



信達國際控股有限公司
CINDA INTERNATIONAL HOLDINGS LIMITED

Stock Code: 111

商界展關懷
caring company 2006-08
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香港社會服務聯會頒發

Interim Report 2009

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MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

The Group experienced a difficult period in the first half of the year as the financial crisis which began in 2008 spread over into 2009. The market sentiment for the first quarter was poor since the market was full of negative news, such as corporate lay-offs, scaling down of operations, new lows in the stock market, and poor investor sentiment. The situation did not improve until the end of the second quarter. Furthermore, after the completion of the group reorganisation in the last quarter of 2008, certain profitable operations were distributed out of the Group. The combination of these two major factors caused the results of the Group for the period under review to be far from satisfactory. The Group also had to invest in developing and promoting its brand in the market. Costs have been relatively inelastic as the Group needs to maintain its capacity to provide a wide range of financial services to its clients. Overall, turnover of the Group for the first half of 2009 declined from HK\$57.0 million to HK\$31.3 million. The Group as a whole moved from a profit of HK\$4.8 million to a loss of HK\$22.4 million, all of which came from continuing operations (2008: loss from continuing operations HK\$2.9 million).

SECURITIES BROKING

The Hang Seng Index hit 11,344 points on 9th March 2009 which was not much of an improvement over the low of 10,676 recorded on 27th October 2008 after the financial crisis intensified. Average daily turnover dropped from 86,979 million to 58,118 million. Despite the decline in both index and turnover, the Group strived to maintain its share of the market. During an unclear market situation, commission income as well as interest income slid as the margin loan contracted. Turnover decreased to HK\$14.7 million from HK\$21.6 million. A loss of HK\$6.0 million was recorded (2008: profit HK\$3.9 million).

CORPORATE FINANCE

There were very few business opportunities in corporate finance in the market due to the financial crisis. There were very few initial public offerings ("IPO") and merger and acquisitions transactions in the period under review. However, the corporate finance division succeeded in acting as placing agent for both the Company and another listed company. Acting as compliance advisor and financial advisor for listed companies remain the usual business, but profitability has deteriorated. Costs increased as the Group hired new personnel to plan for expansion. Consequently, turnover was HK\$2.8 million (2008: HK\$3.0 million), with losses increasing from HK\$1.1 million to HK\$4.1 million.

LEVERAGED FOREIGN EXCHANGE TRADING

The market was still competitive. During the period under review, the Group continued its prudent policy in foreign exchange trading as a means to avoid market risk. Most of the positions held by Group were hedged with financial institutions. In addition, as interest rate was low during the period, profit on the interest spread narrowed significantly. As a result, turnover declined to HK\$7.7 million (2008: HK\$13.0 million) and a loss of HK\$6.2 million was recorded (2008: loss HK\$0.3 million).

COMMODITIES AND FUTURES BROKING

In the past fluctuations in the market created business volume in this division. This was not the case in the first half of 2009. Clients could not endure the losses resulting from the unfavourable positions they held, and instead opted to refrain from the market. Transaction volume dropped by more than half compared to the corresponding period last year. Turnover recorded was HK\$2.6 million, representing a decrease of 60% over the HK\$6.5 million recorded in the same period last year, which led to a loss of HK\$1.9 million (2008: profit HK\$0.5 million). As competition in the local futures market is keen, efforts have been made to recruit new customers to trade in overseas commodities markets.

FINANCIAL PLANNING

The default of mini-bonds issued by a leading investment bank in 2008 dampened investor confidence in financial products. Clients not only stopped putting new money into these products but also redeemed the funds they already held. Hence, business in this industry dropped significantly in the first half of the year. In addition, the more complicated procedures in selling financial products to retail customers as recommended by the regulatory bodies created more difficulties in the industry. As a result, turnover dropped over 73% from HK\$13.1 million to HK\$3.5 million, and a loss of HK\$1.6 million was incurred compared to a profit of HK\$0.6 million in the corresponding period last year.

LOOKING FORWARD

Although the Group suffered considerable losses during the first half of 2009, it is still optimistic in the medium term. Management has formulated certain business strategies aimed at improving the present situation. On the brokerage business, the Group will strengthen the existing client base by satisfying both the needs of clients and marketing personnel. The Group will further develop into the retail market and penetrate into the corporate and institutional market. The Group will also seek for more participation in distribution of shares through cooperation with peers in the industry. Corporate finance is another business to expand and offers strategic positions as it can bring opportunities to both the brokerage and asset management business. On the asset management side, the Group is actively considering resuming the business, as it is another area of promising profitability. The Group will leverage on the strong background of its ultimate controlling shareholder in Mainland China to introduce business opportunities to the corporate finance division. With the recovery of the market, the Group has managed to participate in the underwriting of an IPO after the period under review. The Group anticipates that this IPO is one of the hottest of 2009, and will contribute well to the profit of the corporate finance division. The Group envisages business opportunities ahead due to the growing economy of Mainland China.

The success in raising funds through placing of new shares after the interim period end provides an important financial support for the Group to strengthen and further develop its business. With the new funding, the Group is capable of looking to other new investments and merger and acquisition opportunities to expand its business scale. Last but not the least, to develop into a leading financial institution remains the long term objective of the Group, and management will work diligently towards achieving this goal.

