

INTERIM REPORT 2017



泛海控股  
OCEANWIDE HOLDINGS

 中国民生信托有限公司  
CHINA MINSHENG TRUST CO., LTD.

 亚太财险  
Asia-Pacific P&C

 民生证券  
MINSHENG SECURITIES

 MSF 民生金服  
MINSHENG FINANCIAL

 民生期货  
MINSHENG FUTURES

**CHINA OCEANWIDE  
INTERNATIONAL FINANCIAL LIMITED**

(formerly known as "Quam Limited")  
(Incorporated in Bermuda with limited liability)  
Stock Code: 00952



**中國泛海國際金融有限公司**  
CHINA OCEANWIDE INTERNATIONAL FINANCIAL LIMITED

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# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2017

	Notes	Six months ended 30 September 2017 HK\$'000 (Unaudited)	Six months ended 30 September 2016 HK\$'000 (Unaudited)
<b>Revenue</b>	4	<b>224,162</b>	184,550
Other operating income and gains less losses	5	<b>(3,846)</b>	541
Cost of services provided		<b>(89,031)</b>	(85,776)
Staff costs	7	<b>(64,053)</b>	(51,702)
Depreciation and amortisation expenses	7	<b>(4,312)</b>	(4,057)
Other operating expenses		<b>(31,355)</b>	(37,059)
Finance costs		<b>(6,621)</b>	(7,876)
Share of results of an associate		<b>2,207</b>	(797)
Share of results of joint ventures		<b>(1,177)</b>	886
<b>Profit/(Loss) before income tax</b>	7	<b>25,974</b>	(1,290)
Income tax (expense)/credit	8	<b>(4,522)</b>	267
<b>Profit/(Loss) for the period, attributable to owners of the Company</b>		<b>21,452</b>	(1,023)
<b>Other comprehensive income, including reclassification adjustments</b>			
Item that may be reclassified subsequently to profit or loss			
— Exchange gain/(loss) on translation of financial statements of foreign operations		<b>1,577</b>	(1,299)
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		<b>(433)</b>	1,566
— Surplus on revaluation of property, plant and equipment upon transfer to investment properties		<b>—</b>	5,255
<b>Other comprehensive income for the period, including reclassification adjustments and net of tax</b>		<b>1,144</b>	5,522
<b>Total comprehensive income for the period, attributable to owners of the Company</b>		<b>22,596</b>	4,499
		<b>HK cent(s)</b>	HK cent(s)
<b>Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company for the period</b>	10		
— Basic		<b>0.726</b>	(0.068)
— Diluted		<b>0.726</b>	(0.068)

# Condensed Consolidated Statement of Financial Position

As at 30 September 2017

	Notes	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	11,806	13,185
Investment properties	11	10,000	9,340
Goodwill		14,695	14,695
Development costs		4,609	5,356
Other intangible assets		1,729	2,023
Financial assets measured at fair value through other comprehensive income	12	13,407	13,840
Interest in an associate	13	49,846	42,096
Interests in joint ventures		41,746	41,344
Other assets	14	23,030	27,125
Loan receivables measured at amortised cost	16	452,083	—
Financial assets measured at fair value through profit or loss	17	156,148	—
Deposits for property, plant and equipment		1,355	—
Deferred tax assets		2,063	2,573
		<b>782,517</b>	<b>171,577</b>
<b>Current assets</b>			
Trade receivables	15	1,774,584	1,759,522
Loan receivables measured at amortised cost	16	39,838	—
Prepayments, deposits and other receivables		20,312	13,739
Financial assets measured at fair value through profit or loss	17	398,187	7,294
Tax recoverable		2,004	2,599
Trust time deposits held on behalf of clients		565,360	584,818
Trust bank balances held on behalf of clients		1,155,277	800,723
Cash and cash equivalents		3,812,778	63,230
		<b>7,768,340</b>	<b>3,231,925</b>

	Notes	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
<b>Current liabilities</b>			
Trade payables	18	2,295,517	2,298,790
Borrowings	19	469,782	476,334
Accruals and other payables		66,096	61,822
Tax payables		3,112	41
		<b>2,834,507</b>	2,836,987
<b>Net current assets</b>		<b>4,933,833</b>	394,938
<b>Net assets</b>		<b>5,716,350</b>	566,515
<b>EQUITY</b>			
<b>Equity attributable to Company's owners</b>			
Share capital	20	20,740	5,184
Reserves		5,695,610	561,331
<b>Total equity</b>		<b>5,716,350</b>	566,515

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2017

	Attributable to owners of the Company													Total HK\$'000 (Unaudited)
	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Awarded share reserve HK\$'000 (Unaudited)	Capital redemption reserve HK\$'000 (Unaudited)	Contributed surplus HK\$'000 (Unaudited)	Exchange reserve HK\$'000 (Unaudited)	Investment revaluation reserve HK\$'000 (Unaudited)	Property revaluation reserve HK\$'000 (Unaudited)	Shareholder's contribution HK\$'000 (Unaudited)	Shares held for Share Award Scheme HK\$'000 (Unaudited)	Share option reserve HK\$'000 (Unaudited)	Warrants reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	
<b>At 1 April 2017</b>	5,184	23,932	—	936	352,580	(2,119)	(11,616)	5,255	1,811	(805)	—	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)
<b>Transactions with owners</b>	15,556	5,111,689	—	—	—	—	—	—	—	—	—	(6)	—	5,127,239
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	—	21,452	21,452
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	—	—
— Exchange gain on translation of financial statements of foreign operations	—	—	—	—	—	1,577	—	—	—	—	—	—	—	1,577
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	—	—	—	—	(433)	—	—	—	—	—	—	(433)
<b>Total comprehensive income for the period</b>	—	—	—	—	—	1,577	(433)	—	—	—	—	—	21,452	22,596
Lapsed of warrants	—	—	—	—	—	—	—	—	—	—	—	(2)	2	—
<b>At 30 September 2017</b>	20,740	5,135,621	—	936	352,580	(542)	(12,048)	5,255	1,811	(805)	—	—	212,803	5,716,350

Attributable to owners of the Company

	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Awarded share reserve HK\$'000 (Unaudited)	Capital redemption reserve HK\$'000 (Unaudited)	Contributed surplus HK\$'000 (Unaudited)	Exchange reserve HK\$'000 (Unaudited)	Investment revaluation reserve HK\$'000 (Unaudited)	Property revaluation reserve HK\$'000 (Unaudited)	Shareholder's contribution HK\$'000 (Unaudited)	Shares held for Share Award Scheme HK\$'000 (Unaudited)	Share option reserve HK\$'000 (Unaudited)	Warrants reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>At 1 April 2016</b>	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)
Share Award Scheme arrangements	—	—	137	—	—	—	—	—	—	—	—	—	—	137
<b>Transactions with owners</b>	—	—	137	—	(7,557)	—	—	—	—	—	—	—	—	(7,420)
Loss for the period	—	—	—	—	—	—	—	—	—	—	—	—	(1,023)	(1,023)
Other comprehensive income														
— Exchange loss on translation of financial statements of foreign operations	—	—	—	—	—	(1,299)	—	—	—	—	—	—	—	(1,299)
— Surplus on revaluation of property, plant and equipment	—	—	—	—	—	—	—	5,255	—	—	—	—	—	5,255
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	—	—	—	—	1,566	—	—	—	—	—	—	1,566
<b>Total comprehensive income for the period</b>	—	—	—	—	—	(1,299)	1,566	5,255	—	—	—	—	(1,023)	4,499
<b>Transfer from share premium account</b>	—	(270,000)	—	—	270,000	—	—	—	—	—	—	—	—	—
<b>At 30 September 2016</b>	5,038	907	633	936	352,580	(874)	(9,018)	5,255	—	(1,993)	905	1,166	249,585	605,120

