

商界展關懷

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信達國際控股有限公司

CINDA INTERNATIONAL HOLDINGS LIMITED

Stock Code: 111

INTERIM REPORT 2010



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MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

The financial market experienced drastic changes in the first half of 2010. Following the recovery from the global economic crisis in 2009, we had a prosperous beginning in the first quarter of 2010. The daily average turnover in the local equity market was HK\$78 billion in January 2010. However, following the regional financial crisis in Europe, confidence in the investment market worldwide turned sour. The daily average turnover fell to HK\$64 billion, representing a 17.9 percent decrease. Though property prices soared a lot in the first half and the price of luxurious residential properties hit new highs, it did not serve as a driving force for the equity market. Conversely, the uncertain policy on the tightening of bank loans and new regulations in the PRC property market adversely impacted the market. As a result, the Hang Seng Index could only hover between 22,416 to 18,971 points. More importantly, the atmosphere in the initial public offering market cooled down. Only 4 IPOs were successfully launched in the market in June 2010. All in all, our first quarter results were good but they were drowned by the loss suffered in the second quarter. The turnover recorded was HK\$45.8 million (2009: HK\$31.3 million), while the recorded loss stood at HK\$3.4 million (2009: loss HK\$22.4 million).

CORPORATE FINANCE

As mentioned in the preceding annual report, corporate finance will become one of the core businesses to develop. This segment has been the most encouraging one. We have made a number of advancements compared to last year's corresponding period. We were appointed as sponsor for a number of upcoming IPOs, acted as agent for equity placement issues, compliance advisor for listed companies, and financial advisors and independent financial advisors. All the IPOs are in good progress and their income for the second half of 2010 and the following year is expected. The growing corporate finance business is expected to be one of the drivers for the Group's expansion and will result in a synergy effect to the other business units. We managed to turn around the result of this segment. Turnover in this segment increased approximately seven times to HK\$20.8 million from HK\$2.8 million in the corresponding period last year. Segment result of HK\$5.9 million was also recorded (2009: loss HK\$4.1 million).

SECURITIES BROKING

Securities broking has been one of the major businesses of the Group. The local equity market in the first quarter of 2010 looked promising, but did not extend into the second quarter. Market turnover decreased following a sharp decrease in the number of IPOs which resulted in a significant setback in our business. As a result, turnover only slightly increased to HK\$16.8 million (2009: HK\$14.7 million), and loss narrowed to HK\$1 million (2009: loss HK\$6 million). During this same time, the Group successfully launched a new trading system with stronger capabilities and capacity for a larger number of clients. The new system improved the internet trading facilities. Client can enjoy convenient and efficient trading services irrespective of their physical location. The institutional and corporate sales team has been on its track and an encouraging result is envisaged if the sentiment for the primary and secondary market improves.

ASSET MANAGEMENT

The associated company acquired in 2009 contributed positively to the result of the period under review. Certain investments held by the associated company have matured and gone public. The Group's asset management business in Hong Kong will commence in the second half of 2010 after the intake of appropriate personnel. During the period under review, we incurred only a minimal cost for maintaining the licence. A loss of HK\$0.2 million was recorded (2009: loss HK\$0.1 million).

COMMODITIES AND FUTURES BROKING

The cut-throat competition among brokers offering very low commission to locally traded products makes the business barely profitable. Our business in the overseas markets showed no improvement in the first half of the year. This phenomenon resulted in turnover further decreasing to HK\$1.7 million from HK\$2.6 million and resulting segment loss was HK\$1.4 million (2009: loss HK\$1.9 million). The Group will upgrade its electronic trading system in futures trading in the second half of the year with a hope to explore oversea markets and increase its trading capability.

FINANCIAL PLANNING & INSURANCE BROKING

In the aftermath of the mini-bond and accumulator scandal, the business in distribution of unit trusts and funds has dropped sharply. After analysing the costs and benefits, management decided to cease its business in this area and will surrender the relevant license. The Group decided to concentrate on the business of financial planning which covers estate planning, insurance planning, retirement planning, taxation planning and other asset planning. Focus will be put on marketing investment linked insurance products, property insurance, life insurance and investment products eligible under Capital Investment Entrant Scheme. Turnover for the period under review was HK\$3.6 million (2009: HK\$3.5 million). The segment results slightly decreased to a loss of HK\$1.1 million (2009: loss HK\$1.6 million).

LEVERAGED FOREIGN EXCHANGE TRADING

The business ceased after it stopped taking client orders. The operation loss was HK\$7.4 million (2009: loss HK\$6.2 million). Resources from this segment will be devoted to other business units.

