



興證國際金融集團有限公司

China Industrial Securities International Financial Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8407

First
Quarterly
Report

2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of China Industrial Securities International Financial Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



The board of Directors (the "Board") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months ended 31 March 2018 together with the comparative unaudited figures for the corresponding periods in 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2018

		Three months ended 31 March	
	Note	2018 HK\$ (unaudited)	2017 HK\$ (unaudited)
Revenue	4	215,838,529	154,319,093
Other income	4	13,153,772	3,409,851
Finance costs		(78,151,831)	(31,309,971)
Commission and fee expenses		(28,226,024)	(15,708,771)
Staff costs		(53,574,339)	(43,761,772)
Other operating expenses		(35,080,869)	(24,169,498)
Other gains or losses		42,081,025	28,272,870
Profit before taxation		76,040,263	71,051,802
Taxation	6	(19,437,282)	(20,879,497)
Profit for the period attributable to owners of the Company		56,602,981	50,172,305
Earnings per share			
Basic	7	0.0142	0.0125



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2018

	Three months ended 31 March	
	2018 HK\$ (unaudited)	2017 HK\$ (unaudited)
Profit for the period	56,602,981	50,172,305
Other comprehensive income <i>Item reclassified subsequently to profit or loss:</i>		
Changes in fair value of available-for-sale investments	–	11,616,522
Disposal of available-for-sale investments	–	27,764,306
Other comprehensive income for the period	–	39,380,828
Total comprehensive income for the period attributable to owners of the Company	56,602,981	89,553,133



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2018

	Equity attributable to owners of the Company						
	Share capital	Share premium	Capital reserve	Investment revaluation reserve	Other reserve	Retained earnings	Total equity
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 January 2018	400,000,000	3,379,895,424	442,441,821	(7,995,433)	11,577,844	171,346,158	4,397,265,814
HKFRS 9 adjustment on retained earnings	-	-	-	7,995,433	-	(37,988,346)	(29,992,913)
At 1 January 2018 (after adjustment)	400,000,000	3,379,895,424	442,441,821	-	11,577,844	133,357,812	4,367,272,901
Profit for the period	-	-	-	-	-	56,602,981	56,602,981
Total comprehensive income for the period	-	-	-	-	-	56,602,981	56,602,981
At 31 March 2018 (unaudited)	400,000,000	3,379,895,424	442,441,821	-	11,577,844	189,960,793	4,423,875,882

For the three months ended 31 March 2017

	Equity attributable to owners of the Company						
	Share capital	Share premium	Capital reserve	Investments revaluation reserve	Other reserve	Retained earnings	Total equity
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 January 2017	400,000,000	3,379,895,424	442,441,821	(38,104,605)	11,577,844	98,514,317	4,294,324,801
Profit for the period	-	-	-	-	-	50,172,305	50,172,305
Other comprehensive income for the period	-	-	-	39,380,828	-	-	39,380,828
Total comprehensive income for the period	-	-	-	39,380,828	-	50,172,305	89,553,133
At 31 March 2017 (unaudited)	400,000,000	3,379,895,424	442,441,821	1,276,223	11,577,844	148,686,622	4,383,877,934



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

1. GENERAL

The Company was incorporated in the Cayman Islands on 21 July 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the GEM of the Stock Exchange since 20 October 2016. The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business in Hong Kong is 32/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the provision of brokerage services, loans and financing services, investment banking services, asset management services and financial products and investments.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group's unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The unaudited condensed consolidated financial statements also comply with the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning on 1 January 2018. The effect of the adoption of these standards, amendments and interpretation is not material on these unaudited condensed consolidated financial statements except for the effects as described in our 2017 annual financial statements.

The unaudited condensed consolidated financial statements for the three months ended 31 March 2018 comprise the Company and its subsidiaries.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The unaudited condensed consolidated financial statements is presented in Hong Kong dollars. Hong Kong dollar is the Company’s functional and the Group’s presentation currency.

The measurement basis used in the preparation of the unaudited condensed consolidated financial statements is the historical cost basis.