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2017

	Six months ended 30 September 2017 HK\$'000 (Unaudited)	Six months ended 30 September 2016 HK\$'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Profit/(Loss) before income tax	25,974	(1,290)
Adjustments for:		
Amortisation of development costs and other intangible assets	1,110	774
Changes in net assets attributable to other holders of a consolidated investment fund	6,972	—
Depreciation of property, plant and equipment	3,202	3,283
Dividend income	(493)	(1,200)
Gain on revaluation of investment properties	(660)	—
Impairment of trade receivables	15	6,934
Interest income from banks and other financial assets measured at amortised cost	(8,823)	(3,235)
Net losses on disposals of property, plant and equipment	1	101
Share awards expense	—	137
Share of results of an associate	(2,207)	797
Share of results of joint ventures	1,177	(886)
Operating profit before working capital changes	26,268	5,415
Decrease/(Increase) in other assets	4,095	(9,627)
(Increase)/Decrease in trade receivables, loan receivables, prepayments, deposits and other receivables	(513,462)	1,529
Increase in financial assets measured at fair value through profit or loss	(394,905)	(11,561)
Increase in trust time deposits and trust bank balances held on behalf of clients	(335,096)	(100,671)
(Decrease)/Increase in trade payables, accruals and other payables	(15,862)	152,350
Decrease in bank and other loans	(201,820)	(30,878)
Decrease in provision for professional service fee	—	(2,100)
Cash (used in)/generated from operations	(1,430,782)	4,457
Dividend paid	—	(7,557)
Income tax paid	(346)	—
Net cash used in operating activities	(1,431,128)	(3,100)

	<b>Six months ended 30 September 2017 HK\$'000 (Unaudited)</b>	Six months ended 30 September 2016 HK\$'000 (Unaudited)
<b>Cash flows from investing activities</b>		
Development costs capitalised and paid	—	(2,346)
Dividend received	493	1,200
Interest received from banks and other financial assets measured at amortised cost	8,823	3,863
Net cash inflow on consolidation of an investment fund	18,225	—
Net cash outflow on deconsolidation of an investment fund	(6,130)	(761)
Proceeds from disposals of property, plant and equipment	1	—
Proceeds from redemption of senior notes	—	15,517
Purchases of intangible assets	(69)	(544)
Purchases of property, plant and equipment	(3,171)	(4,076)
Subscription in an unlisted private equity fund	(156,148)	—
Net cash (used in)/generated from investing activities	<b>(137,976)</b>	12,853
<b>Cash flows from financing activities</b>		
Proceeds from collateralised borrowings	195,268	—
Payments on redemption of shares by other holders of a consolidated investment fund	(3,886)	—
Proceeds from shares issued under rights issue	5,133,190	—
Proceeds from shares issued upon exercise of Warrants	109	—
Transaction costs attributable to the issue of new shares	(6,060)	—
Net cash generated from financing activities	<b>5,318,621</b>	—
<b>Net increase in cash and cash equivalents</b>	<b>3,749,517</b>	9,753
Cash and cash equivalents at the beginning of the period	63,230	83,382
Effect of foreign exchange rate changes, on cash held	31	(10)
<b>Cash and cash equivalents at the end of the period</b>	<b>3,812,778</b>	93,125

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 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").

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 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
- 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 unaudited interim financial statements for the six months ended 30 September 2017 were approved for issue by the Board on 28 November 2017. These interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2017.

## 2. BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and complies with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and with applicable requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

## 3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation that have been used in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2017, except for the adoption of new and amended Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

During the interim period, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting period. The application of these new and amended HKFRSs has had no impact on the disclosures or on the amounts recognised in the Group's condensed consolidated interim financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4. REVENUE

	Six months ended 30 September 2017 HK\$'000 (Unaudited)	Six months ended 30 September 2016 HK\$'000 (Unaudited)
<b>Brokerage:</b>		
Commission on dealings in securities	38,798	22,557
Commission on dealings in futures and options contracts	65,386	72,865
Handling, custodian and other service fee income	8,337	7,200
	<b>112,521</b>	102,622
<b>Interest income:</b>		
Interest income from loans to margin clients	28,851	24,875
Interest income from banks and other financial institutions	5,395	2,375
Interest income from other loans and receivables	3,428	1,236
	<b>37,674</b>	28,486
<b>Corporate finance:</b>		
Placing and underwriting commission	150	14,301
Financial advisory fee income	37,839	18,437
	<b>37,989</b>	32,738
<b>Asset management:</b>		
Asset management and performance fee income	9,684	7,536
	<b>9,684</b>	7,536
<b>Investments and others:</b>		
Financial media service fee income	6,323	6,909
Net realised and unrealised gain on financial assets measured at fair value through profit or loss	19,478	5,059
Dividend income from financial assets measured at fair value through profit or loss	374	1,200
Dividend income from financial assets measured at fair value through other comprehensive income held at the end of the reporting period	119	—
	<b>26,294</b>	13,168
	<b>224,162</b>	184,550

## 5. OTHER OPERATING INCOME AND GAINS LESS LOSSES

	<b>Six months ended 30 September 2017 HK\$'000 (Unaudited)</b>	Six months ended 30 September 2016 HK\$'000 (Unaudited)
Changes in net asset value attributable to other holders of a consolidated investment fund	<b>(6,972)</b>	(2,051)
Exchange gains, net	<b>1,700</b>	611
Gain on revaluation of investment properties	<b>660</b>	—
Write-back of other payables	<b>—</b>	1,286
Sundry income	<b>766</b>	695
	<b>(3,846)</b>	541

## 6. SEGMENT INFORMATION

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

## 6. SEGMENT INFORMATION (CONTINUED)

- (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. During the six months ended 30 September 2017, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss. No operating segments identified have been aggregated in arriving at the reportable segments of the Group.

	Brokerage HK\$'000	Advisory HK\$'000	Asset management HK\$'000	Website management HK\$'000	Investments HK\$'000	Total HK\$'000
<b>Six months ended 30 September 2017 (Unaudited)</b>						
<b>Revenue</b>						
Revenue from external customers	147,725	37,839	9,684	6,323	22,591	224,162
Revenue from other segments	2,625	2,005	211	3,999	—	8,840
<b>Reportable segment revenue</b>	<b>150,350</b>	<b>39,844</b>	<b>9,895</b>	<b>10,322</b>	<b>22,591</b>	<b>233,002</b>
<b>Reportable segment result</b>	<b>811</b>	<b>23,341</b>	<b>(1,921)</b>	<b>(1,738)</b>	<b>14,341</b>	<b>34,834</b>
<b>30 September 2017 (Unaudited)</b>						
<b>Reportable segment assets</b>	<b>5,217,468</b>	<b>11,095</b>	<b>19,568</b>	<b>4,033</b>	<b>617,588</b>	<b>5,869,752</b>
<b>Reportable segment liabilities</b>	<b>2,456,373</b>	<b>1,500</b>	<b>3,596</b>	<b>9,722</b>	<b>195,268</b>	<b>2,666,459</b>

