

	Share premium HK$'000	Awarded share reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Investment revaluation reserve HK$'000	Shareholder's contribution HK$'000	Shares held for Share Award Scheme HK$'000	Share option reserve HK$'000	Warrants reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2016	270,907	496	936	139,250	(10,552)	—	(1,993)	905	1,166	(44,111)	357,004
Dividend approved	—	—	—	(7,557)	—	—	—	—	—	—	(7,557)
Exercise of share options	61	—	—	—	—	—	—	(16)	—	—	45
Exercise of warrants	22,964	—	—	—	—	—	—	—	(1,158)	—	21,806
Share Award Scheme arrangements	—	302	—	—	—	—	—	—	—	—	302
Transactions with owners	23,025	302	—	(7,557)	—	—	—	(16)	(1,158)	—	14,596
Loss for the year	—	—	—	—	—	—	—	—	—	(20,046)	(20,046)
Other comprehensive income											
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	—	—	(1,540)	—	—	—	—	—	(1,540)
— Dividend from financial assets measured at fair value through other comprehensive income, which represents recovery of part of the investment cost	—	—	—	—	508	—	—	—	—	—	508
Total comprehensive income for the year	—	—	—	—	(1,032)	—	—	—	—	(20,046)	(21,078)
Repurchase of share options by the immediate holding company	—	—	—	—	—	1,811	—	(1,811)	—	—	—
Cancellation of share options	—	—	—	—	—	—	—	922	—	(922)	—
Transfer from share premium account	(270,000)	—	—	270,000	—	—	—	—	—	—	—
Vesting of awarded shares	—	(798)	—	—	—	—	1,088	—	—	(290)	—
At 31 March 2017	23,932	—	936	401,693	(11,584)	1,811	(905)	—	8	(65,369)	350,522
At 1 April 2017	**23,932**	**—**	**936**	**401,693**	**(11,584)**	**1,811**	**(905)**	**—**	**8**	**(65,369)**	**350,522**
Exercise of warrants	**114**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(6)**	**—**	**108**
Issue of shares under rights issue	**5,117,635**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**5,117,635**
Transaction cost attributable to the issue of new shares	**(6,060)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(6,060)**
Transactions with owners	**5,111,689**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(6)**	**—**	**5,111,683**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**16,346**	**16,346**
Other comprehensive income											
— Changes in fair value of financial assets measured at fair value through other comprehensive income	**—**	**—**	**—**	**—**	**(2,225)**	**—**	**—**	**—**	**—**	**—**	**(2,225)**
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**(2,225)**	**—**	**—**	**—**	**—**	**16,346**	**14,121**
Lapse of warrants	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(2)**	**2**	**—**
At 31 December 2017	**5,135,621**	**—**	**936**	**401,693**	**(13,809)**	**1,811**	**(905)**	**—**	**—**	**(49,021)**	**5,476,326**

Notes to the Consolidated Financial Statements

For the period from 1 April 2017 to 31 December 2017

45. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries as at 31 December 2017 are as follows:

Name	Former name	Place of incorporation	Particulars of issued capital	Percentage of interests		Principal activities and place of operations
				Held by the Company	Held by the subsidiaries	
Oceanwide Asset Management Limited	Quam Asset Management Limited	Hong Kong	Ordinary shares of HK$20,000,000 (31 March 2017: HK$1,000,000)	100	—	Investment adviser and asset management/Hong Kong
Oceanwide Asset Management (BVI) Ltd.	Quam Asset Management (BVI) Ltd.	BVI	5,000 ordinary shares of US$1 each	—	100	Provision of fund management services/Hong Kong
Oceanwide Financial (Holdings) Limited	Quam Capital (Holdings) Limited	Hong Kong	Ordinary shares of HK$78,260,002	100	—	Investment holding and import/export trading liaison/Hong Kong
Oceanwide Capital Limited	Quam Capital Limited	Hong Kong	Ordinary shares of HK$84,000,000 (31 March 2017: HK$23,000,000)	—	100	Corporate finance and investment adviser/Hong Kong
Oceanwide Finance Limited	Quam Finance Limited	Hong Kong	Ordinary shares of HK$54,200,000	—	100	Finance and money lending/ Hong Kong
Oceanwide Financial Private Equity Limited	Quam Private Equity Limited	Hong Kong	Ordinary shares of HK$1,500,000	100	—	Investment holding/Hong Kong
Oceanwide Securities Company Limited	Quam Securities Company Limited	Hong Kong	Ordinary shares of HK$2,170,000,000 (31 March 2017: HK$300,000,000)	—	100	Securities dealing and futures and options broking/Hong Kong
Oceanwide Ventures (BVI) Limited	Quam Ventures (BVI) Limited	BVI	1 ordinary share of US$1	—	100	Fund investments/Hong Kong
Oceanwide Financial Ventures (HK) Limited	Quam Ventures (HK) Limited	Hong Kong	Ordinary share of HK$6,000,000	—	100	Investment holding/Hong Kong
Oceanwide Financial Media (Holdings) Limited	Quam.net Limited	Hong Kong	Ordinary shares of HK$76,520,664	100	—	Investment holding/Hong Kong
Oceanwide Financial Media Limited	Quam (H.K.) Limited	Hong Kong	Ordinary shares of HK$6,000,000	—	100	Website management and other related services/Hong Kong
Oceanwide Greater China UCITS Fund	Quam Greater China UCITS Fund	Luxembourg	N/A	—	85	Investment in securities/Hong Kong

45. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY (CONTINUED)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally contribute the results for the period or hold a substantial portion of assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

46. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to the current period presentation.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, and reclassified as appropriate, is set out below.

	Period from 1 April 2017 to 31 December 2017	Year ended 31 March			
	2017	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**352,155**	350,346	533,444	430,495	410,058
	352,155	350,346	533,444	430,495	410,058
Other operating income and gains less losses	**(403)**	3,394	10,729	4,424	5,793
Cost of services provided	**(136,505)**	(167,932)	(244,155)	(167,248)	(172,998)
Staff costs	**(98,006)**	(155,237)	(151,413)	(134,146)	(125,819)
Depreciation and amortisation expenses	**(6,654)**	(9,013)	(7,132)	(6,967)	(6,113)
Other operating expenses	**(56,561)**	(66,579)	(85,567)	(57,965)	(62,237)
Finance costs	**(10,170)**	(16,149)	(20,334)	(25,131)	(11,411)
Loss on disposal of an associate	**—**	—	—	(177)	—
Share of results of associates	**5,263**	383	—	—	12
Share of results of joint ventures	**(1,930)**	1,695	1,156	(2,946)	(1,249)
Profit/(loss) before income tax	**47,189**	(59,092)	36,728	40,339	36,036
Income tax (expenses)/credit	**(3,904)**	1,145	(12,040)	(4,302)	(4,434)
Profit/(loss) for the period/year attributable to the owners of the Company	**43,285**	(57,947)	24,688	36,037	31,602

	As at 31 December	As at 31 March			
	2017	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**8,601,804**	3,403,502	3,247,156	3,529,587	2,638,671
Total liabilities	**(2,864,381)**	(2,836,987)	(2,639,115)	(3,102,729)	(2,254,932)
	5,737,423	566,515	608,041	426,858	383,739

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