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

3. SEGMENT REPORTING

Information reported to the Board, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The CODM considers the Group’s operations are located in Hong Kong. The principal activities of the reportable and operating segments under HKFRS 8 are as follows:

Brokerage – provision of securities, futures and options, and insurance brokerage services;

Loans and financing – provision of margin financing and secured or unsecured loans to customers;

Investment banking – provision of corporate advisory, sponsor, placing and underwriting services of debt and equity securities and structured products arrangement services;



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

3. SEGMENT REPORTING (CONTINUED)

Asset management – provision of fund management, discretionary account management and investment advisory services;

Financial products and investments (previously named proprietary trading) – proprietary trading and investment of funds, debt and equity securities, fixed income, derivatives and other financial products.

The accounting policies of the operating segments are the same as the Group's accounting policies. Inter-segment revenues are charged among segments at an agreed rate with reference to the rate normally charged to third party customers, the nature of services or the costs incurred.

For the three months ended 31 March 2018 (unaudited)

	Brokerage	Loans and financing	Investment banking	Assets management	Financial products and investments	Eliminations	Consolidated
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment revenue and result							
Revenue from external customers	64,780,082	94,993,314	47,770,682	5,182,444	-	-	212,726,522
Net gains on financial products and investments	-	-	-	-	3,112,007	-	3,112,007
Inter-segment revenue	1,550,991	-	-	3,477,027	-	(5,028,018)	-
Segment revenue and net gains on financial products and investments	66,331,073	94,993,314	47,770,682	8,659,471	3,112,007	(5,028,018)	215,838,529
Revenue presented in the condensed consolidated statement of profit or loss							215,838,529
Segment results	45,561,578	54,588,125	27,314,253	3,508,381	(46,717,964)	-	84,254,373
Unallocated expenses							(8,214,110)
Profit before taxation presented in the condensed consolidated statement of profit or loss							76,040,263

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

3. SEGMENT REPORTING (CONTINUED)

For the three months ended 31 March 2017 (unaudited)

	Brokerage	Loans and financing	Investment banking	Assets management	Financial products and investments	Eliminations	Consolidated
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment revenue and result							
Revenue from external customers	32,333,377	72,171,395	11,251,359	2,974,505	-	-	118,730,636
Net gains on financial products and investments	-	-	-	-	35,588,457	-	35,588,457
Inter-segment revenue	314,545	-	-	-	-	(314,545)	-
Segment revenue and net gains on financial products and investments	32,647,922	72,171,395	11,251,359	2,974,505	35,588,457	(314,545)	154,319,093
Revenue presented in the condensed consolidated statement of profit or loss							154,319,093
Segment results	11,193,860	45,503,473	6,275,547	(376,051)	17,313,093	-	79,909,922
Unallocated expenses							(8,858,120)
Profit before taxation presented in the condensed consolidated statement of profit or loss							71,051,802



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

4. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

Revenue

	For the three months ended 31 March	
	2018 HK\$ (unaudited)	2017 HK\$ (unaudited)
(a) Brokerage:		
Commission and fee income from securities brokerage	56,707,467	27,282,752
Commission and fee income from futures and options brokerage	7,579,429	4,419,474
Commission income from insurance brokerage	493,186	631,151
	64,780,082	32,333,377
(b) Loans and financing:		
Interest income from margin financing	93,297,098	70,953,354
Interest income from money lending activities	1,696,216	1,218,041
	94,993,314	72,171,395
(c) Investment banking:		
Commission on placing, underwriting and sub-underwriting		
– Debt securities	26,569,095	–
– Equity securities	7,813,408	9,601,359
Corporate advisory fee income	740,584	150,000
Sponsor fee income	–	1,500,000
Arrangement fee	12,647,595	–
	47,770,682	11,251,359

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

4. REVENUE AND OTHER INCOME (CONTINUED)

Revenue (Continued)