LOOKING FORWARD

The Chinese economy is sustaining a satisfactory growth despite the weak US and European economies, which are fearful of a double dip recession and the sovereign debt crisis. The Chinese economy is also under increasing pressure in regards to the continuous upsurge of property and asset prices, which has resulted in China's government introducing a series of austerity programmes. The market sentiment during the first half of 2010 was highly impacted by such conditions, and carried over into the second quarter, causing IPOs to pull out, the equity market witnessed lower turnover volume and the PRC faced liquidity pressures. Inevitably, our core business, which is highly dependent on the equity market, was adversely affected. However, we are optimistic that the situation will stabilise in the second half of the year. An economic rebound is ahead and the market will be fuelled with potentials. Certain IPOs in the pipeline will be completed, and turnover volume in the equity market will resume to its normal level.

The transformation of our controlling shareholder China Cinda Asset Management Co., Ltd ("China Cinda"), upon approval by the State Council, into a joint stock limited company has completed. The Group is provided with ample room for cooperation, given the registered capital of China Cinda amounting to RMB25.1 billion, a nationwide network, as well as its extensive business coverage spanning the whole spectrum in the financial industry. China Cinda would focus its core business in the financial industry and the Group acting as the only overseas platform in the China Cinda group would benefit from the synergies with different business units of its parent company. It is expected that a close tie with China Cinda will help the Group explore more opportunities in the PRC.

FINANCIAL RESOURCES

During the first half of 2010, the financial situation of the Group remained healthy. The Group did not have any borrowings. All the group companies licensed by the Securities and Futures Commission met the promulgated financial resources requirement. The cessation of the leveraged foreign exchange business further released financial resources for the usage by other business segments.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

Other than the corporate guarantees given on the banking facilities extended to our wholly owned subsidiaries, the Group has not entered into any guarantee or surety agreements. At the end of the reporting period, the directors considered that it was unlikely that any material claim against the Company will crystallise. Certain litigation cases have been indemnified by the former substantial shareholder.

EXPOSURE TO FLUCTUATION IN FOREIGN EXCHANGE RATES

Subsequent to the cessation of the leveraged foreign exchange business of the Group, all the businesses are conducted in either HK Dollars or US Dollars. All assets and liabilities are denominated in HK Dollars or US Dollars. Hence, the Group's exposure to fluctuation in foreign exchange rates is insignificant.

REMUNERATION AND HUMAN RESOURCES DEVELOPMENT

During the first half of 2010, after launching the new securities system and the redirection of resources, manpower of the supporting staff have been saved up. The Group continues to recruit staff on the main business focus, i.e. corporate finance, asset management and securities broking. Attractive packages, some of which are performance-based and some with other fringe benefits, are offered to the Group's staff of all level. We hope the growth in the remuneration of our staff will align with the growth of the Group's performance.

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 2010 (2009: Nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June 2010, 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 OPTION

The current share option scheme was adopted in the annual general meeting of the Company held on 29th May 2006. As at 30th June 2010, there was no outstanding share option granted under the scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30th June 2010, 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 or underlying shares held	Appropriate percentage of the Company's issued share capital
Sinoday Limited	Beneficial owner	304,721,500 <i>(Note 1)</i>	57.03%
Well Kent International Holdings Company Limited ("WKIH")	Beneficial owner	27,575,000 <i>(Note 1)</i>	5.16%
Well Kent International Investment Company Limited ("WKII")	Interest through a controlled corporation	332,296,500 <i>(Note 1)</i>	62.19%
China Cinda Asset Management Co., Ltd (formerly known as China Cinda Asset Management Corporation) ("China Cinda")	Interest through a controlled corporation	332,296,500 <i>(Note 1)</i>	62.19%
Silver Grant International Securities Investment Limited ("Silver Grant")	Beneficial owner	40,022,000 <i>(Note 2)</i>	7.49%
Silver Grant Securities Investment (BVI) Limited ("Silver Grant BVI")	Interest through a controlled corporation	40,022,000 <i>(Note 2)</i>	7.49%
Silver Grant International Industries Limited ("Silver Grant International")	Interest through a controlled corporation	40,022,000 <i>(Note 2)</i>	7.49%
CCB International Asset Management Limited ("CCBIAM")	Investment manager	50,676,000 <i>(Note 3)</i>	9.48%
CCB International Assets Management (Cayman) Limited	Interest held by a controlled corporation	50,676,000 <i>(Note 3)</i>	9.48%
CCB International (Holdings) Limited	Beneficial owner	50,676,000 <i>(Note 3)</i>	9.48%
CCB Financial Holdings Limited	Interest held by a controlled corporation	50,676,000 <i>(Note 3)</i>	9.48%
CCB International Group Holdings Limited	Interest held by a controlled corporation	50,676,000 <i>(Note 3)</i>	9.48%

Name of substantial shareholder	Capacity	Number of shares or underlying shares held	Appropriate percentage of the Company's issued share capital
China Construction Bank Corporation	Interest held by a controlled corporation	50,676,000 (Note 3)	9.48%
Central Huijin Investment Limited (formerly known as Central SAFE Investment Limited)	Interest held by a controlled corporation	50,676,000 (Note 3)	9.48%
Atlantis Investment Management Limited ("Atlantis")	Investment manager	32,640,000 (Note 4)	6.11%
Liu Yang	Investment manager	32,640,000 (Note 4)	6.11%