## 6. SEGMENT INFORMATION (CONTINUED)

	Brokerage HK\$'000	Advisory HK\$'000	Asset management HK\$'000	Website management HK\$'000	Investments HK\$'000	Total HK\$'000
<b>Six months ended 30 September 2016 (Unaudited)</b>						
<b>Revenue</b>						
Revenue from external customers	144,527	18,437	7,536	6,909	7,141	184,550
Revenue from other segments	—	130	322	3,178	—	3,630
<b>Reportable segment revenue</b>	<b>144,527</b>	<b>18,567</b>	<b>7,858</b>	<b>10,087</b>	<b>7,141</b>	<b>188,180</b>
<b>Reportable segment result</b>	<b>(3,322)</b>	<b>1,807</b>	<b>225</b>	<b>137</b>	<b>2,133</b>	<b>980</b>
<b>31 March 2017 (Audited)</b>						
<b>Reportable segment assets</b>	<b>3,243,468</b>	<b>5,302</b>	<b>8,663</b>	<b>4,204</b>	<b>63,230</b>	<b>3,324,867</b>
<b>Reportable segment liabilities</b>	<b>2,804,485</b>	<b>943</b>	<b>3,396</b>	<b>7,413</b>	<b>—</b>	<b>2,816,237</b>

The total of the Group's reportable segment result is reconciled to the Group's profit/(loss) before income tax as follows:

	<b>Six months ended 30 September 2017 HK\$'000 (Unaudited)</b>	Six months ended 30 September 2016 HK\$'000 (Unaudited)
Reportable segment result	<b>34,834</b>	980
Gain on revaluation of investment properties	<b>660</b>	—
Other operating income and gains	<b>2,842</b>	350
Share of results of joint ventures	<b>(1,177)</b>	886
Unallocated corporate expenses	<b>(11,185)</b>	(3,506)
Profit/(Loss) before income tax	<b>25,974</b>	(1,290)

Note:

Included in unallocated corporate expenses are HK\$6,127,000 (2016: Nil), representing compensation to certain employees under a phantom share scheme. Under a phantom share scheme adopted in August 2016, certain employees are entitled an awarded cash compensation, 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.

## 7. PROFIT/(LOSS) BEFORE INCOME TAX

	<b>Six months ended 30 September 2017 HK\$'000 (Unaudited)</b>	Six months ended 30 September 2016 HK\$'000 (Unaudited)
Profit/(Loss) before income tax is arrived at after charging/(crediting):		
Amortisation of development costs and other intangible assets	1,110	774
Depreciation of property, plant and equipment	3,202	3,283
	<b>4,312</b>	4,057
Impairment of trade receivables	15	6,934
Net losses on disposals of property, plant and equipment	1	101
Staff costs (including directors' emoluments)		
— Fees, salaries, allowances, bonuses and benefits in kind	59,761	50,477
— Share awards expense	—	137
— Retirement benefits scheme contributions	1,898	1,610
— Other staff benefits	2,394	1,428
Total staff costs	<b>64,053</b>	53,652
Less: Amount capitalised into development costs	—	(1,950)
Amount recognised in profit or loss	<b>64,053</b>	51,702

## 8. INCOME TAX (EXPENSE)/CREDIT

For the six months ended 30 September 2017 and 2016, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits for the respective periods.

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.

	<b>Six months ended 30 September 2017 HK\$'000 (Unaudited)</b>	Six months ended 30 September 2016 HK\$'000 (Unaudited)
Current tax — Hong Kong profits tax		
— Current period	<b>(4,012)</b>	(132)
— Under provision in respect of prior year	—	(1,018)
	<b>(4,012)</b>	(1,150)
Deferred tax		
— Origination and reversal of temporary differences	<b>(510)</b>	1,076
— Temporary differences previously not recognised	—	341
	<b>(510)</b>	1,417
Total income tax (expense)/credit	<b>(4,522)</b>	267

## 9. DIVIDENDS

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 September 2017 (2016: nil).

Dividend payable to owners of the Company attributable to the previous financial year:

	<b>Six months ended 30 September 2017 HK\$'000 (Unaudited)</b>	Six months ended 30 September 2016 HK\$'000 (Unaudited)
Final dividend declared, approved and paid for the year ended 31 March 2016 of HK0.5 cent per ordinary share	—	7,557

## 10. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of basic earnings per share for the six months ended 30 September 2017 is based on profit attributable to owners of the Company for the period of approximately HK\$21,452,000 (2016: loss of HK\$1,023,000) and on the weighted average number of ordinary shares in issue less any shares held for Share Award Scheme during the period of 2,955,854,263 (2016: 1,506,568,804).

## 10. EARNINGS/(LOSS) PER SHARE (CONTINUED)

### (b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share for the six months ended 30 September 2017 is based on profit attributable to owners of the Company for the period of approximately HK\$21,452,000 (2016: loss of HK\$1,023,000) and on the weighted average number of 2,955,860,157 (2016: 1,506,568,804) ordinary shares outstanding during the period, after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

	<b>Weighted average number of ordinary shares</b>	
	<b>Six months ended 30 September 2017 (Unaudited)</b>	Six months ended 30 September 2016 (Unaudited)
For purpose of basic earnings/(loss) per share	<b>2,955,854,263</b>	1,506,568,804
Effect of warrants	<b>5,894</b>	—
For the purpose of diluted earnings/(loss) per share	<b>2,955,860,157</b>	1,506,568,804

During the six months ended 30 September 2016, the Company had 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 had outstanding warrants during the six months ended 30 September 2017 and 30 September 2016 which were issued on 4 April 2014 with exercise price of HK\$0.50. The calculation of diluted loss per share for the six months ended 30 September 2016 did not assume an exercise of those share options and warrants and the vesting of share awards because it would result in a decrease in diluted loss per share.

## 11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property, plant and equipment						Total HK\$'000 (Unaudited)
	Leasehold land HK\$'000 (Unaudited)	Buildings HK\$'000 (Unaudited)	Leasehold improvements HK\$'000 (Unaudited)	Furniture, fixtures and equipment HK\$'000 (Unaudited)	Subtotal HK\$'000 (Unaudited)	Investment properties HK\$'000 (Unaudited)	
<b>Six months ended 30 September 2017</b>							
Opening net carrying amount	—	—	3,277	9,908	13,185	9,340	22,525
Additions	—	—	12	1,804	1,816	—	1,816
Disposals	—	—	—	(2)	(2)	—	(2)
Depreciation	—	—	(1,304)	(1,898)	(3,202)	—	(3,202)
Fair value change	—	—	—	—	—	660	660
Translation differences	—	—	—	9	9	—	9
Closing net carrying amount	—	—	1,985	9,821	11,806	10,000	21,806
<b>Six months ended 30 September 2016</b>							
Opening net carrying amount	2,210	543	3,339	11,153	17,245	—	17,245
Additions	—	—	2,089	2,316	4,405	—	4,405
Disposals	—	—	—	(101)	(101)	—	(101)
Depreciation	(1)	(7)	(1,279)	(1,996)	(3,283)	—	(3,283)
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	—
Translation differences	—	—	—	(7)	(7)	—	(7)
Closing net carrying amount	—	—	4,149	11,365	15,514	8,000	23,514

## 12. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>30 September 2017 HK\$'000 (Unaudited)</b>	31 March 2017 HK\$'000 (Audited)
Unlisted equity securities	<b>13,407</b>	13,840

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 15% (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 condensed consolidated statement of financial position and the related changes in fair value, which is recorded in the condensed consolidated statement of comprehensive income, is reasonable, and that is the most appropriate value at the reporting date.