FINANCIAL RESOURCES

In spite of the loss recorded in the first half of 2009, the Group's financial position remains healthy. As a prudent player, the Group did not borrow any funds during the period under review. The subsidiaries licensed by the Securities and Futures Commission have complied with the financial resources requirements. To further improve its financial resources, the Company has successfully issued 84,460,000 new ordinary shares to certain institutional, professional and individual investors to raise approximately HK\$164 million for the general working capital of the Group.

CONTINGENT LIABILITIES

Except for the guarantees issued by the Company against facilities provided by certain financial institutions to the subsidiaries of the Group and outstanding litigation cases which have been indemnified by previous controlling shareholders, the Group is not exposed to any contingent liabilities.

EXPOSURE TO FLUCTUATION IN FOREIGN EXCHANGE RATES

The assets and liabilities of the Group are mostly denominated in Hong Kong Dollars and United States Dollars to which the Hong Kong Dollar is pegged. Only certain foreign exchange positions are denominated in other currencies to which the Group is exposed to fluctuation in foreign exchange rates. The treasury function of the Group will manage the risk exposure under the guidelines laid down by management.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30th June 2009 (2008: Nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June 2009, the directors of the Company who held office and their respective associates did not hold any interest or short position in the shares and underlying shares or debentures of the Company, its holding company, subsidiaries and other associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register of directors' interests and short positions required to be kept 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 ("Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

INFORMATION ON SHARE OPTIONS

The current share option scheme was adopted in the annual general meeting of the Company held on 29th May 2006. As at 30th June 2009, there were no outstanding share options granted under the scheme.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE EQUITY OR DEBT SECURITIES

As at 30th June 2009, so far as was known to the directors and the chief executive of the Company, the following are details of the persons (other than directors or chief executive of the Company) who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholder	Capacity	Number of shares held	Approximate percentage of the Company's issued share capital
Sinoday Limited	Beneficial owner	304,721,500	72.16%
Well Kent International Investment Company Limited ("Well Kent")	Interest through a controlled corporation	304,721,500 (Note 1)	72.16%
China Cinda Asset Management Corporation ("China Cinda")	Interest through a controlled corporation	304,721,500 (Note 1)	72.16%
Silver Grant International Securities Investment Limited ("Silver Grant")	Beneficial owner	40,022,000	9.48%
Silver Grant Securities Investment (BVI) Limited ("Silver Grant BVI")	Interest through a controlled corporation	40,022,000 (Note 2)	9.48%
Silver Grant International Industries Limited ("Silver Grant International")	Interest through a controlled corporation	40,022,000 (Note 2)	9.48%
CCB International Asset Management Limited ("CCB International")	Beneficial owner	41,810,000	9.90%
CCB International Assets Management (Cayman) Limited	Interest through a controlled corporation	41,810,000 (Note 3)	9.90%
CCB International (Holdings) Limited	Interest through a controlled corporation	41,810,000 (Note 3)	9.90%
CCB Financial Holdings Limited	Interest through a controlled corporation	41,810,000 (Note 3)	9.90%

Name of substantial shareholder	Capacity	Number of shares held	Approximate percentage of the Company's issued share capital
CCB International Group Holdings Limited	Interest through a controlled corporation	41,810,000 (Note 3)	9.90%
China Construction Bank Corporation	Interest through a controlled corporation	41,810,000 (Note 3)	9.90%
Central Huijin Investment Limited (formerly known as Central SAFE Investments Limited)	Interest through a controlled corporation	41,810,000 (Note 3)	9.90%

Notes:

- (1) These shares were held by Sinoday Limited. The issued share capital of Sinoday Limited was wholly-owned by Well Kent, a wholly-owned subsidiary of China Cinda. By virtue of the provisions of the SFO, Well Kent and China Cinda were deemed to be interested in all the shares in which Sinoday Limited was interested.
- (2) These shares were held by Silver Grant. The issued share capital of Silver Grant was wholly-owned by Silver Grant BVI, which was a wholly-owned subsidiary of Silver Grant International. By virtue of the provisions of the SFO, Silver Grant BVI and Silver Grant International were deemed to be interested in all the shares in which Silver Grant was interested.
- (3) These shares were held by CCB International. CCB International is controlled by CCB International Assets Management (Cayman) Limited, CCB International (Holdings) Limited, CCB Financial Holdings Limited, CCB International Group Holdings Limited, China Construction Bank Corporation and Central Huijin Investment Limited and by virtue of the provisions of the SFO, they were deemed to be interested in all the shares in which CCB International was interested.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30th June 2009. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30th June 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has always strived to enhance our corporate governance and transparency by adopting and implementing appropriate corporate governance practices; and the Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices, Appendix 14 of the Listing Rules with the following exception:

Code Provision A.2.1

This provision states that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Chen Xiaozhou was appointed the chairman of the Company on 2nd December 2008 and there was no other person designated as chief executive officer. On 18th January 2009, Mr. Zhao Hongwei was appointed as the managing director of the Company and is responsible for the overall operation of the Group and performs the role of chief executive officer.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct for directors' dealing in its shares. All directors confirmed that they have complied with the required standards at all times throughout the six months ended 30th June 2009.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in directors' biographical details since the date of the Annual Report 2008 of the Company which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules, are set out below.

Mr. Zhao Hongwei

Cessation of appointment as a director

- Hainan Expressway Co., Ltd. (stock code: 000886) whose shares are listed on the Shenzhen Stock Exchange

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30th June 2009 with the directors. The Group's external auditors have carried out a review of the unaudited interim financial statements 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.