Notes:

- (1) These shares were held by Sinoday Limited and WKIH as to 304,721,500 shares and 27,575,000 shares respectively. The issued share capital of Sinoday Limited and WKIH were wholly-owned by WKII, a wholly-owned subsidiary of China Cinda. By virtue of the provisions of the SFO, WKII and China Cinda were deemed to be interested in all the shares in which Sinoday Limited and WKIH were 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 CCBIAM in the capacity of an investment manager for the beneficial owner, CCB International (Holdings) Limited. CCBIAM is a wholly-owned subsidiary of CCB International Assets Management (Cayman) Limited which in turn is a wholly-owned subsidiary of CCB International (Holdings) Limited. CCB International (Holdings) Limited is a wholly-owned subsidiary of CCB Financial Holdings Limited which in turn is wholly-owned by CCB International Group Holdings Limited. CCB International Group Holdings Limited is a wholly-owned subsidiary of China Construction Bank Corporation which in turn 57.09% of its interest is owned by Central Huijin Investment Limited (formerly known as Central SAFE Investment Limited). Accordingly, CCB International Assets Management (Cayman) Limited, CCB Financial Holdings Limited, CCB International Group Holdings Limited, China Construction Bank Corporation and Central Huijin Investment Limited were deemed to be interested in 50,676,000 ordinary shares in the Company by virtue of the provisions of the SFO.
- (4) These shares were held by Atlantis in the capacity of an investment manager. Liu Yang was interested in Atlantis and Atlantis Investment Management (Hong Kong) Limited as to 40% and 90% respectively in the capacity of an investment manager. By virtue of the provisions of the SFO, Liu Yang is deemed to be interested in all the shares in which Atlantis was interested.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30th June 2010. 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 2010.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 2010.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in directors' biographical details since the date of the Annual Report 2009 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. Chow Kwok Wai

(i) Other directorships

- An independent non-executive director of Youyuan International Holdings Limited (stock code: 2268) whose shares are listed on the Stock Exchange with effect from 27 May 2010

(ii) Other major appointments and professional qualifications

- Fellow member of The Taxation Institute of Hong Kong with effect from 27 July 2010

Mr. Hung Muk Ming

Other major appointments and professional qualifications

- Member of The Taxation Institute of Hong Kong with effect from 28 June 2010

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 2010 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

27th August 2010

CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2010 — Unaudited

	<i>Note</i>	Six months ended 30th June	
		2010 HK\$'000	2009 HK\$'000 (restated)
Continuing operations			
Turnover	4	42,990	23,531
Other revenue	4	308	99
Other net income	4	434	450
		43,732	24,080
Staff costs	5(a)	19,884	16,826
Commission expenses		10,071	10,440
Operating leases for land and buildings		4,177	3,688
Other operating expenses		9,695	9,377
Total operating expenses		43,827	40,331
Operating loss		(95)	(16,251)
Finance costs	5(c)	(38)	(29)
		(133)	(16,280)
Share of profit of associate	10	5,701	—
Profit/(loss) before taxation		5,568	(16,280)
Income tax	6	(753)	—
Profit/(loss) for the period from continuing operations		4,815	(16,280)
Discontinued operations			
Loss for the period from discontinued operations	3	(8,260)	(6,097)
Loss for the period		(3,445)	(22,377)
Attributable to:			
Equity holders of the Company		(3,445)	(22,377)

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the six months ended 30th June 2010 — Unaudited

		Six months ended 30th June	
	<i>Note</i>	2010 HK cents	2009 HK cents (restated)
Loss per share			
Basic and diluted			
— From continuing and discontinued operations	8	(0.64)	(5.30)
— From continuing operations	8	0.90	(3.86)
— From discontinued operations	8	(1.54)	(1.44)

The notes on pages 15 to 33 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2010 — Unaudited

	<i>Note</i>	Six months ended 30th June	
		2010 HK\$'000	2009 HK\$'000
Loss for the period		(3,445)	(22,377)
<hr style="border-top: 1px dashed black;"/>			
Other comprehensive income for the period:			
Share of associate's investment revaluation reserve relating to available-for-sale securities:			
— Change in fair value		(7,656)	—
— Transfer to profit or loss on disposal		(100)	—
<hr/>			
Net movement in investment revaluation reserve		(7,756)	—
Exchange differences on translation of:			
— Share of associate's exchange reserve		337	—
<hr/>			
	<i>10</i>	(7,419)	—
<hr style="border-top: 1px dashed black;"/>			
Total comprehensive income for the period		(10,864)	(22,377)
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Total comprehensive income attributable to:			
Equity holders of the Company		(10,864)	(22,377)
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The notes on pages 15 to 33 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2010 — Unaudited