## 13. INTEREST IN AN ASSOCIATE

	<b>30 September 2017 HK\$'000 (Unaudited)</b>	31 March 2017 HK\$'000 (Audited)
Share of net assets	<b>49,846</b>	42,096

In prior years, the Group incorporated Quam Funds SICAV ("SICAV"), an investment company organised under the laws of Grand Duchy of Luxembourg and launched the first sub-fund, namely, Quam Greater China UCITS Fund ("Greater China Fund"). During the six months ended 30 September 2017, the Group launched another sub-fund, known as Quam Dynamic Opp 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 will be segregated from one another and will be invested in accordance with the investment objectives and policies applicable to each sub-fund.

### 13. INTEREST IN AN ASSOCIATE (CONTINUED)

As at 31 March 2017, the percentage of interests 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 in accordance to HKFRSs. In June 2017, 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 obtained 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 interests in SICAV was diluted again to less than 50%. Because the Group as the investment manager of the investment fund 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 since then.

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 period. No goodwill nor gain or loss was recognised due to the changes in control over the above-mentioned investment fund during the period.

	<b>Recognised 06/2017 HK\$'000</b>	<b>Derecognised 09/2017 HK\$'000</b>
Financial assets measured at fair value through profit or loss	87,619	91,631
Prepayments, deposits and other receivables	1,189	1,080
Cash and cash equivalents	18,225	6,130
Accruals and other payables	(62,959)	(49,224)
Net assets	44,074	49,617
	<b>06/2017 HK\$'000</b>	<b>09/2017 HK\$'000</b>
Included in "Accruals and other payables" above is the following amount of third-party interests in Greater China Fund	45,265	48,351
Net cash inflow/(outflow) upon change of control	18,225	(6,130)

### 14. OTHER ASSETS

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

## 15. TRADE RECEIVABLES

	Notes	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
<i>Accounts receivable from dealings in securities, futures and options contracts</i>			
— Brokers and clearing houses	(a)	743,423	944,585
— Cash clients	(a)	8,628	9,867
— Margin clients	(b)	1,028,548	814,043
— Clients for subscription of securities	(a)	925	3,054
<i>Accounts receivable from asset management, advisory and other services</i>			
— Clients	(a)	13,572	8,471
		1,795,096	1,780,020
Less: Provision for impairment		(20,512)	(20,498)
	(c)	1,774,584	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 30 September 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 discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. As at 30 September 2017, the market value of securities pledged by margin clients to the Group as collateral was HK\$7,211,133,000 (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).

## 15. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

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

	<b>30 September 2017 HK\$'000 (Unaudited)</b>	31 March 2017 HK\$'000 (Audited)
Repayable on demand	1,016,367	801,371
0–30 days	753,609	955,699
31–60 days	1,374	512
61–90 days	2,292	90
91–180 days	339	135
181–360 days	8	160
Over 360 days	595	1,555
	<b>1,774,584</b>	<b>1,759,522</b>

## 16. LOAN RECEIVABLES MEASURED AT AMORTISED COST

	Notes	<b>30 September 2017 HK\$'000 (Unaudited)</b>	31 March 2017 HK\$'000 (Audited)
<i>Loan receivables from money lending services</i>			
— Secured	(a)	491,921	—
— Unsecured	(b)	43	43
		<b>491,964</b>	<b>43</b>
Less: Provision for impairment		<b>(43)</b>	<b>(43)</b>
		<b>491,921</b>	<b>—</b>
Non-current		<b>452,083</b>	<b>—</b>
Current		<b>39,838</b>	<b>—</b>
		<b>491,921</b>	<b>—</b>

Notes:

- (a) The amount of HK\$39,838,000 (31 March 2017: Nil) bears interest at 5.5% (31 March 2017: not applicable) per annum and is repayable in January 2018. The remaining balance of HK\$452,083,000 (31 March 2017: Nil) bears interest at 5.0% per annum and is repayable in August 2019 (31 March 2017: not applicable).
- (b) The amount of HK\$43,000 (31 March 2017: HK\$43,000) bears interest at 5.0% (31 March 2017: 5.0%) per annum and is repayable on demand.

## 17. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Listed equity securities		389,409	11
Unlisted mutual funds	(a)	8,778	7,283
Unlisted private equity funds	(b)	156,148	—
		<b>554,335</b>	7,294
Non-current		156,148	—
Current		398,187	7,294
		<b>554,335</b>	7,294

Notes:

- (a) Pursuant to the subscription agreements, the Group's interests in the above mutual funds are in the form of redeemable shares, which are puttable at the holder's option and entitle the Group to a proportionate stake in the respective funds' net assets. These mutual funds are managed by the respective investment managers who are empowered to manage their daily operations and apply various investment strategies to accomplish their respective investment objectives.

The Group served as an investment manager for these mutual funds 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 funds in which it holds an interest.

- (b) In September 2017, the Group had committed to invest US\$20 million in Oceanwide Pioneer Limited Partnership (the "Fund"). Following the acceptance of the subscription agreement by the general partner, the Group was admitted as a limited partner in the Fund. As at 30 September 2017, the Group had contributed US\$20 million to the Fund.

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 and 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 does not consolidated the Fund in which it holds an interest.

## 18. TRADE PAYABLES

	Notes	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
<i>Accounts payable from dealings in securities, futures and options contracts</i>			
— Brokers and clearing house	(a)	90,102	73,538
— Cash clients	(a)	687,049	726,569
— Margin clients	(b)	1,514,961	1,497,414
<i>Accounts payable from financial information and other services</i>			
— Clients	(c)	3,405	1,269
		<b>2,295,517</b>	<b>2,298,790</b>

Notes:

- 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).
- 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.
- 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:

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Within 180 days	3,292	1,262
Over 180 days	113	7
	<b>3,405</b>	<b>1,269</b>

## 19. BORROWINGS

	<b>30 September 2017 HK\$'000 (Unaudited)</b>	31 March 2017 HK\$'000 (Audited)
Bank loans		
— Secured (note (a))	<b>138,000</b>	374,527
Note payables		
— Unsecured (note (b))	—	101,807
Other loans		
— Secured (note (c))	<b>195,268</b>	—
— Unsecured (note (d))	<b>136,514</b>	—
	<b>469,782</b>	476,334
Less: Portion due within one year or repayable on demand included under current liabilities	<b>(469,782)</b>	(476,334)
Non-current portion included under non- current liabilities	—	—

At the reporting date, based on the scheduled repayment dates set out in the respective agreements, the borrowings were repayable as follows:

	<b>Bank loans</b>		<b>Note payables</b>		<b>Other loans</b>	
	<b>30 September 2017 HK\$'000 (Unaudited)</b>	31 March 2017 HK\$'000 (Audited)	<b>30 September 2017 HK\$'000 (Unaudited)</b>	31 March 2017 HK\$'000 (Audited)	<b>30 September 2017 HK\$'000 (Unaudited)</b>	31 March 2017 HK\$'000 (Audited)
Within 1 year	<b>138,000</b>	374,527	—	101,807	<b>136,514</b>	—
Between 1 to 2 years	—	—	—	—	—	—
Between 2 to 5 years	—	—	—	—	<b>195,268</b>	—
	<b>138,000</b>	374,527	—	101,807	<b>331,782</b>	—

## 19. BORROWINGS (CONTINUED)

Notes:

- (a) Bank loans of HK\$138,000,000 (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\$453,314,000 (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.
- (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.
- (c) The loans were obtained through a repurchase agreement. Under the agreement, the Group sold US\$50,000,000 non-cumulative perpetual offshore preference shares issued by Postal Savings Bank of China Co., Ltd. ("Transferred Securities") to the buyer on 27 September 2017 at the purchase price of US\$25,000,000 and the Group agreed to repurchase the Transferred Securities on the scheduled repurchase date of 27 September 2020 for a consideration equal to the purchase price and an amount representing the product of the purchase price and 1 month USD LIBOR plus 1.4% per annum. As the Group retained substantially the risks and rewards of ownership of the Transferred Securities, this transaction is accounted for as a financing arrangement to the Group with the Transferred Securities as collateral. The Group continued to recognise the Transferred Securities, which were included under "Financial assets measured at fair value through profit or loss" as "Listed equity securities" and recognised the consideration received on transfer as "Other loans".