On behalf of the Board

Chen Xiaozhou

Chairman

16th September 2009

CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2009

		Unaudited	
		Six months ended 30th June	
	Note	2009	2008
		HK\$'000	HK\$'000
			(restated)
Continuing operations			
Turnover	4	31,255	56,964
Other revenue	4	99	548
Other net income	4	91	319
		31,445	57,831
Staff costs	5(a)	(19,771)	(15,695)
Commission expenses		(15,760)	(21,981)
Operating leases for land and buildings		(6,022)	(7,122)
Other operating expenses		(12,238)	(14,477)
Total operating expenses		(53,791)	(59,275)
Operating loss		(22,346)	(1,444)
Finance costs	5(c)	(31)	(1,363)
Loss before taxation		(22,377)	(2,807)
Income tax	6	—	(74)
Loss for the period from continuing operations		(22,377)	(2,881)
Discontinued operations			
Profit for the period from discontinued operations	3	—	7,733
(Loss)/profit for the period		(22,377)	4,852
Attributable to:			
Equity holders of the Company		(22,377)	4,768
Minority interests		—	84
		(22,377)	4,852

	Note	Unaudited	
		2009	2008
		HK\$'000	HK\$'000 (restated)
Six months ended 30th June			
(Loss)/earnings per share			
Basic			
— From continuing and discontinued operations	8(a)	N/A	HK1.15 cents
— From continuing operations	8(a)	(HK5.30 cents)	(HK0.69 cents)
— From discontinued operations	8(a)	N/A	HK1.84 cents
Diluted			
— From continuing and discontinued operations	8(b)	N/A	HK1.14 cents
— From continuing operations	8(b)	N/A	N/A
— From discontinued operations	8(b)	N/A	HK1.82 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2009

	Unaudited	
	Six months ended 30th June	
	2009	2008
	HK\$'000	HK\$'000
(Loss)/profit for the period	(22,377)	4,852
Other comprehensive income for the period:		
Available-for-sale financial assets		
Change in fair value during the period	—	(1)
Transfer to profit or loss on disposal	—	(2,558)
Net movement in investment revaluation reserve	—	(2,559)
Exchange differences on translation of financial statements of overseas subsidiaries	—	3,219
	—	660
Total comprehensive (expense)/income for the period	(22,377)	5,512
Total comprehensive (expense)/income attributable to:		
Equity holders of the Company	(22,377)	5,428
Minority interests	—	84
Total comprehensive (expense)/income for the period	(22,377)	5,512

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2009 and 31st December 2008

	Note	Unaudited 30th June 2009 HK\$'000	Audited 31st December 2008 HK\$'000
Non-current assets			
Intangible assets	9	1,319	1,319
Fixed assets	9	6,123	7,752
Other assets		3,553	3,600
		10,995	12,671
Current assets			
Financial assets at fair value through profit or loss		1,924	1,397
Taxation recoverable		224	177
Trade and other receivables	10	164,686	90,281
Bank balances and cash	11	102,336	188,130
		269,170	279,985
Current liabilities			
Trade and other payables	12	74,914	64,768
Current portion of obligations under finance lease		246	506
		75,160	65,274
Net current assets		194,010	214,711
Total assets less current liabilities		205,005	227,382
NET ASSETS		205,005	227,382
Capital and reserves			
Share capital	13	42,230	42,230
Other reserves		136,204	136,204
Retained earnings		26,571	48,948
TOTAL EQUITY		205,005	227,382

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2009

	Note	Share capital HK\$'000	Other reserves HK\$'000	Unaudited Retained earnings HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st January 2009		42,230	136,204	48,948	—	227,382
Total comprehensive expense for the period		—	—	(22,377)	—	(22,377)
At 30th June 2009		42,230	136,204	26,571	—	205,005

	Note	Share capital HK\$'000	Other reserves HK\$'000	Unaudited Retained earnings HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st January 2008		41,443	216,639	134,024	335	392,441
Total comprehensive income for the period		—	660	4,768	84	5,512
Shares issued under share option scheme		346	3,397	—	—	3,743
Equity-settled share-based payment		—	(332)	—	—	(332)
Dividends paid 2007 final	7	—	—	(10,415)	—	(10,415)
At 30th June 2008		41,789	220,364	128,377	419	390,949

Included in the consolidated retained earnings at 30th June 2008 are statutory reserves of HK\$433,048 which are required to be held in respect of certain overseas subsidiaries of the Group.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June 2009

	Note	Unaudited	
		Six months ended 30th June	
		2009	2008
		HK\$'000	HK\$'000
Net cash outflow from operating activities		(80,586)	(48,844)
Net cash outflow from investing activities		(290)	(13,538)
Net cash outflow from financing activities		(291)	(21,720)
Net decrease in cash and cash equivalents		(81,167)	(84,102)
Cash and cash equivalents at 1st January		171,795	334,572
Effect of foreign exchange rate changes		—	2,582
Cash and cash equivalents at 30th June	11	90,628	253,052
Analysis of balances of cash and cash equivalents:			
Bank balances — general accounts and cash	11	90,628	255,055
Bank overdrafts	11	—	(3)
Bank loans — unsecured	11	—	(2,000)
		90,628	253,052

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

This unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited interim financial report has been approved for issue by the Board of Directors on 16th September 2009.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2008 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. KPMG’s review report to the Board of Directors is included on page 40.

2. ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of this interim financial report are consistent with those used in the annual financial statements for the year ended 31st December 2008 except the following changes in accounting policies resulting from initial application of certain new and revised HKFRSs that are relevant to the Group’s financial statements and first effective for the current accounting period of the Group:

- HKFRS 8, Operating segments
- HKAS 1 (revised), Presentation of financial statements
- Amendments to HKFRS 7, Financial instruments: Disclosures — improving disclosures about financial instruments

2. ACCOUNTING POLICIES (CONTINUED)

The amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report. The impact of the remainder of these developments on the interim financial report is as follows:

HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management. As this is the first period in which the Group has presented segment information in accordance with HKFRS 8, additional explanation has been included in the interim financial report which explains the basis of preparation of the information. Corresponding amounts have also been provided on a basis consistent with the revised segment information.

As a result of the adoption of HKAS 1 (revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expenses are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

3. GROUP REORGANISATION AND DISCONTINUED OPERATIONS

On 13th August 2008, the Company's then ultimate holding company, Hantec Holdings Limited ("HHL") entered into a share sale agreement ("Agreement") with Sinoday Limited ("Sinoday") and Silver Grant International Securities Investment Limited ("Silver Grant"), pursuant to which Sinoday and Silver Grant agreed to acquire 218,650,000 shares and 40,022,000 shares of the Company respectively from HHL, representing approximately 52.32% and 9.58% of the issued share capital of the Company as at the date of the Agreement. Completion of the Agreement was subject to, inter alia, approval by independent shareholders of the Company of a proposal to reorganise the Group (the "Group Reorganisation").

Pursuant to the resolution passed by the independent shareholders in the special general meeting held on 17th November 2008, the Group Reorganisation was approved. On 27th November 2008, the Group Reorganisation and the Agreement were completed. As a result, Sinoday acquired 218,650,000 shares of the Company from HHL and became the holding company of the Company.

3. GROUP REORGANISATION AND DISCONTINUED OPERATIONS (CONTINUED)

Upon completion of the Group Reorganisation, (i) the Company continues to be a public listed company with its subsidiaries concentrating on carrying on the business of regulated activities under the SFO in Hong Kong, which include leveraged foreign exchange trading, securities broking and margin financing services, commodities and futures broking, financial planning, asset management and corporate finance services in Hong Kong (the "Retained Business"); (ii) Hantec Pacific Limited ("HPL") and its subsidiaries (the "HPL Group") continues to carry on the business of trading and broking of precious metal contracts, provision of financial related services outside of Hong Kong and investment in water plant business (the "Distributed Business"); and (iii) the shareholders of the Company received by way of a distribution in specie the shares of HPL on the basis of one share of HPL for one share of the Company held.

Details of the Group Reorganisation are set out in a circular of the Company dated 31st October 2008.

The results of the discontinued operations during the period ended 30th June 2008 are set out below. The discontinued operations ceased before 1st January 2009 and so there is no result presented for this current period.

	Note	Six months ended 30th June 2008 HK\$'000
Turnover	4	125,664
Other revenue	4	73
Other net income	4	943
		126,680
Staff costs		(25,432)
Commission expenses		(62,606)
Operating leases for land and buildings		(3,272)
Other operating expenses		(26,249)
Total operating expenses		(117,559)
Operating profit		9,121
Finance costs		(84)
		9,037
Share of profits of associates		1,407
Profit before taxation		10,444
Income tax		
– Current taxation	6	(2,547)
– Deferred taxation	6	(164)
Profit for the period		7,733

4. TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION

The Company is an investment holding company. The Group is principally engaged in the provision of leveraged foreign exchange trading and broking services, securities broking, commodities and futures broking, provision of corporate financial advisory services, fund management and financial planning and insurance broking.

Under the Group Reorganisation, as disclosed in note 3, the Distributed Business constituted discontinued operations under HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. As a result, certain comparative figures were restated so as to present the results for the continuing operations and discontinued operations.

Total revenue recognised during the period is as follows:

	Six months ended 30th June	
	2009	2008
	HK\$'000	HK\$'000 (restated)
From continuing operations		
Turnover		
Fees and commission	24,747	39,822
Net revenue from foreign currency option trading	—	5,208
Net premium income from insurance broking	159	203
Swap interest and foreign exchange trading revenue	4,047	5,942
Interest income	1,206	5,698
Underwriting commission	1,096	54
Management, subscription and advisory fee income	—	37
	31,255	56,964
Other revenue		
Dividend income from listed securities	21	48
Other income	78	500
	99	548
Other net income		
Net exchange (losses)/gains	(436)	891
Net realised gains on financial assets at fair value through profit or loss	—	48
Net unrealised gains/(losses) on financial assets at fair value through profit or loss	527	(620)
	91	319
	31,445	57,831

4. TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION (CONTINUED)

	Six months ended 30th June	
	2009 HK\$'000	2008 HK\$'000 (restated)
From discontinued operations		
Turnover		
Fees and commission	—	28,672
Net revenue from		
— foreign currency option trading	—	747
— bullion trading	—	48,969
Swap interest and foreign exchange trading revenue	—	31,561
Interest income	—	14,840
Management, subscription and advisory fee income	—	875
	—	125,664
Other revenue		
Dividend income from listed securities	—	48
Other income	—	25
	—	73
Other net income		
Net exchange losses	—	(1,533)
Net realised gains on financial assets at fair value through profit or loss	—	7
Net unrealised losses on financial assets at fair value through profit or loss	—	(603)
Profit on disposal of available-for-sale financial assets	—	3,072
	—	943
	—	126,680

4. TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION (CONTINUED)

Segment information

The Group manages its businesses by divisions. On first-time adoption of HKFRS 8, Operating segments, and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

Continuing operations:

1. Securities broking — provision of broking services in securities, equity linked products, unit trusts and stock options traded in Hong Kong and selected overseas markets and margin financing services to those broking clients.
2. Corporate finance — provision of corporate finance and advisory services to companies listed in Hong Kong.
3. Leveraged foreign exchange trading/broking in Hong Kong — provision of dealing and broking in leveraged forex trading services on the world's major currencies.
4. Commodities and futures broking — provision of broking services in commodities and futures contracts traded in Hong Kong and selected overseas markets.
5. Financial planning and insurance broking in Hong Kong — acting as an agent for the sale of savings plans, unit trusts, general and life insurance and providing advisory services on securities investment and discretionary fund management.
6. Asset management — managing private funds.

Discontinued operations:

1. Leveraged foreign exchange trading/broking outside Hong Kong — provision of dealing and broking in leveraged forex trading services on the world's major currencies.
2. Financial planning outside Hong Kong — providing advisory services on securities investment and discretionary fund management.
3. Precious metal contracts trading/broking — provision of dealing and broking trading services on selected precious metals contracts.

4. TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

In accordance with HKFRS 8, segment information has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of current and deferred tax assets and other corporate assets. Segment liabilities include trade creditors and accruals attributable to the operating activities of the individual segments.

The measure used for reporting segment results is earnings before finance costs and taxes ("EBIT"). To arrive at EBIT the Group's earnings are further adjusted for finance costs and items not specifically attributed to individual segments, such as share of profits less losses of associates and other head office or corporate administration costs.

Six months ended 30th June 2009

	Continuing operations							Discontinued operations				
	Securities broking HK\$'000	Corporate finance HK\$'000	Leveraged foreign exchange trading/broking in Hong Kong HK\$'000	Commodities and futures broking HK\$'000	Financial planning/ insurance broking in Hong Kong HK\$'000	Asset Management HK\$'000	Sub-total HK\$'000	Leveraged foreign exchange trading/broking outside Hong Kong HK\$'000	Financial planning outside Hong Kong HK\$'000	Precious metal contracts trading/ broking HK\$'000	Sub-total HK\$'000	Total HK\$'000
Turnover from external customers/ reportable segment turnover	14,707	2,782	7,724	2,589	3,452	–	31,254	–	–	–	–	31,254
Reportable segment results (EBIT)	(5,977)	(4,140)	(6,182)	(1,929)	(1,568)	(103)	(19,899)	–	–	–	–	(19,899)
Reportable segment assets	159,684	5,957	57,115	27,369	11,866	4,486	266,477	–	–	–	–	266,477
Reportable segment liabilities	67,846	830	1,393	6,959	3,979	20	81,027	–	–	–	–	81,027

4. TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

Six months ended 30th June 2008

	Continuing operations							Discontinued operations				
	Securities broking	Corporate finance	Leveraged foreign exchange trading/broking in Hong Kong	Commodities and futures broking	Financial planning/ insurance broking in Hong Kong	Asset Management	Sub-total	Leveraged foreign exchange trading/broking outside Hong Kong	Financial planning outside Hong Kong	Precious metal contracts trading/broking	Sub-total	Total
	HK\$'000 (restated)	HK\$'000 (restated)	HK\$'000 (restated)	HK\$'000 (restated)	HK\$'000 (restated)	HK\$'000 (restated)	HK\$'000 (restated)	HK\$'000 (restated)	HK\$'000 (restated)	HK\$'000 (restated)	HK\$'000 (restated)	HK\$'000 (restated)
Turnover from external customers	21,615	2,657	12,974	6,473	13,130	52	56,901	37,129	869	87,515	125,513	182,414
Inter-segment turnover	21	300	—	—	—	—	321	794	—	110	904	1,225
Reportable segment turnover	21,636	2,957	12,974	6,473	13,130	52	57,222	37,923	869	87,625	126,417	183,639
Reportable segment results (EBIT)	3,919	(1,054)	(294)	487	603	(618)	3,043	2,856	(4,010)	8,850	7,696	10,739
Reportable segment assets	123,672	10,236	84,423	32,369	13,857	4,714	269,271	—	—	—	—	269,271
Reportable segment liabilities	45,332	966	3,016	10,030	7,353	145	66,842	—	—	—	—	66,842

4. TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable turnover

	Six months ended 30th June	
	2009 HK\$'000	2008 HK\$'000 (restated)
Turnover		
From continuing operations		
Reportable segment turnover	31,254	57,222
Elimination of inter-segment turnover	—	(321)
Unallocated head office and corporate turnover	1	63
	31,255	56,964
From discontinued operations		
Reportable segment turnover	—	126,417
Elimination of inter-segment turnover	—	(904)
Unallocated head office and corporate turnover	—	151
	—	125,664
Consolidated turnover	31,255	182,628

4. TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable results

	Six months ended 30th June	
	2009 HK\$'000	2008 HK\$'000 (restated)
Results		
From continuing operations		
Reportable segment (loss)/profit	(19,899)	3,043
Elimination of inter-segment profits	—	(2,993)
Reportable segment (loss)/profit derived from group's external customers	(19,899)	50
Finance costs	(31)	(1,363)
Unallocated head office and corporate expenses	(2,447)	(1,494)
	(22,377)	(2,807)
From discontinued operations		
Reportable segment profit	—	7,696
Elimination of inter-segment profits	—	(800)
Reportable segment profit derived from group's external customers	—	6,896
Share of profits less losses of associates	—	1,407
Finance costs	—	(84)
Unallocated head office and corporate revenues	—	2,225
	—	10,444
Consolidated (loss)/profit before taxation	(22,377)	7,637