	<i>Note</i>	30th June 2010 HK\$'000	31st December 2009 HK\$'000 (restated)
Non-current assets			
Intangible assets	<i>9</i>	1,439	1,319
Fixed assets	<i>9</i>	5,651	5,610
Interest in associate	<i>10</i>	124,156	125,874
Other assets		7,678	4,166
		138,924	136,969
Current assets			
Financial assets at fair value through profit or loss		8,373	2,491
Trade and other receivables	<i>11</i>	88,875	230,076
Bank balances and cash	<i>12</i>	256,150	160,181
		353,398	392,748
Current liabilities			
Trade and other payables	<i>13</i>	61,013	88,297
Taxation payable		753	—
		61,766	88,297
Net current assets		291,632	304,451
Total assets less current liabilities		430,556	441,420
NET ASSETS		430,556	441,420
Capital and reserves			
Share capital	<i>14</i>	53,434	53,434
Other reserves		350,641	358,060
Retained earnings		26,481	29,926
TOTAL EQUITY		430,556	441,420

The notes on pages 15 to 33 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2010 – Unaudited

Note	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1st January 2010, as previously reported	53,434	315,909	42,579	(23,883)	21	53,360	441,420
Prior year adjustment	—	—	—	23,434	—	(23,434)	—
At 1st January 2010, as restated	53,434	315,909	42,579	(449)	21	29,926	441,420
Total comprehensive income for the period	—	—	—	(7,756)	337	(3,445)	(10,864)
At 30th June 2010	53,434	315,909	42,579	(8,205)	358	26,481	430,556
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1st January 2009	42,230	112,301	23,903	—	—	48,948	227,382
Total comprehensive income for the period	—	—	—	—	—	(22,377)	(22,377)
At 30th June 2009	42,230	112,301	23,903	—	—	26,571	205,005

The notes on pages 15 to 33 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June 2010 — Unaudited

	<i>Note</i>	Six months ended 30th June	
		2010 HK\$'000	2009 HK\$'000
Net cash inflow/(outflow) from operating activities		103,400	(80,586)
Net cash outflow from investing activities		(7,394)	(290)
Net cash outflow from financing activities		(38)	(291)
Net increase/(decrease) in cash and cash equivalents		95,968	(81,167)
Cash and cash equivalents at 1st January		148,180	171,795
Cash and cash equivalents at 30th June	12	244,148	90,628
Analysis of balances of cash and cash equivalents:			
Bank balances — general accounts and cash in hand	12	244,148	90,628
		244,148	90,628

The notes on pages 15 to 33 form part of this interim financial report.

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 27th August 2010.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements. Details of these changes in accounting policies are set out in note 2.

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 2009 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 34.

2. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENT

(a) New accounting standards

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*

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

The impact of the majority of the revisions to HKFRS 3 and HKAS 27 have not yet had a material effect on the Group’s financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

(b) Prior year adjustment

On 11th December 2009, Cinda International Direct Investment Limited, a wholly-owned subsidiary of the Company, acquired 40% of the issued share capital of Sino-Rock Investment Management Company Limited (“Sino-Rock”), a company incorporated in Hong Kong with limited liability, from an intermediate holding company of the Company.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

2. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENT (CONTINUED)

(b) Prior year adjustment (Continued)

During the period from 11th December 2009 to 31st December 2009, Sino-Rock recorded a net profit of HK\$60,115,000 which included a post-tax gain on disposal of certain available-for-sale investments of HK\$58,586,000. This gain arose primarily from the recycling of a gain previously recorded in the investment revaluation reserve of Sino-Rock. Accordingly, as recorded in the Company's audited financial statements for the year ended 31st December 2009, a 40% share of the net profit of Sino-Rock of HK\$24,046,000 was recognised by the Group, which included the Group's share of the gain on disposal of available-for-sale investments of HK\$23,434,000. At the same time, a 40% share of the corresponding reversal of the investment revaluation reserve as reported by Sino-Rock was also recognised by the Group. However, the Company was recently informed by its auditors that the requirements of paragraph 23 of Hong Kong Accounting Standard ("HKAS") 28, Investments in associates, to make appropriate adjustments to these amounts reported by Sino-Rock to reflect the carrying values of the relevant assets at the date of the acquisition of Sino-Rock by the Group were inadvertently overlooked.

Consequently, the Group's consolidated profit for the year ended 31st December 2009 was overstated by HK\$23,434,000, with an equal and opposite understatement of other comprehensive income. As both these amounts were reported within total comprehensive income for the same period, this oversight had no impact on the Group's reported total comprehensive income for the year ended 31st December 2009 or net assets/shareholders' equity as at 31st December 2009. There was also no impact on the comparative amounts reported in this interim report for the six months ended 30th June 2009, as the oversight related to transactions which occurred in December 2009.