	For the three months ended 31 March	
	2018 HK\$ (unaudited)	2017 HK\$ (unaudited)
(d) Asset management:		
Asset management fee income	4,186,972	2,244,945
Investment advisory fee income	995,472	729,560
	5,182,444	2,974,505
(e) Financial products and investments:		
Interest income from financial assets at fair value through profit or loss	82,137,078	55,990,534
Net realised gain on financial assets at fair value through profit or loss	10,595,081	22,486,802
Net unrealised loss on financial assets at fair value through profit or loss	(95,591,544)	(40,799,930)
Interest income from financial assets at available-for-sale investments	–	31,928,224
Net realised loss on financial assets at available-for-sale investments	–	(27,764,306)
Net realised loss on derivatives	(1,161,159)	(2,876,046)
Net unrealised gain (loss) on derivatives	1,720,500	(3,316,821)
Net unrealised gain (loss) on financial liabilities at fair value through profit or loss	5,412,051	(60,000)
	3,112,007	35,588,457
	215,838,529	154,319,093



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

4. REVENUE AND OTHER INCOME (CONTINUED)

Other income

	For the three months ended 31 March	
	2018 HK\$ (unaudited)	2017 HK\$ (unaudited)
Interest income from financial institutions	10,556,125	3,360,953
Sundry income	2,597,647	48,898
	13,153,772	3,409,851

5. DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 31 March 2018 (31 March 2017: Nil).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

6. TAXATION

	For the three months ended 31 March	
	2018 HK\$ (unaudited)	2017 HK\$ (unaudited)
Hong Kong Profits Tax:		
Current period	19,092,306	20,879,497
Deferred tax:		
Current period	344,976	–
	19,437,282	20,879,497

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits throughout the relevant periods.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

7. EARNINGS PER SHARE

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

		For the three months ended 31 March	
		2018 HK\$ (unaudited)	2017 HK\$ (unaudited)
Earnings (HK\$)			
Earnings for the purpose of basic earnings per share:			
Profit for the period attributable to owners of the Company		56,602,981	50,172,305
Number of shares			
Weighted average number of ordinary shares for the purpose of basic earnings per share		4,000,000,000	4,000,000,000

For each of the three months ended 31 March 2018 (unaudited) and 31 March 2017 (unaudited), there were no potential ordinary shares in issue, thus no diluted earnings per share is presented.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

In the first quarter of 2018, under the influences of rising global inflation expectation, upward trends in interest rates and the policies of US President Trump, global financial markets experienced increased volatility, which gave rise to both challenges and opportunities. Under the impact of external factors, the Hang Seng Index fluctuated at relatively higher levels from January to March 2018, and the turnover in Hong Kong stock market increased simultaneously. The average daily turnover for the first three months of 2018 was HK\$146.06 billion, an increase of 96.5% when compared with HK\$74.34 billion for the same period last year. In particular, the turnover was HK\$284.10 billion on 23 March 2018, the second highest ever. Funds raised through IPOs for the first quarter of 2018 was HK\$24.38 billion, an increase of 81.5% when compared with HK\$13.43 billion for the same period last year. Total funds raised for the first quarter of 2018 was HK\$112.24 billion, an increase of 78.2% when compared with HK\$63.00 billion for the same period last year. There were 69 newly listed companies (including any transfers of listing from GEM to Main Board) for the first quarter of 2018, an increase of 72.5% when compared with 40 for the same period last year.

Capitalising market opportunities to actively pursue business development, the Group delivered solid results. For the three months ended 31 March 2018, the Group recorded a total operating revenue of HK\$215,838,529, representing an increase of approximately 39.9% as compared with HK\$154,319,093 for the corresponding period in 2017. Profit after taxation was HK\$56,602,981, representing an increase of approximately 12.8% as compared with HK\$50,172,305 for the corresponding period in 2017. As at 31 March 2018, the Group's total assets were HK\$24,937,752,146, representing an increase of approximately 84.3% as compared with HK\$13,534,706,622 as at 31 March 2017. The Group had net assets of HK\$4,423,875,882, representing an increase of approximately 0.9% as compared with HK\$4,383,877,934 as at 31 March 2017.