4. TURNOVER, OTHER REVENUE, OTHER NET INCOME AND SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable assets and liabilities

	At 30th June 2009 HK\$'000	At 31st December 2008 HK\$'000
Assets		
Reportable segment assets	266,477	269,271
Elimination of inter-segment receivables	(9,323)	(6,082)
	257,154	263,189
Tax recoverable	224	177
Unallocated head office and corporate assets	22,787	29,290
Consolidated total assets	280,165	292,656
Liabilities		
Reportable segment liabilities	81,027	66,842
Elimination of inter-segment payables	(9,323)	(6,082)
	71,704	60,760
Unallocated head office and corporate liabilities	3,456	4,514
Consolidated total liabilities	75,160	65,274

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived after charging:

(a) Staff costs

	Continuing operations		Discontinued operations		Total	
	Six months ended		Six months ended		Six months ended	
	30th June		30th June		30th June	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(restated)		(restated)		
Salaries and allowances	19,335	14,815	—	24,837	19,335	39,652
Equity-settled share-based payments	—	403	—	(36)	—	367
Defined contribution plans	436	477	—	631	436	1,108
	19,771	15,695	—	25,432	19,771	41,127

(b) Other operating expenses

	Six months ended 30th June	
	2009	2008
	HK\$'000	HK\$'000
		(restated)
From continuing operations		
Auditors' remuneration	1,228	1,356
Bad debts written off	—	10
Depreciation of fixed assets	1,938	2,268
(Reversal)/charge for impairment loss on trade receivables	(201)	132
Legal and professional fee	702	1,795
Loss on disposal of fixed assets	2	53

5. (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

(c) Finance costs

	Six months ended 30th June	
	2009 HK\$'000	2008 HK\$'000 (restated)
From continuing operations		
Interest on bank overdrafts	6	94
Interest on bank loans	13	466
Interest on loan notes	—	793
Interest on obligation under finance lease	12	10
	31	1,363

6. INCOME TAX

No provision for Hong Kong profits tax has been made for the current period as the Group sustained a loss for taxation purposes.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the prior period. Taxation on overseas profits has been calculated on the estimated assessable profits at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated income statement:

	Continuing operations		Discontinued operations		Total	
	Six months ended 30th June		Six months ended 30th June		Six months ended 30th June	
	2009 HK\$'000	2008 HK\$'000 (restated)	2009 HK\$'000	2008 HK\$'000 (restated)	2009 HK\$'000	2008 HK\$'000
Current taxation:						
— Hong Kong profits tax	—	116	—	1,510	—	1,626
— Overseas taxation	—	—	—	850	—	850
— Under-provision for taxation	—	40	—	187	—	227
Deferred taxation:						
— Origination and reversal of temporary differences	—	(134)	—	169	—	35
— Effect of decrease in tax rate on deferred tax balances at 1st January	—	52	—	(5)	—	47
	—	74	—	2,711	—	2,785

6. INCOME TAX (CONTINUED)

Reconciliation between tax expense and accounting profit at applicable tax rates:

	Continuing operations		Discontinued operations		Total	
	Six months ended		Six months ended		Six months ended	
	30th June		30th June		30th June	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(restated)		(restated)		
(Loss)/profit before taxation (excluding share of profit of associates)	(22,377)	(2,807)	—	9,037	(22,377)	6,230
Notional tax on (loss)/profit before taxation, calculated at the rate applicable to profits in the countries concerned	(3,692)	(463)	—	1,297	(3,692)	834
Tax effect of income not subject to taxation	(101)	(127)	—	(715)	(101)	(842)
Tax effect of expenses not deductible for taxation purposes	37	115	—	120	37	235
Utilisation of previously unrecognised tax losses	(10)	(598)	—	167	(10)	(431)
Effect on opening deferred tax balances resulting from a decrease in tax rate during the period	—	52	—	(5)	—	47
Tax effect of tax losses not recognised	3,766	1,055	—	1,660	3,766	2,715
Under-provision in respect of prior year	—	40	—	187	—	227
Taxation expense	—	74	—	2,711	—	2,785

7. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30th June 2009 (2008: nil).

	Six months ended 30th June	
	2009	2008
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the period, of nil cents (2008: HK2.5 cents) per ordinary share	—	10,415

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share from continuing and discontinued operations attributable to equity holders of the Company is based on the following data.

	Six months ended 30th June	
	2009 HK\$'000	2008 HK\$'000
(Loss)/earnings		
Loss for the period from continuing operations	(22,377)	(2,881)
Earnings for the period from discontinued operations	—	7,649
(Loss)/earnings for the period attributable to equity holders of the Company	(22,377)	4,768
	2009	2008
Number of shares		
Weighted average number of ordinary shares	422,303,000	415,490,054

Basic (loss)/earnings per share is calculated based on the (loss)/earnings attributable to equity holders of the Company and the weighted average number of ordinary shares detailed above.