In addition, the repurchase agreement contains clauses which give the right the buyer to require to the Group to repurchase the Transferred Securities before the scheduled repurchase date. Accordingly, the loans are classified under current liabilities though these are not expected to be settled within one year.

- (d) These loans were repayable within 6 months from the respective drawdown dates.

## 20. SHARE CAPITAL

	<b>Number of ordinary shares of HK one third of one cent each (Unaudited)</b>	<b>HK\$'000 (Unaudited)</b>
<i>Authorised</i>		
<b>At 1 April 2016, 30 September 2016, 1 April 2017 and 30 September 2017</b>	30,000,000,000	100,000
<i>Issued and fully paid</i>		
<b>At 1 April 2017</b>	1,555,294,705	5,184
Exercise of warrants (note (a))	217,600	1
Issue of shares under rights issue (note (b))	4,666,536,915	15,555
<b>At 30 September 2017</b>	6,222,049,220	20,740
<b>At 1 April 2016 and 30 September 2016</b>	1,511,331,159	5,038

Notes:

- (a) 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 six months ended 30 September 2017.
- (b) 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.

## 21. RELATED PARTY TRANSACTIONS

	Six months ended 30 September 2017 HK\$'000 (Unaudited)	Six months ended 30 September 2016 HK\$'000 (Unaudited)
<b>Related companies</b>		
CMBC International Holdings Limited ("CMBCI"), a company in which Mr. LU Zhiqiang, the ultimate controlling shareholder of the Company, is also a director of the parent company of CMBCI — Commission income on securities and futures dealing	63	—
China Minsheng Bank Corp., Ltd. ("CMBC"), a company in which Mr. LU Zhiqiang, the ultimate controlling shareholder of the Company, is also a director of the parent company of CMBC — Interest Income	109	—
<b>An associate</b>		
Greater China Fund — Asset management fee income	197	—
<b>Fellow Subsidiaries</b>		
China Oceanwide Holdings Limited — Advisory fee income	100	—
Oceanwide Holdings International 2017 Co. Ltd. — Commission income	117	—
<b>Directors</b>		
Mr. Bernard POULIOT — Commission income on securities and futures dealing	198	119
— Interest income from margin financing	33	262
— Interest paid/payable (note)	(7)	(321)
Mr. Kenneth LAM Kin Hing — Commission income on securities and futures dealing	55	18
— Interest income from margin financing	6	—
— Motor vehicle expense	(126)	(126)
— Interest paid/payable (note)	(32)	(1,443)
Mr. Richard David WINTER — Commission income on securities and futures dealing	—	1

## 21. RELATED PARTY TRANSACTIONS (CONTINUED)

	<b>Six months ended 30 September 2017 HK\$'000 (Unaudited)</b>	Six months ended 30 September 2016 HK\$'000 (Unaudited)
<b>Close family members of the Directors</b>		
Ms. Elizabeth CHAN Wai Yin, spouse of Mr. Bernard POULIOT — Commission income on securities and futures dealing	2	—
Mr. Stefan Andre POULIOT, son of Mr. Bernard POULIOT — Commission income on securities and futures dealing	9	4
Mrs. CHAN CHAN Yeuk Lan, mother-in-law of Mr. Bernard POULIOT — Commission income on securities and futures dealing	13	8
Ms. Mona KWOK Ka Wai, spouse of Mr. Kenneth LAM Kin Hing — Commission income on securities and futures dealing	2	1

## Note:

Interest of HK\$7,000 (2016: HK\$321,000) and HK\$32,000 (2016: HK\$1,443,000) paid/payable to Mr. Bernard POULIOT and Mr. Kenneth LAM Kin Hing, respectively, was in connection with notes held by them during the period. 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.

## 21. RELATED PARTY TRANSACTIONS (CONTINUED)

### Compensation of key management personnel

Included in staff costs are key management personnel compensation and comprises the following categories:

	<b>Six months ended 30 September 2017 HK\$'000 (Unaudited)</b>	Six months ended 30 September 2016 HK\$'000 (Unaudited)
Short-term employee benefits	<b>5,961</b>	6,538
Post-employment benefits	<b>18</b>	27
	<b>5,979</b>	6,565

## 22. 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 measurements 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).

## 22. FAIR VALUE MEASUREMENT (CONTINUED)

### (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 condensed 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
<b>At 30 September 2017 (Unaudited)</b>				
Financial assets measured at fair value through profit or loss				
— Listed equity securities (note (i))	389,409	—	—	389,409
— Unlisted mutual funds (note (ii))	—	8,778	—	8,778
— Unlisted private equity funds (note (ii))	—	—	156,148	156,148
Financial assets measured at fair value through other comprehensive income				
— Unlisted equity securities (note (iii))	—	—	13,407	13,407
	<b>389,409</b>	<b>8,778</b>	<b>169,555</b>	<b>567,742</b>
<b>At 31 March 2017 (Audited)</b>				
Financial assets measured at fair value through profit or loss				
— Listed equity securities (note (i))	11	—	—	11
— Unlisted mutual funds (note (ii))	—	7,283	—	7,283
Financial assets measured at fair value through other comprehensive income				
— Unlisted equity securities (note (iii))	—	—	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 reporting period (2016: Nil). 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.

## 22. FAIR VALUE MEASUREMENT (CONTINUED)

### (a) Fair value of financial instruments measured at fair value (Continued)

Notes:

- (i) The fair value of the listed 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 investment funds has been determined with reference to the fair value of the underlying assets and liabilities of investment funds at the reporting date.
- (iii) The fair value of the unlisted equity securities classified under financial assets measured at fair value through other comprehensive income has been determined by independent qualified valuers or the finance manager using the discounted cash flow valuation technique. The movement of these financial instruments is as follows:

	<b>2017</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2016 HK\$'000 (Unaudited)
At 1 April	<b>13,840</b>	15,380
Fair value changes recognised in other comprehensive income	<b>(433)</b>	1,566
At 30 September	<b>13,407</b>	16,946

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.

The valuations are based on the following significant unobservable inputs:

	<b>30 September</b> <b>2017</b> <b>(Unaudited)</b>	31 March 2017 (Audited)
Discount for lack of marketability	<b>25%</b>	25%
Discount for lack of control	<b>10%</b>	10%
Weighted average cost of capital	<b>15%</b>	15%
Long-term revenue growth rate	<b>3%</b>	3%

## 22. FAIR VALUE MEASUREMENT (CONTINUED)

### (a) Fair value of financial instruments measured at fair value (Continued)

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.

### (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.

### (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 reporting period (2016: not applicable). 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 30 September 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 was 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.

## 23. CAPITAL COMMITMENTS

At the reporting date, the Group had capital commitment in respect of property, plant and equipment of HK\$1,730,000 (31 March 2017: Nil).

## 24. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to the current interim period presentation.

# Management Discussion and Analysis

## RESULTS AND OVERVIEW

For the period from 1 April 2017 to 30 September 2017 (the “Current Period”), the Group returned to be profitable from a previously loss-making situation and reports an after tax profit of roughly HK\$21,452,000 (2016: loss of HK\$1,023,000). The revenue of the Group has increased by 21% to HK\$224,162,000 in the Current Period (2016: HK\$184,550,000).