In order to properly reflect the requirements of HKAS 28, the following adjustments have been made to restate the comparative amounts reported in respect of the year ended 31st December 2009:

	2009 As previously reported HK\$'000	Adjustment HK\$'000	2009 Restated HK\$'000
<i>Consolidated income statement</i>			
Share of profit of associate	24,046	(23,434)	612
Profit/(loss) for the year	4,412	(23,434)	(19,022)
Basic earnings/(loss) per share	HK0.97 cents	(HK\$5.14 cents)	(HK\$4.17 cents)
Diluted earnings/(loss) per share	HK0.97 cents	(HK\$5.14 cents)	(HK\$4.17 cents)
<i>Consolidated statement of comprehensive income</i>			
Share of associate's investment revaluation reserve relating to available-for-sale securities:			
— Transfer to profit or loss on disposal	(23,883)	23,883	—
— Change in fair value	—	(449)	(449)
Other comprehensive income for the year	(23,862)	23,434	(428)
<i>Consolidated statement of financial position</i>			
Other reserves	334,626	23,434	358,060
Retained earnings	53,360	(23,434)	29,926

3. DISCONTINUED OPERATIONS

On 5th March 2010, the Board of Directors of the Company decided to cease providing leveraged foreign exchange trading services to its clients. The directors consider that the Group can utilize the resources saved from provision of leveraged foreign exchange trading business to develop the remaining businesses of the Group which the directors are of the view have higher business potential.

The results of the discontinued operations during the period are set out below.

	<i>Note</i>	Six months ended 30th June	
		2010 HK\$'000	2009 HK\$'000 (restated)
Turnover	4	2,848	7,724
Other revenue	4	3	—
Other net loss	4	(20)	(359)
		2,831	7,365
Staff costs	5(a)	1,710	2,945
Commission expenses		1,187	5,320
Operating leases for land and buildings		1,840	2,334
Other operating expenses		6,354	2,861
Total operating expenses		11,091	13,460
Operating loss		(8,260)	(6,095)
Finance costs	5(c)	—	(2)
Loss before taxation		(8,260)	(6,097)
Income tax	6	—	—
Loss for the period		(8,260)	(6,097)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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 corporate financial advisory services, securities broking, commodities and futures broking, financial planning and insurance broking, investment, assets management and the provision of leveraged foreign exchange trading and broking services.

As disclosed in note 3, the provision of leveraged foreign exchange trading and broking services 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	
	2010 HK\$'000	2009 HK\$'000 (restated)
From continuing operations		
Turnover		
Fees and commission	24,784	21,102
Net premium income from insurance broking	172	159
Swap interest and foreign exchange trading revenue	46	—
Interest income	2,866	1,174
Underwriting commission	15,122	1,096
	42,990	23,531
<hr style="border-top: 1px dashed black;"/>		
Other revenue		
Dividend income from listed securities	33	21
Other income	275	78
	308	99
<hr style="border-top: 1px dashed black;"/>		
Other net income		
Net exchange losses	(104)	(77)
Net realised loss on financial assets at fair value through profit or loss	(20)	—
Net unrealised gains on financial assets at fair value through profit or loss	558	527
	434	450
	43,732	24,080

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

	Six months ended 30th June	
	2010 HK\$'000	2009 HK\$'000 (restated)
From discontinued operations		
Turnover		
Fees and commission	681	3,645
Net revenue from foreign currency option trading	163	—
Swap interest and foreign exchange trading revenue	1,993	4,047
Interest income	11	32
	2,848	7,724
Other revenue	3	—
Other net loss	(20)	(359)
	2,831	7,365

Segment information

The Group manages its businesses by divisions. 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. Corporate finance — provision of corporate finance and advisory services to companies listed or seeking listing in Hong Kong.
2. 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.
3. Commodities and futures broking — provision of broking services in commodities and futures contracts traded in Hong Kong and selected overseas markets.
4. Financial planning and insurance broking in Hong Kong — acting as an agent for the sale of savings plans, general and life insurance and providing advisory services on securities investment and discretionary fund management.
5. Asset management — managing private funds.

Discontinued operations:

1. Leveraged foreign exchange trading/broking in Hong Kong — provision of dealing and broking in leveraged forex trading services on the world's major currencies.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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 interest in associate 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 2010

	Continuing operations					Discontinued operations			Total HK\$'000
	Corporate finance HK\$'000	Securities broking 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 in Hong Kong HK\$'000	Sub-total HK\$'000	
Turnover from external customers	20,824	16,833	1,680	3,605	—	42,942	2,848	2,848	45,790
Inter-segment turnover	—	26	—	—	—	26	1	1	27
Reportable segment turnover	20,824	16,859	1,680	3,605	—	42,968	2,849	2,849	45,817
Reportable segment results (EBIT)	5,885	(995)	(1,429)	(1,117)	(187)	2,157	(7,355)	(7,355)	(5,198)
Reportable segment assets	35,570	189,790	23,567	10,688	7,235	266,850	24,692	24,692	291,542
Reportable segment liabilities	3,261	47,517	5,668	3,093	13	59,552	4,888	4,888	64,440

Six months ended 30th June 2009 (restated)