8. (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

	Six months ended 30th June	
	2009	2008
Diluted earnings per share		
– From continuing and discontinued operations	N/A	HK1.14 cents
– From continuing operations	N/A	N/A
– From discontinued operations	N/A	HK1.82 cents

Diluted earnings per share for the current period have not been disclosed as the Group did not have dilutive potential ordinary shares outstanding during the period.

Diluted earnings per share for the previous period and diluted earnings per share from discontinued operations for the previous period is calculated based on the adjusted weighted average number of 419,212,105 ordinary shares which is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares in respect of share options. The calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share from continuing operations for the previous period has not been disclosed as the continuing operations of the Group sustained a loss for the previous period and the potential ordinary shares were anti-dilutive.

9. INTANGIBLE AND FIXED ASSETS

	Stock Exchange trading rights HK\$'000	Futures Exchange trading right HK\$'000	Membership of The Chinese Gold & Silver Society HK\$'000	Goodwill on acquisition of subsidiaries HK\$'000	Total intangible assets HK\$'000	Fixed assets HK\$'000
Six months ended 30th June 2009						
Net book amount at 1st January 2009	913	406	—	—	1,319	7,752
Additions	—	—	—	—	—	311
Write-off	—	—	—	—	—	(3)
Depreciation charge	—	—	—	—	—	(1,938)
Depreciation written back	—	—	—	—	—	1
Net book amount at 30th June 2009	913	406	—	—	1,319	6,123
Six months ended 30th June 2008						
Net book amount at 1st January 2008	913	406	180	5,372	6,871	19,980
Additions	—	—	—	45	45	22,213
Write-off	—	—	—	(399)	(399)	(738)
Exchange difference	—	—	—	—	—	239
Depreciation charge	—	—	—	—	—	(3,746)
Depreciation written back	—	—	—	—	—	676
Net book amount at 30th June 2008	913	406	180	5,018	6,517	38,624

10. TRADE AND OTHER RECEIVABLES

	Unaudited 30th June 2009 HK\$'000	Audited 31st December 2008 HK\$'000
Trade receivables from clients	49,502	35,126
Less: impairment allowance on trade receivables	(82)	(283)
Margin and other trade related deposits with brokers and financial institutions	37,041	30,797
Margin finance loans	51,307	8,757
Trade receivables from clearing houses	22,343	11,018
Total trade receivables	160,111	85,415
Rental and utilities deposits	3,535	3,523
Prepayments and other receivables	1,040	1,343
Total trade and other receivables	164,686	90,281

The carrying amounts of trade and other receivables approximate their fair value.

The Group maintains designated accounts with The SEHK Options Clearing House Limited ("SEOCH") and HKFE Clearing Corporation Limited ("HKFECC") as a result of its normal business transactions. At 30th June 2009, the designated accounts with SEOCH and HKFECC not otherwise dealt with in these accounts amounted to HK\$1,117,288 (31st December 2008: HK\$2,079,030) and HK\$14,744,028 (31st December 2008: HK\$20,780,880) respectively.

As at 30th June 2009, the aging analysis of the trade receivables was as follows:

	Unaudited 30th June 2009 HK\$'000	Audited 31st December 2008 HK\$'000
Current	159,702	85,091
30–60 days	92	183
Over 60 days	317	141
Total	160,111	85,415

11. BANK BALANCES AND CASH

	Unaudited 30th June 2009 HK\$'000	Audited 31st December 2008 HK\$'000
Cash in hand	14	12
Bank balances		
– pledged	11,708	16,335
– general accounts	90,614	171,783
	102,322	188,118
	102,336	188,130
By maturity		
Bank balances		
– Current and savings accounts	90,614	171,783
– Fixed deposits (maturing within three months)	11,708	16,335
	102,322	188,118

As at 30th June 2009, bank deposits amounting to HK\$11,708,105 (31st December 2008: HK\$11,707,315) have been pledged to a bank as security for the provision of a HK\$22 million (31st December 2008: HK\$22 million) securities broking facility.

The subsidiaries of the Group maintained segregated trust accounts with authorised institutions as a result of their respective business activities. As at 30th June 2009, segregated trust accounts not otherwise dealt with in these accounts amounted to HK\$162,548,847 (31st December 2008: HK\$100,817,093).

11. BANK BALANCES AND CASH (CONTINUED)**Cash and cash equivalents**

	Unaudited 30th June 2009 HK\$'000	Unaudited 30th June 2008 HK\$'000
Cash in hand	14	150
Bank balances		
– pledged	11,708	19,084
– general accounts	90,614	267,967
Cash and cash equivalents in the consolidated statement of financial position	102,336	287,201
Bank balances		
– pledged	(11,708)	(19,084)
– fixed deposits (maturing over three months)	–	(13,062)
Unsecured bank overdrafts	–	(3)
Unsecured short-term bank loan	–	(2,000)
Cash and cash equivalents in the consolidated statement of cash flows	90,628	253,052

12. TRADE AND OTHER PAYABLES

	Unaudited 30th June 2009 HK\$'000	Audited 31st December 2008 HK\$'000
Trade payable to securities trading clients	57,733	41,563
Margin and other deposits payable to clients	5,365	9,736
Trade payable to brokers and clearing houses arising from the ordinary course of business of broking in securities, commodities and futures contracts and leveraged foreign exchange trading	1,038	321
Total trade payables	64,136	51,620
Accruals and other payables	10,778	13,148
Total trade and other payables	74,914	64,768

The carrying amounts of trade and other payables approximate their fair value.