The Board resolved not to declare the payment of an interim dividend for the Current Period.

## MACRO REVIEW

### Macro environment

During the Current Period, the global economy gained further momentum and had been stronger than expected, driven by the Euro zone and Asian countries as revealed in a recent International Monetary Fund (“IMF”) report. As a result, IMF has also raised its global growth forecast to 3.6% for 2017 compared to 3.2% in 2016. Having the encouraging backdrop, the investment community had been accommodating well ahead of the US Fed tapering measures. Led by a resilient US equity market, most major stock markets registered decent gain during the period, despite the strength in Euro and Renminbi against the US Dollars.

Furthermore, the Chinese economy had been holding up well with third-quarter GDP growth being 6.8% as the economy is going through structural changes. The Government’s effort in the supply-side reform is evidenced with a higher utilization rate of industrial capacity, reaching 76.6% for the first three quarters ended September, up 3.5 percentage points over the same period last year. China’s inflation rate also recovered from a two-year low of 0.8% in early 2017 to 1.6% in September, contributed mainly by price increase in non-food items. Growth in retail sales had been hovering around the 10% level most of the time since 2016 indicates a healthy domestic market. Export numbers had been stabilizing and seeing mild growth over the same period last year. Overall, the country’s economy is pointing towards a steady recovery.

### Hong Kong Stock Market

For the Current Period, the Hang Seng Index has mainly in the upward trend and fluctuated between 24,000 and 28,000. The Hang Seng Index recorded 27,554.30 at the last trading day of September 2017, which represents a year-on-year increase of 18.3% from 23,297.15 at the last trading day of September 2016 and an increase of 25.2% over 22,000.56 at the last trading day in December 2016. For the nine months ending September 2017, the market sentiment has been very optimistic, the average daily turnover of the secondary market of Hong Kong stock market surged to HK\$82.0 billion, which represents a year-on-year increase of 21% from approximately HK\$67.8 billion for the same period last year. As at 30 September 2017, the total Hong Kong stock market capitalisation reached HK\$31,412.4 billion, which represents a growth of 23% from HK\$25,595.0 billion as at 30 September 2016. For the nine months ending September 2017, in the primary market of Hong Kong, there were 114 newly listed companies, which represents a year-on-year increase of 52% from 75 for the same period of last year. Total funds raised through IPOs for the nine months ending September 2017 were HK\$85.7 billion, which accounts for a year-on-year drop of 37.0% from HK\$135.9 billion for the same period of last year.

## BUSINESS REVIEW

The Group has a significant increase in our capital base after a roughly HK\$5.1 billion rights issue in August 2017. Since then, the Group has started to deploy such capital into a series of significant transactions in a bid to create higher profit and to provide a better return to our shareholders. Out of them, several transactions were disclosed during the Current Period, such as the HK\$500,000,000 lending through a syndicate in August, US\$20,000,000 investment in a private equity fund and US\$50,000,000 investment in the preference shares of Postal Savings Bank of China Co., Ltd. in September 2017. As the Current Period ended only roughly 1.5 months after the rights issue, the impact of the above-mentioned transactions on the bottom line of this interim report is still limited.

The Company has changed its name from Quam Limited to China Oceanwide International Financial Limited in August 2017 and marked a new era of the Company. The Company has also changed its financial year end from March to December and the next annual report of the Company will cover only nine months from April 2017 to December 2017.

## FINANCIAL REVIEW

### Brokerage business

Total revenue from brokerage business recorded around HK\$112,521,000, which represents a year-on-year increase of 10% from around HK\$102,622,000 in the same period last year.

Commission on Securities Trading recorded around HK\$38,798,000 in the Current Period, which represents a year-on-year growth of 72% from around HK\$22,557,000 in the same period 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 ("HKEx"). Commission on Futures and Options Trading recorded around HK\$65,386,000 in the Current Period, which represents a year-on-year drop of 10% from around HK\$72,865,000 in the same period last year. The drop is mainly due to a slight decline in the number of transactions conducted by our clients. Handling, custodian and other service fee income recorded around HK\$8,337,000, which represents a year-on-year increase of 16% from around HK\$7,200,000 in the same period last year.

### Interest Income business

Interest income from loans to margin clients recorded around HK\$28,851,000, which represents a year-on-year increase of 16% from around HK\$24,875,000 in the same period last year. The increase is mainly due to the increase in average loan balance (settlement date basis) of 24% to HK\$851,000,000 for the Current Period. The Group had about HK\$903,000,000 of the margin loans outstanding (settlement date basis) as at 30 September 2017. Interest income from bank and other financial institutions recorded around HK\$5,395,000 for the Current Period, which represents a year-on-year increase of 127% from around HK\$2,375,000 in the same period last year. Such increase is mainly due to bank interest arising from the significant rights issue proceed from August 2017. Interest income from other loans and receivables recorded around HK\$3,428,000 for the Current Period, which represents a year-on-year increase of 177% from around HK\$1,236,000 in the same period last year. The increase arises mainly in our HK\$500,000,000 participation in the Huge Group syndicated loan in August 2017. The Group had about HK\$491,921,000 of loan receivables outstanding as at 30 September 2017.

### Corporate Finance business

Total revenue from corporate finance business recorded around HK\$37,989,000 for the Current Period, which represents a year-on-year increase of 16% from around HK\$32,738,000 in the same period last year. Commission income (from placing, underwriting and sub-underwriting deals) recorded around HK\$150,000 in the Current Period, which represents a year-on-year drop of 99% from around HK\$14,301,000 in the same period last year. Fee income (from sponsorship, financial advisory, compliance advisory engagements) recorded around HK\$37,839,000 for the Current Period, which represents a year-on-year increase of 105% from around HK\$18,437,000 in the same period last year. The increase is due mainly to a higher average fee per project. A total of 12 (2016: 23) transactions were signed, 3 (2016: 11) were placing, underwriting and sub-underwriting transactions, 3 (2016: 2) were IPO sponsorships, 4 (2016: 9) were financial advisory transactions and 2 (2016: 1) were other mandates.

### Asset Management business

Total revenue from asset management business recorded around HK\$9,684,000 for the Current Period, which represents a year-on-year increase of 29% from around HK\$7,536,000 in the same period last year. The increase is mainly arising from the increase of performance fee out of our delivery of good investment return on Quam China Focus Segregated Portfolio (QCF) and the discretionary accounts. Our asset management business now includes managing QCF, a private fund registered in Cayman, Quam Greater China UCITS fund (Quam UCITS fund), a European public fund registered in Luxembourg and various discretionary accounts. The Asset Under Management (AUM) was US\$104,000,000 as at 30 September 2017, which represents a drop of 3% from around US\$107,000,000 as at 31 March 2017.

### Investments and others business

Total revenue from investments and others business recorded around HK\$26,294,000 for the Current Period, which represents a year-on-year increase of 100% from around HK\$13,168,000 in the same period last year. The increase is mainly due to short term investment gain in our proprietary investment in equity as well as the fair value gain on our seeding in the two above-mentioned funds. Financial media service fee income recorded around HK\$6,323,000, which represents a slight year-on-year drop of 8% from around HK\$6,909,000 in the same period last year.