	Continuing operations					Discontinued operations			Total HK\$'000
	Corporate finance HK\$'000	Securities broking 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 in Hong Kong HK\$'000	Sub-total HK\$'000	
Turnover from external customers	2,782	14,707	2,589	3,452	—	23,530	7,724	7,724	31,254
Reportable segment turnover	2,782	14,707	2,589	3,452	—	23,530	7,724	7,724	31,254
Reportable segment results (EBIT)	(4,140)	(5,977)	(1,929)	(1,568)	(103)	(13,717)	(6,182)	(6,182)	(19,899)
Reportable segment assets	25,014	252,603	23,878	18,171	4,435	324,101	70,115	70,115	394,216
Reportable segment liabilities	10,837	76,296	4,550	6,660	26	98,369	1,316	1,316	99,685

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

Reconciliations of reportable turnover

	Six months ended 30th June	
	2010 HK\$'000	2009 HK\$'000 (restated)
Turnover		
From continuing operations		
Reportable segment turnover	42,968	23,530
Elimination of inter-segment turnover	(26)	—
Unallocated head office and corporate turnover	48	1
	42,990	23,531
From discontinued operations		
Reportable segment turnover	2,849	7,724
Elimination of inter-segment turnover	(1)	—
	2,848	7,724
Consolidated turnover	45,838	31,255

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

Reconciliations of reportable results

	Six months ended 30th June	
	2010 HK\$'000	2009 HK\$'000 (restated)
Results		
From continuing operations		
Reportable segment profit/(loss) derived from external customers	2,157	(13,717)
Share of profit of associate	5,701	—
Finance costs	(38)	(29)
Unallocated head office and corporate expenses	(2,252)	(2,534)
	5,568	(16,280)
From discontinued operations		
Reportable segment loss	(7,355)	(6,182)
Elimination of inter-segment (profits)/losses	(905)	87
Reportable segment loss derived from external customers	(8,260)	(6,095)
Finance costs	—	(2)
	(8,260)	(6,097)
Consolidated loss before taxation	(2,692)	(22,377)

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

Reconciliations of reportable assets and liabilities

	At 30th June 2010 HK\$'000	At 31st December 2009 HK\$'000
Assets		
Reportable segment assets	291,542	394,216
Elimination of inter-segment receivables	(301)	(4,796)
	291,241	389,420
Interest in associate	124,156	125,874
Unallocated head office and corporate assets	76,925	14,423
Consolidated total assets	492,322	529,717
Liabilities		
Reportable segment liabilities	64,440	99,685
Elimination of inter-segment payables	(3,719)	(13,086)
	60,721	86,599
Unallocated head office and corporate liabilities	1,045	1,698
Consolidated total liabilities	61,766	88,297

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived after charging:

(a) Staff costs

	Continuing operations		Discontinued operations		Total	
	Six months ended 30th June		Six months ended 30th June		Six months ended 30th June	
	2010 HK\$'000	2009 HK\$'000 (restated)	2010 HK\$'000	2009 HK\$'000 (restated)	2010 HK\$'000	2009 HK\$'000
Salaries and allowances	19,379	16,489	1,657	2,846	21,036	19,335
Defined contribution plans	505	337	53	99	558	436
	19,884	16,826	1,710	2,945	21,594	19,771

(b) Other operating expenses

	Six months ended 30th June	
	2010 HK\$'000	2009 HK\$'000 (restated)
From continuing operations		
Auditors' remuneration	1,003	938
Depreciation of fixed assets	1,232	1,148
From discontinued operations		
Auditors' remuneration	245	290
Depreciation of fixed assets	566	790

(c) Finance costs

	Six months ended 30th June	
	2010 HK\$'000	2009 HK\$'000 (restated)
From continuing operations		
Interest on bank overdrafts	—	6
Interest on bank loans	38	13
Interest on obligation under finance lease	—	10
	38	29
From discontinued operations		
Interest on obligation under finance lease	—	2
	—	2

6. INCOME TAX

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	
	2010 HK\$'000	2009 HK\$'000 (restated)	2010 HK\$'000	2009 HK\$'000 (restated)	2010 HK\$'000	2009 HK\$'000
Current taxation:						
— Hong Kong profits tax for the period	753	—	—	—	753	—

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the current period.

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

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

	Continuing operations		Discontinued operations		Total	
	Six months ended 30th June		Six months ended 30th June		Six months ended 30th June	
	2010 HK\$'000	2009 HK\$'000 (restated)	2010 HK\$'000	2009 HK\$'000 (restated)	2010 HK\$'000	2009 HK\$'000
Loss before taxation (excluding share of profit of associates)	(133)	(16,280)	(8,260)	(6,097)	(8,393)	(22,377)
Notional tax on loss before taxation, calculated at the rate applicable to Hong Kong profits tax of 16.5%	(22)	(2,686)	(1,363)	(1,006)	(1,385)	(3,692)
Tax effect of income not subject to taxation	(58)	(96)	(2)	(5)	(60)	(101)
Tax effect of expenses not deductible for taxation purposes	11	37	701	—	712	37
Utilisation of previously unrecognised tax losses	(234)	(10)	—	—	(234)	(10)
Tax effect of tax losses not recognised	1,043	2,740	511	1,026	1,554	3,766
Others	13	15	153	(15)	166	—
Taxation expense	753	—	—	—	753	—

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

7. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30th June 2010 (2009: nil).