The settlement terms of payable to clearing houses and securities trading clients from the ordinary course of business of broking in securities range from two to three days after the trade date of those transactions. Margin deposits received from clients for their trading of leveraged foreign exchange, commodities and futures contracts, and the balances were payable within one month.

13. SHARE CAPITAL

	Authorised	
	Ordinary shares of HK\$0.10 each No. of shares '000	Nominal value HK\$'000
At 1st January 2008, 2009 and 30th June 2009	1,000,000	100,000
	Issued and fully paid	
	Ordinary shares of HK\$0.10 each No. of shares '000	Nominal value HK\$'000
At 1st January 2008	414,430	41,443
Shares issued	7,873	787
At 31st December 2008, 1st January 2009 and 30th June 2009	422,303	42,230

14. CONTINGENT LIABILITIES

14.1 Outstanding litigation cases

The following litigation cases are outstanding up to the date of this report. Under the Agreement, HHL and the previous chairman of the Company undertakes to indemnify and keep indemnified the Company on a full indemnity basis of any loss or liability suffered by the Group as a result of or in connection with the outstanding litigation cases. Therefore no provision has been made.

- (a) A company named Hantec Investment Limited which is unrelated to the Group filed a writ to the Company on 28th July 2000 seeking for injection to restrain the Company from using the plaintiff's alleged trade name and damages. The plaintiff has not taken further action after the Company filed a defence.
- (b) An indirect wholly owned subsidiary of the Company received a writ of summons dated 28th March 2006 from two clients jointly as plaintiffs claiming for damages against it and two of its licensed representatives for an amount of HK\$20,600,000 together with costs relating to a number of leverage exchange trading transactions. Defence action has been commenced and no further development has been made up to the date of this report.
- (c) A writ of summons dated 11th July 2006 was served to two indirect wholly owned subsidiaries and one then subsidiary of the Company by a former account executive claiming for a total of HK\$700,000 as his rightful overriding commissions together with interest and/or alternatively, damages to be assessed. The plaintiff has been requested to state clearly his claim. Up to the date of this report, there has been no further development.

14.2 Financial guarantees issued

- (a) As at the end of the reporting period, a subsidiary of the Company engaging in securities broking and providing securities margin financing has secured banking facilities from certain authorized institutions for a total amount of HK\$257 million (31st December 2008: HK\$257 million). The Company has issued corporate guarantees for a total principal amount of HK\$255 million (31st December 2008: HK\$255 million) for these facilities. As at 30th June 2009, the subsidiary utilized HK\$nil (31st December 2008: HK\$nil) of these aggregate banking facilities.
- (b) The Company also issued corporate guarantees to certain financial institutions for foreign exchange trading facilities granted to subsidiaries engaging in leveraged foreign exchange trading. The maximum liability is the trading loss and related incidental costs, in some cases, subject to an overall cap on the amount of the guarantee.
- (c) As at the end of the reporting period, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The Company has not recognised any deferred income in respect of the guarantees as their fair value cannot be reliably measured and the transaction price was nil.

15. LEASE COMMITMENTS

At 30th June 2009, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Others	
	Unaudited 30th June 2009 HK\$'000	Audited 31st December 2008 HK\$'000	Unaudited 30th June 2009 HK\$'000	Audited 31st December 2008 HK\$'000
Within one year	9,140	9,300	36	134
After one year but within five years	—	4,490	—	—
	9,140	13,790	36	134

16. MATERIAL RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions which were carried out in the normal course of the Group's business:

	Six months ended 30th June	
	2009 HK\$'000	2008 HK\$'000
Placing commission income (<i>note (a)</i>)	976	—
Broking commission for securities dealing (<i>note (b)</i>)	51	—

(a) During the period, the Group charged placing commission to the immediate holding company for providing corporate finance services.

(b) An related company, commonly owned by the ultimate holding company, paid commission to the Group for securities broking service.

17. CAPITAL COMMITMENTS

The Group did not have any capital commitment at 30th June 2009 and 31st December 2008.

18. SUBSEQUENT EVENT

On 4th August 2009, the Company entered into a top-up placing agreement with CCB International Capital Limited and Cinda International Capital Limited, a wholly owned subsidiary of the Company (collectively the "Placing Agents"). Under the agreement, the Placing Agents would procure purchasers to acquire up to 75,594,000 existing shares at HK\$2.00 per share from Sinoday Limited, the controlling shareholder, who entered into another top-up subscription agreement to subscribe for the same amount of new shares at the same price. On the same date, the Company entered into a subscription agreement with CCBI International Asset Management Limited ("CCBIAM") in which CCBIAM agreed to subscribe for 8,866,000 shares of the Company at an issue price of HK\$2.00 per share. Both the top-up subscription agreement and the subscription agreement were completed on 14th August 2009. The net proceeds totalled approximately HK\$164 million, which will be used to enhance the working capital of the Group.

19. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised), Presentation of financial statements, and HKFRS 8, Operating segments, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.

Under the Group Reorganisation, as disclosed in note 3, the Distributed Business constituted discontinued operations under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". As a result, certain comparative figures were restated so as to present the results for the continuing operations and discontinued operations.

REVIEW REPORT



REVIEW REPORT TO THE BOARD OF DIRECTORS OF CINDA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 10 to 39 which comprises the consolidated statement of financial position of Cinda International Holdings Limited (the "Company") as of 30th June 2009 and the related consolidated income statement, statement of comprehensive income and consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, 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 interim financial report as at 30th June 2009 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, Interim financial reporting.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

16th September 2009