### Expenses

Cost of service recorded around HK\$89,031,000 for the Current Period, which represents a year-on-year increase of 4% from around HK\$85,776,000 in the same period last year. The increase is mainly arising from the increase in revenue from brokerage business. Staff costs recorded around HK\$64,053,000 for the Current Period, which represents a year-on-year increase of 24% from around HK\$51,702,000 in the same period last year. The increase is mainly arising from the one-off HK\$6,127,000 cost in retaining senior management staff over the transition period in relation to the Oceanwide's acquisition early this year and a moderate increase in headcount and salary level. Other operating expenses recorded around HK\$31,355,000 for the Current Period, which represents a year-on-year drop of 15% from around HK\$37,059,000 in the same period last year. The decrease is due mainly to the Group does not need to make any provision for accounts receivable in the Current Period.

## CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow as well 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 issuance of debt instruments. The note instrument issued in April 2014 to the principal amount of HK\$100,229,000 was fully redeemed at maturity in April 2017. All funds raised were mainly applied as working capital for the Group's business, for provision of financing (including margin loans and investments), as well as to ensure liquidity for our trading and underwriting activities.

As at 30 September 2017, the Group had available aggregate banking facilities of approximately HK\$1,284,400,000 (31 March 2017: HK\$1,244,400,000), mostly secured through legal charges on certain securities owned by the Group's margin and money lending clients. As at 30 September 2017, approximately HK\$138,000,000 (31 March 2017: HK\$374,527,000) of these banking facilities were utilised.

The Group's cash and short term deposits as at 30 September 2017 stood at approximately HK\$3,812,778,000 (31 March 2017: HK\$63,230,000).

The Group's gearing ratio was 8% as at 30 September 2017 (31 March 2017: 84%), being calculated as borrowings over net assets. The borrowings are attributable mainly to the facilitation of securities margin lending 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\$5,127,131,000. As at 30 September 2017, out of the net proceeds, approximately HK\$1,826,000,000 has been applied as its intended use as stated in the prospectus of the right issue dated 14 July 2017. The Group will report the application of the remaining balance of HK\$3,301,131,000 in the near future. The Group had utilised the net proceeds of the rights issue as follows:

- (i) Approximately HK\$1,670,000,000 used in capital injection to our operating subsidiary in securities brokerage business; and
- (ii) Approximately HK\$156,000,000 used in seed money in new fund launched to develop its asset management business.

### PROSPECTS

The capital base of the Group has increased significantly after the completion of the rights issue in August 2017. This has enabled the Group to undertake a larger volume of business. As can be seen from the results of the Group for the six months ended 30 September 2017, the benefits from the increased capital base is starting to become evident. The collaboration with the Oceanwide Group has also facilitated the growth of the Group during the Current Period. It is expected that business opportunities from such collaboration will substantially increase following the approval of the framework services agreements with China Oceanwide Holdings Limited, Oceanwide Holdings Co., Ltd. and Tohigh Holdings Co., Ltd.

The Group has continued to increase its loan (including margin loans) and investment portfolios subsequent to the Current Period, including the announced HK\$290,000,000 loan facility provided to an independent third party in October and the subscription of US\$120,000,000 of unsecured, guaranteed senior notes issued by a subsidiary of Oceanwide Holdings Co., Ltd. The Group will cautiously increase its proprietary investments, on the one hand to capture short term market opportunities that may arise from time to time, and on the other hand to provide stable revenue stream by investing in longer term fixed income products. The Group will continue to develop its securities brokerage business and increase its market share in secondary market trading. The increase in investments and brokerage activities has created synergy with the Group's corporate finance business, generating much more activities in the financial advisory and capital markets segments.

In a bid to attract AUM and increase the revenue of the asset management business, the Group will proceed with seeding our own funds to ramp up the scale of the funds, coupled with a good investment track record and services.

The Group will continue to assess its financial position and look for opportunities to strengthen its balance sheet to support its development in various areas and to capture acquisition/investment opportunities that would enhance shareholders' value.

## OTHER INFORMATION

### Material Acquisitions, disposals and significant investments

For the Current Period, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. As at 30 September 2017, the Group did not hold any significant investments.

### Charge on the Group's assets

No asset of the Group was subject to any charge as at 30 September 2017 and 31 March 2017.

### Capital commitment

Details of capital commitment of the Group are set out in note 23 to the interim financial statements.

### Employees and remuneration policies

As of 30 September 2017, the Group had 178 full time employees and 3 part time employees in Hong Kong (2016: 167 full time employees and 1 part time employee in Hong Kong), together with 39 full time employees based in the Mainland China (2016: 45 full time employees based in the Mainland China). In addition, the Group has 119 commission sales representatives (2016: 134). The total headcount of the Group as at 30 September 2017 is 339 (2016: 347). Competitive total remuneration packages are offered to employees by reference to 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 a 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 outside parties annually 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 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 reporting 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 reviews regularly lending limits on individual stocks and/or for 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 firm'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 for raising capital whenever justified by the business operations growth. Even 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 asset. 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 the importance of monitoring the quality of client exposure.

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 on 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 the regulated businesses, we endeavor 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 scrutinises our internal control processes to reduce the legal and regulatory risk that can impact the Group's operation.

## Additional Information

### INTERIM DIVIDEND

The Board of the Company (the “Board”) has resolved not to declare an interim dividend in respect of the six months ended 30 September 2017 (2016: Nil).

### CHANGE OF COMPANY NAME

Subsequent to the approval of the change of company name by the shareholders of the Company by way of poll at the special general meeting held on 29 June 2017, the Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 21 July 2017, certifying the change of English name of the Company from “Quam Limited” to “China Oceanwide International Financial Limited” and the adoption of 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 purpose only.

The Registrar of Companies in Hong Kong issued the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company on 3 August 2017 certifying the registration of the Company’s new English and Chinese names of “China Oceanwide International Financial Limited” and “中國泛海國際金融有限公司” respectively in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The Company believes that the new English and Chinese names of the Company provide the Company with a better identification and strengthen the Company’s corporate image.

## DIRECTORS' INTERESTS

As at 30 September 2017, the interests and short positions of the director of the Company (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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### Long Position

Name of Directors	Capacity	Total interests	Approximate percentage of total interests in the shares in issue (Note)
Mr. Bernard POULIOT	Beneficial Owner	40,122,666	0.64%
Mr. Kenneth LAM Kin Hing	Beneficial Owner	113,022,833	1.81%

Note: 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 30 September 2017.

Save as disclosed above, as at 30 September 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 30 September 2017, so far as were known to the Directors, the following persons (other than the Directors) who had interests or 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

Name of Shareholders	Capacity	Number of Shares	Approximate percentage of total interests in the shares in issue (Note 6)
LU Zhiqiang	Interest of controlled corporations	4,495,254,732 (Note 1)	72.24%
HUANG Qiongzhi	Interest of controlled corporations	4,495,254,732 (Note 1)	72.24%
Tohigh Holdings Co., Ltd.*	Interest of controlled corporations	4,495,254,732 (Note 2)	72.24%
Oceanwide Group Co., Ltd.*	Interest of controlled corporations	4,495,254,732 (Note 3)	72.24%
China Oceanwide Holdings Group Co., Ltd.*	Interest of controlled corporations	4,495,254,732 (Note 4)	72.24%
Oceanwide Holdings Co., Ltd.*	Interest of controlled corporations	4,495,254,732 (Note 5)	72.24%
China Oceanwide Group Limited	Interest of controlled corporations	4,495,254,732 (Note 5)	72.24%
Oceanwide Holdings International Financial Development Co., Ltd	Beneficial owner	4,495,254,732 (Note 5)	72.24%

Notes:

- Mr. LU Zhiqiang (盧志強) and Ms. HUANG Qiongzhi (黃瓊姿) (spouse of Mr. LU Zhiqiang (盧志強)) 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 Zhiqiang (盧志強) and Ms. HUANG Qiongzhi (黃瓊姿) are deemed to be interested in all the shares of the Company (the "Shares") in which Tohigh Holdings Co., Ltd.\* (通海控股有限公司) is interested.
- 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 69.24% interest in the issued share capital of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司). 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).
5. Oceanwide Holdings International Financial Development Co., Ltd. is a wholly-owned subsidiary of China Oceanwide Group Limited, which in turn is a wholly owned subsidiary of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司). By virtue of the SFO, China Oceanwide Group Limited and Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司) are deemed to be interested in 4,495,254,732 Shares.
6. The approximate percentage shown was the number of securities the relevant person was interested expressed as a percentage of the number of issued shares as at 30 September 2017.
7. 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 “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 (the “Subscription Shares”) 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 30 September 2017, so far as the Directors are aware, CMBCI and the Co-Investors ceased to have any interests in the Shares.