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$3,445,000 (2009: HK\$22,377,000) and the weighted average of 534,338,000 ordinary shares (2009: 422,303,000 ordinary shares) in issue during the period, calculated as follows:

(i) Loss attributed to ordinary equity shareholders of the Company

	Six months ended 30th June	
	2010 HK\$000	2009 HK\$000 (restated)
Earnings/(loss) for the period from continuing operations	4,815	(16,280)
Loss for the period from discontinued operations	(8,260)	(6,097)
Loss for the period attributable to equity holders of the Company	(3,445)	(22,377)

(ii) Weighted average number of ordinary shares

	Six months ended 30th June	
	2010	2009
Issued ordinary shares at 30 June	534,338,000	422,303,000
Weighted average number of ordinary shares at 30 June	534,338,000	422,303,000

(b) Diluted loss per share

Diluted loss per share are the same as basic loss per share because there were no potential dilutive ordinary shares during both the current and prior periods.

9. INTANGIBLE AND FIXED ASSETS

	Club membership HK\$'000	Stock Exchange trading rights HK\$'000	Futures Exchange trading rights HK\$'000	Total intangible assets HK\$'000	Fixed assets HK\$'000
Six months ended 30th June 2010					
Net book value at 1st January 2010	—	913	406	1,319	5,610
Additions	120	—	—	120	1,965
Disposals	—	—	—	—	(126)
Depreciation charge	—	—	—	—	(1,798)
Net book value at 30th June 2010	120	913	406	1,439	5,651
Six months ended 30th June 2009					
Net book value at 1st January 2009	—	913	406	1,319	7,752
Addition	—	—	—	—	311
Disposals	—	—	—	—	(3)
Depreciation charge	—	—	—	—	(1,938)
Depreciation written back	—	—	—	—	1
Net book value at 30th June 2009	—	913	406	1,319	6,123

10. INTEREST IN ASSOCIATE

	Unaudited 30th June 2010 HK\$'000	31st December 2009 HK\$'000 (restated)
Share of net assets at 1st January	125,874	—
Share of associate's results for the period/year	5,701	612
Share of associate's other comprehensive income for the period/year	(7,419)	(428)
Acquisition of an associate	—	125,690
Share of net assets at 30th June/31st December	124,156	125,874

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

10. INTEREST IN ASSOCIATE (CONTINUED)

Details of the Group's interest in an unlisted associate are as follows:

	Particulars of issued shares held	Country of incorporation	Effective equity interest to the Group
Sino-Rock Investment Management Company Limited ("Sino-Rock")	18,000,000 ordinary shares of HK\$1 each	Hong Kong	40%

11. TRADE AND OTHER RECEIVABLES

	Unaudited 30th June 2010 HK\$'000	31st December 2009 HK\$'000
Trade receivable from clients	58,336	72,576
Margin and other trade related deposits with brokers and financial institutions	7,944	22,193
Margin finance loans	19,131	126,585
Trade receivable from clearing houses	244	1
	85,655	221,355
Deposits	1,576	3,336
Prepayments and other receivables	1,726	5,467
Less: impairment allowance on other receivables	(82)	(82)
Total trade and other receivables	88,875	230,076

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 2010, the designated accounts with SEOCH and HKFECC not otherwise dealt with in these accounts amounted to HK\$1,723,399 (31st December 2009: HK\$2,389,871) and HK\$14,184,064 (31st December 2009: HK\$13,486,350) respectively.

As at 30th June 2010, the aging analysis of the trade receivables was as follows:

	Unaudited 30th June 2010 HK\$'000	31st December 2009 HK\$'000
Current	70,707	212,121
30-60 days	5,677	511
Over 60 days	9,271	8,723
	85,655	221,355

12. BANK BALANCES AND CASH

	Unaudited 30th June 2010 HK\$'000	31st December 2009 HK\$'000
Cash in hand	15	14
Bank balances		
— pledged	12,002	12,001
— general accounts	244,133	148,166
	256,135	160,167
	256,150	160,181
By maturity		
Bank balances		
— Current and savings accounts	244,133	148,166
— Fixed deposits (maturing within three months)	12,002	12,001
	256,135	160,167

As at 30th June 2010, bank deposits amounting to HK\$12,001,775 (31st December 2009: HK\$12,000,608) have been pledged to a bank as security for the provision of a HK\$50 million (31st December 2009: HK\$50 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 2010, segregated trust accounts not otherwise dealt with in these accounts amounted to HK\$132,683,733 (31st December 2009: HK\$248,763,153).