For the three months ended 31 March 2018, the revenue from financial products and investments of the Group fluctuated drastically, as a result of the U.S. interest hike and other unfavourable factors. Looking ahead, the Group will continue to closely monitor the market and manage risks in a prudent manner. On the principles of risk prevention, the Group will timely adjust the investment portfolio and adopt risk hedging measures, to reduce the exposure to the change in interest rates and other external factors.



MANAGEMENT DISCUSSION AND ANALYSIS

Meanwhile, the Group will expand the core professional team, to timely leverage the major development opportunities arising from the PRC's Belt and Road Initiative, the mutual market access mechanism between the mainland and Hong Kong markets, and the reform of the Hong Kong stock market. It will continue to consolidate and promote the securities and futures brokerage business, and accelerate the development of the institutional sales and research business, which will also drive the corporate finance and assets management business. These will facilitate its goal of business diversification and mitigate the effect of external factors such as the economy and interest rate volatility, while improving returns for shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from (i) brokerage; (ii) loans and financing; (iii) investment banking; (iv) assets management; (v) financial products and investments.

	For the three months ended 31 March	
	2018 HK\$ (unaudited)	2017 HK\$ (unaudited)
Commission and fee income from brokerage services <i>(note)</i>	64,780,082	32,333,377
Interest income from loans and financing services	94,993,314	72,171,395
Commission and advisory fee from investment banking services	47,770,682	11,251,359
Management fee and advisory fee from asset management services	5,182,444	2,974,505
Income from financial products and investments	3,112,007	35,588,457
	215,838,529	154,319,093

Note: Such services include securities, futures and options and insurance brokerage services

In the first quarter of 2018, the growth in turnover of the Hong Kong stock market has powered the brokerage service business of the Group. As a result of the expectation of interest rate hike by the US Federal Reserve, the issue size of G3 currency bonds (in EUR, USD and JPY) in Hong Kong maintained steady growth. The bond issue and underwriting business of the Group continued to develop rapidly.



MANAGEMENT DISCUSSION AND ANALYSIS

During the period, the operating revenue of the Group was mainly comprised of the commission and fee income from brokerage services, the interest income from loans and financing services, and the commission and advisory fee from investment banking services. For the three months ended 31 March 2018, the Group completed 17 bond (including preference share) issue and underwriting projects, and helped raised approximately US\$621.0 million for clients. It submitted the application for one IPO project as the sponsor, and completed 2 IPO underwriting projects and 9 placing projects, with a total underwritten amount of approximately HK\$26.3 million and a total placing amount of approximately HK\$684.5 million respectively.

For the three months ended 31 March 2018, the commission and advisory fee from investment banking services increased by HK\$36,519,323 or 324.6% year-on-year, the commission and fee income from brokerage services grew by HK\$32,446,705 or 100.4% year-on-year, the management fee and advisory fee from asset management services went up by HK\$2,207,939 or 74.2% year-on-year, the interest income from loans and financing services climbed by HK\$22,821,919 or 31.6% year-on-year, and the income from financial products and investments declined by HK\$32,476,450 or 91.3%.

Profit for the period

For the three months ended 31 March 2018, the Group recorded a profit attributable to owners of the Company of HK\$56,602,981 (2017: HK\$50,172,305), representing a growth of HK\$6,430,676 or 12.8%. The increase was due to the remarkable development of investment banking services, brokerage services and asset management services.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the three months ended 31 March 2018, the Group financed its operations with cash flows from business operation and financing activities. As at 31 March 2018, the Group had net current assets of HK\$4,372,701,867 (31 March 2017: HK\$1,478,979,038), including bank balances of HK\$1,667,757,051 (31 March 2017: HK\$1,991,496,995). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.2 times as at 31 March 2018 (31 March 2017: 1.2 times).

As at 31 March 2018, the Group had total bank and other borrowings of HK\$8,510,369,782 (31 March 2017: HK\$5,283,433,034). As at 31 March 2018, the outstanding notes of the Group were HK\$62,781,600 (31 March 2017: Nil).

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to HK\$4,423,875,882 as at 31 March 2018 (31 March 2017: HK\$4,383,877,934).



MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE INFORMATION

As at 31 March 2018, the Group had 172 full-time employees (31 March 2017: 141 full-time employees), including the Directors. Total remuneration for the three months ended 31 March 2018 was HK\$53,574,339 (2017: HK\$43,761,772). Such increase was mainly due to the increase in staff salaries and bonus as a result of the reorganization of staff structure and increase in headcount.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and associated companies for the three months ended 31 March 2018.

INTEREST RATE RISKS

The interest rate risks of the Group mainly come from fixed-rate loans receivable and fixed-rate debt securities. For debt securities included in financial assets, the fair value measurement is subject to the market interest rate. The Group will timely adjust the investment portfolio according to changes in market conditions and adopt the US Treasury bond futures and other instruments to hedge against interest rate risks.

FOREIGN CURRENCY RISKS

The Group's exposure to foreign currency risks is primarily related to transactions denominated in a currency other than Hong Kong dollars. The Group's financial products and investments business primarily comprises investments in bonds and other fixed income products denominated in US dollars. The Group continuously monitors the exchange rate trend and adopts hedging measures when appropriate, so as to prevent significant foreign exchange risk arising from US dollar denominated monetary items.

CONTINGENT LIABILITIES

The Group did not have any material contingent liability in the three months ended 31 March 2018 and up to the date of this report.

EVENT AFTER THE REPORTING PERIOD

Up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that comes to the attention of the Directors after the reporting period.



OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2018, the interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) held by the Directors and the chief executives of the Company (the "Chief Executives") which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long position in ordinary shares of HK\$0.1 each of the Company

Name of Director	Capacity/Nature	No. of Shares held	Approximate percentage
Huang Yilin	Beneficiary of a trust	2,264,384	0.06%
Huang Jinguang	Beneficiary of a trust	9,263,389	0.23%
Wang Xiang	Beneficiary of a trust	8,131,197	0.20%
Zeng Yanxia	Beneficiary of a trust	7,204,858	0.18%

Save as disclosed above, as at 31 March 2018, none of the Directors or the Chief Executives had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.



OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

So far as the Directors and the Chief Executives are aware, as at 31 March 2018, the following persons/corporations (other than a Director or the chief executives of the Company) had interests or short positions in the Shares and the underlying Shares, which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Name	Nature of Interest	No. of Shares held	Approximate percentage of Shareholding
China Industrial Securities International Holdings Limited	Beneficial owner	2,061,519,644	51.54%
Industrial Securities (Hong Kong) Financial Holdings Limited (<i>Note 1</i>)	Interest of controlled corporation	2,061,519,644	51.54%
Industrial Securities Co., Ltd.* (<i>Note 2</i>)	Interest of controlled corporation	2,061,519,644	51.54%
Harvest Capital Management Co., Ltd (<i>Note 3</i>)	Investment manager	293,232,000	7.33%
Harvest Fund Management Co., Ltd. (<i>Note 3</i>)	Interest of controlled corporation	293,232,000	7.33%
China Credit Trust Co., Ltd. (<i>Note 3</i>)	Interest of controlled corporation	293,232,000	7.33%
Intelligence Creation International Limited (<i>Note 4</i>)	Settlor of a trust	287,988,473	7.20%
Equity Trustee Limited (<i>Note 5</i>)	Trustee	287,988,473	7.20%
Intelligence Creation Value Limited (<i>Note 6</i>)	Beneficial owner	287,988,473	7.20%
Hao Kang Financial Holdings (Group) Limited	Beneficial owner	205,853,089	5.15%
Apex Trade Holdings Limited	Interest of controlled corporation	205,853,089	5.15%
Chen Jiaquan (<i>Note 7</i>)	Interest of controlled corporation	205,853,089	5.15%
Yang Zhiying (<i>Note 8</i>)	Interest of spouse	205,853,089	5.15%



OTHER INFORMATION

Notes:

1. Industrial Securities (Hong Kong) Financial Holdings Limited holds the entire issued share capital of China Industrial Securities International Holdings Limited. Therefore, Industrial Securities (Hong Kong) Financial Holdings Limited is deemed or taken to be interested in all the Shares held by China Industrial Securities International Holdings Limited for the purposes of the SFO.
2. Industrial Securities Co., Ltd.* holds the entire issued share capital of Industrial Securities (Hong Kong) Financial Holdings Limited. Therefore, Industrial Securities Co., Ltd.* is deemed or taken to be interested in all our Shares held by Industrial Securities (Hong Kong) Financial Holdings Limited for the purposes of the SFO.
3. China Credit Trust Co., Ltd holds 40% of the entire issued share capital of Harvest Fund Management Co., Ltd., and Harvest Fund Management Co., Ltd. holds 75% of the entire issued share capital of Harvest Capital Management Co., Ltd. Therefore, China Credit Trust Co., Ltd and Harvest Fund Management Co., Ltd. are deemed or taken to be interested in all the Shares held by Harvest Capital Management Co., Ltd for the purposes of the SFO.
4. Intelligence Creation International Limited is the settlor of Intelligence Creation Trust.
5. Equity Trustee Limited holds the entire issued share capital of Intelligence Creation Value Limited as the trustee of the Intelligence Creation Trust.
6. Intelligence Creation Value Limited holds the Shares issued and allotted pursuant to the Employee Share Participation which is the trust assets of the Intelligence Creation Trust. For further details of the Intelligence Creation Trust, please refer to the paragraph headed "History, Reorganisation and Group Structure – Employee Share Participation Scheme" in the prospectus of the Company dated 30 September 2016.
7. Chen Jiaquan holds 70% of the total issued share capital of Apex Trade Holdings Limited and is the sole director of Hao Kang Financial Holdings (Group) Limited and therefore is deemed or taken to be interested in all the Shares held by Apex Trade Holdings Limited and Hao Kang Financial Holdings (Group) Limited for the purpose of the SFO.
8. Yang Zhiying is the spouse of Chen Jiaquan. Under the SFO, Yang Zhiying is deemed, or is taken to be, interested in all the Shares in which Chen Jiaquan is interested.

* For identification purposes only



OTHER INFORMATION

Save as disclosed above, as at 31 March 2018, the Company has not been notified by any persons, other than the Directors and the Chief Executives who had interests or short positions in the share or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2018.

COMPETING INTERESTS

Save for the continuing connected transactions as disclosed in the section headed "Relationship with the controlling shareholders" and "Connected transactions" in the prospectus of the Company dated 30 September 2016, none of the Directors or the controlling shareholders of the Company nor their respective close associates (as defined in the GEM Listing Rules) had any interest in business that competed or might compete with business of the Group during the three months ended 31 March 2018.

COMPLIANCE ADVISER'S INTERESTS

As at 31 March 2018, save and except for the compliance adviser's agreement entered into between the Company and Haitong International Capital Limited (the "Compliance Adviser") dated 8 June 2016, neither the Compliance Adviser, nor any of its directors, employees or close associates had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities).



OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the three months ended 31 March 2018.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 15 to the GEM Listing Rules during the three months ended 31 March 2018.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee comprises a non-executive Directors and two independent non-executive Directors, namely Mr. Huang Yilin, Ms. Hong Ying and Mr. Tian Li. The chairlady of the Audit Committee is Ms. Hong Ying.

The Group's unaudited condensed consolidated results for the three months ended 31 March 2018 have been reviewed by the Audit Committee, which was of the opinion that such results have complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements and that adequate disclosures have been made.

By Order of the Board
China Industrial Securities International Financial Group Limited
Yang Huahui
Chairman

Hong Kong, 3 May 2018

As at the date of this report, the Board comprises two non-executive Directors, namely Mr. Yang Huahui (Chairman) and Mr. Huang Yilin, three executive Directors, namely Mr. Huang Jinguang, Mr. Wang Xiang and Ms. Zeng Yanxia, and three independent non-executive Directors, namely Ms. Hong Ying, Mr. Tian Li and Mr. Qin Shuo.