Save as disclosed above, as at 30 September 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.

## SHARE OPTION SCHEME

The Company operates a share option scheme, which is an employee share option scheme adopted on 30 September 2002 (the “Share Option Scheme”), for the purposes of providing incentives and rewards to eligible participants who contribute to the success of the operations of the Group. The Share Option Scheme has already been expired on 29 September 2012. Despite the fact that no further options may be granted under the Share Option Scheme, all other provisions shall remain in force to govern all the outstanding options previously granted until the end of the respective exercise periods. For the details of the Share Option Scheme, please refer to the Annual Report 2017 of the Company.

\* For identification purpose only

As a result of the unconditional mandatory cash offers made by UOB Kay Hian (Hong Kong) Limited and Haitong International Securities Company Limited for and on behalf of Oceanwide Holdings International Financial Development Co., Ltd for all the issued shares in the Company and for the cancellation of all outstanding options of the Company (which arose from the Change of Control Transaction (as explained herebelow)), which was completed on 23 February 2017, a total of 2,966,302 share options, which represents the full acceptance of the option offer by the optionholders were received. All the share options under the Share Option Scheme were cancelled.

On 28 October 2016, Oceanwide Holdings International Financial Development Co., Ltd (the "Oceanwide Holdings IF") entered into a sale and purchase agreement with Mr. Bernard POULIOT, Newer Challenge Holdings Limited, Porto Global Limited, Mr. Kenneth LAM Kin Hing, Olympian Asian Limited and Mr. Richard David WINTER (together, the "Sellers"), pursuant to which the Sellers agreed to sell and Oceanwide Holdings IF agreed to purchase in aggregate approximately 51% of the entire issued share capital of the Company (on a fully diluted basis) (the "Change of Control Transaction").

Save as disclosed above, at no time during the six months ended 30 September 2017 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 the shares in or debentures of the Company or any other body corporate.

## 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.

As at 30 September 2017, there is no awarded shares outstanding and there is 2,162,002 returned shares under the Shares Award Scheme which is still available for further allocation. The Share Award Scheme should be retained until expiry of trust period or until informed by the Company.

## 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 of the Company 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. Pursuant to the terms of warrants instrument, all the outstanding unlisted warrants were lapsed on 7 April 2017.

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

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

Name of Director	Details of Change
Mr. ZHANG Bo	— the salary (excluding discretionary bonus) is changed to HK\$235,000 per month with effect from 19 October 2017 determined upon negotiation between Mr. ZHANG and the Company at arm's length on the basis of his previous experience, professional qualification, responsibility to be involved in the Company and the amount of time devoted to the Company's business as well as the prevailing market conditions.
Mr. ZHANG Xifang	— Appointed as an executive director of China Oceanwide Holdings Limited, a company listed in Hong Kong, on 15 August 2017.

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

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 September 2017, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in 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.

Having made specific enquiry of all the Directors, all of them confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 September 2017.

## CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the principles and complied with the code provisions set out in Appendix 14 of the Listing Rules, titled "Corporate Governance Code and Corporate Governance Report", throughout the six months ended 30 September 2017, 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.

## COMPLIANCE WITH RULE 3.10A OF THE LISTING RULES

Pursuant to Rule 3.10A of the Listing Rules, a listed issuer must appoint independent non-executive directors representing at least one-third of the members of the board. Following the retirement by rotation of Mr. Robert CHAN Tze Leung at the conclusion of the annual general meeting of the Company on 19 September 2017, there are only four independent non-executive directors of the Company which represented less than one-third of the members of the Board as required under Rule 3.10A of the Listing Rules.

## AUDIT COMMITTEE REVIEW

The audit committee of the Company comprises four independent non-executive Directors. The audit committee has met with BDO Limited, the external auditor of the Group, to review the accounting policies and practices adopted by the Group and review the unaudited condensed consolidated financial results of the Company for the six months ended 30 September 2017.

On behalf of the Board  
**HAN Xiaosheng**  
*Chairman*

Hong Kong, 28 November 2017

# Report on Review of Condensed Consolidated Interim Financial Statements



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香港干諾道中111號  
永安中心25樓

## TO THE BOARD OF DIRECTORS OF CHINA OCEANWIDE INTERNATIONAL FINANCIAL LIMITED (formerly known as Quam Limited)

*(incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have reviewed the condensed consolidated interim financial statements set out on pages 2 to 33, which comprises the condensed consolidated statement of financial position of China Oceanwide International Financial Limited as of 30 September 2017 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

#### **BDO Limited**

*Certified Public Accountants*

Hong Kong, 28 November 2017

BDO Limited

香港立信德豪會計師事務所有限公司

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# Corporate Information

## BOARD OF DIRECTORS

Mr. HAN Xiaosheng *Chairman*  
Mr. ZHANG Bo *Deputy Chairman*  
Mr. ZHANG Xifang  
Mr. LIU Hongwei  
Mr. Kenneth LAM Kin Hing  
Mr. Bernard POULIOT<sup>^</sup>  
(Redesignated on 1 October 2017)  
Mr. LIU Bing<sup>^</sup>  
Mr. FENG Henian<sup>^</sup>  
Mr. ZHAO Xiaoxia<sup>^</sup>  
Mr. Roy LO Wa Kei<sup>#</sup>  
Mr. KONG Aiguo<sup>#</sup>  
Mr. HE Xuehui<sup>#</sup>  
Mr. HUANG Yajun<sup>#</sup>

<sup>^</sup> *Non-Executive Director*

<sup>#</sup> *Independent Non-executive Director*

## AUDIT COMMITTEE

Chairman: Mr. Roy LO Wa Kei  
Members: Mr. KONG Aiguo  
Mr. HE Xuehui  
Mr. HUANG Yajun

## REMUNERATION COMMITTEE

Chairman: Mr. KONG Aiguo  
Members: 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 HM 11  
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  
Dah Sing Bank, Limited  
Shanghai Commercial Bank Limited  
Standard Chartered Bank (Hong Kong) Limited

## STOCK CODE

00952

## WEBSITES OF OCEANWIDE FINANCIAL GROUP

[www.oceanwidefinancial.com](http://www.oceanwidefinancial.com)  
[www.oceanwam.com](http://www.oceanwam.com)  
[www.oceanwcapital.com](http://www.oceanwcapital.com)  
[www.oceanwsec.com](http://www.oceanwsec.com)  
[www.oceanwpremier.com](http://www.oceanwpremier.com)  
[www.oceanwdirect.com](http://www.oceanwdirect.com)  
[www.oceanwir.com](http://www.oceanwir.com)  
[www.quamnet.com](http://www.quamnet.com)

## INVESTOR RELATIONS

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