Cash and cash equivalents

	Unaudited 30th June 2010 HK\$'000	31st December 2009 HK\$'000
Cash in hand	15	14
Bank balances		
— pledged	12,002	12,001
— general accounts	244,133	148,166
Cash and cash equivalents in the consolidated statement of financial position	256,150	160,181
Bank balances		
— pledged	(12,002)	(12,001)
Cash and cash equivalents in the condensed consolidated statement of cash flows	244,148	148,180

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

13. TRADE AND OTHER PAYABLES

	Unaudited 30th June 2010 HK\$'000	31st December 2009 HK\$'000
Trade payable to securities trading clients	27,151	56,579
Margin and other deposits payable to clients	5,294	3,882
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	16,876	11,048
	49,321	71,509
Accruals and other payables	11,692	16,788
Total trade and other payables	61,013	88,297

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 were repayable on demand.

14. SHARE CAPITAL

	Authorised	
	Ordinary shares of HK\$0.10 each	
	No. of shares	Nominal value
	'000	HK\$'000
At 30th June 2010 and 31st December 2009	1,000,000	100,000
	Issued and fully paid	
	Ordinary shares of HK\$0.10 each	
	No. of shares	Nominal value
	'000	HK\$'000
At 30th June 2010 and 31st December 2009	534,338	53,434

15. CONTINGENT LIABILITIES

15.1 Outstanding litigation cases

The following litigation cases are outstanding up to the date of this report. Based on the merits of each case, the directors considered that it was unlikely that any material claim against the Company will crystallise and hence no provision has been made.

- 15.1.1 (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 injunction 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 25th 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 cost as a result of 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 as defendant by a former account executive claiming (being the plaintiff) against the above three companies for a total of HK\$700,000 as his rightful overriding commissions together with interest and/or alternatively, damages to be assessed. The Company has instructed its legal advisors to commence defence on the claim. The legal advisors are of the view that the Company has a reasonably good defence in this case. Up to the date of this report, there has been no further development.

Under the share sale agreement dated 13 August 2008 (the "Agreement"), Hantec Holdings Investment Limited ("HHIL", formerly known as Hantec Holdings Limited) and the then chairman of the Company, Mr. Tang Yu Lap ("Mr. Tang"), have undertaken to indemnify and keep indemnified the Company on a fully indemnified basis of any loss or liability suffered by the Group as a result of or in connection with the outstanding litigation cases set out in 15.1.1(a) to (c) above.

- 15.1.2 On 10th August 2010, the Company received a High Court writ of summons (the "Writ") issued by Mr. Tang and HHIL (the "plaintiffs"). The plaintiffs alleged that, in breach of the Agreement, the Company settled with the Securities and Futures Commission ("SFC") regarding the compliance issues of HIL (Hantec International Limited, currently known as Cinda International FX Limited). The plaintiffs further alleged that the release of the Company's announcement dated 2nd August 2010 caused damage to their reputation. In the Writ, Mr. Tang claimed against, inter alia, the Company for HK\$700,000 being his remuneration of being a responsible officer for the Group's asset management company since 28th May 2009, service charge of HK\$50,000 per month from the date of issue of the Writ and further damages in reputation. HHIL also claimed for damages of losing the chance of challenging the allegations of the SFC against two former responsible officers of HIL and HIL and damages in goodwill. However, no specific amount of damages was stated in the Writ. The Board is seeking legal advice to defend the action.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

15. CONTINGENT LIABILITIES (CONTINUED)

15.2 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 authorised institutions for a total amount of HK\$168 million (31st December 2009: HK\$168 million). The Company has issued corporate guarantees for a total principal amount of HK\$116 million (31st December 2009: HK\$116 million) for these facilities. As at 30th June 2010, none of these banking facilities was utilised (31 December 2009: HK\$ nil).
- (b) 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.

16. LEASE COMMITMENTS

At 30th June 2010, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	Unaudited 30th June 2010 HK\$'000	31st December 2009 HK\$'000
Within one year	10,721	4,815
After one year but within five years	20,672	349
	31,393	5,164

17. 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	
	2010 HK\$'000	2009 HK\$'000
Placing commission income (<i>note (a)</i>)	157	976
Broking commission for securities dealing (<i>note (b)</i>)	160	51

- (a) During the period, the Group charged placing commission to its related company and its associate for corporate finance services provided. In prior period, the Group charged placing commission to its immediate holding company for corporate finance services provided.
- (b) During the period, the Group received commission income from its related company and its associate for providing securities broking services. In prior period, the Group received commission income from a related company for providing securities broking services.

18. CAPITAL COMMITMENTS

Capital commitments outstanding not provided for in the interim financial report were as follows:

	At 30th June 2010 HK\$'000	At 31st December 2009 HK\$'000
	Contracted for	983

19. COMPARATIVE FIGURES

As disclosed in note 3, the provision of leveraged foreign exchange trading and broking services 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 9 to 33 which comprises the consolidated statement of financial position of Cinda International Holdings Limited (the “Company”) as of 30th June 2010 and the related consolidated income statement, statement of comprehensive income and 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 2010 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

27th August 2010