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

(Incorporated in Bermuda with limited liability)

Stock Code: 111

# 2013
# Interim Report

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# CONTENTS

# Management Discussion and Analysis

## OVERALL PERFORMANCE

In the first half of the year, the world's major economies were not stable. Economic performance of different nations varied significantly. We saw improvement in the economy of the United States of America (the "US") — real Gross Domestic Product ("GDP") growth of 1.7% in the second quarter and a reduction in the unemployment rate down from 10% in the previous years to about 7.5%. However, such solid data increased the chance of the Federal Reserve to taper its purchase of asset. There were also more calls for the withdrawal of quantitative easing (the "QE") in the US. These worries caused shocks in the investment market. The Dow Jones Index became more volatile than before though it continuously broke historical records in the first half of 2013. The sovereign debt crisis in Europe has though not worsen, it has not improved much. The European economies were dragged and did not perform well as it lacks the dynamics to grow. Certain countries even reported negative economic growth. Concerning China, the economic growth has much slowed down. There were uncertainties on the sustainability of the high economic growth in China. A lot of products have been over-supplied. The pressure of economic downturn was increasing. The pessimism on recovery of China's economy was probably reflected in its stock market. Shanghai Composite A Shares Index fell by 12.8% in the first half of 2013. The performance was behind the major markets in the world as most indices recorded an increase for the period. More importantly, the crisis of liquidity broke up in June. This caused a sudden tighten-up of the liquidity in China.

Turning to Hong Kong, Hang Seng Index closed at 20,803 points at the end of June which was only slightly over the half year's lowest that recorded at 19,426 in June. It fell by 8% compared to the opening in the year which stood at 22,657. In February, the Hang Seng Index has once climbed to 23,945 point but it could not be sustained. The difference between the highest and lowest was 4,519 points. Turnover volume in the Hong Kong stock market was however improved with average daily turnover of HK$68.3 billion, represented an increase of 20% comparing with the last corresponding period of HK$56.7 billion. The initial public offering ("IPO") market remained sluggish. There were only 23 new listings in the Hong Kong Stock Exchange ("HKSE"), compared with 32 in the same period last year, it represented 28% decrease. The amount raised was approximately HK$39.4 billion. Though certain large IPOs accomplished their listing, some sizeable ones were pulled out as a result of insufficient subscription.

Turning to our group, though the market was not satisfactory, we strived to expand in our three core business and improved our performance in the first half of the year. We succeed in sponsoring three IPOs, increased the transaction volume for our brokerage business and increased the asset under our management. The group's turnover was HK$61.9 million (2012: HK$35.4 million), represented an increase of 75%. Under our stringent control, the operation cost was maintained at similar level as that of the previous year though we are confronting with the high inflationary pressure on rental and labour. The operating expenses excluding commission payout was HK$46.9 million (2012: HK$48.7 million), a slight decrease of 4% was recorded. Operating profit after finance costs was HK$5.1 million (2012: loss HK$19.2 million), which was a big improvement. However the share of losses from associated companies and a joint venture increased to HK8.9 million (2012: loss HK$4 million). As a result, loss attributable to equity holders was sharply reduced to HK$3.8 million (2012: loss HK$23.2 million).

## CORPORATE FINANCE

Although the IPO market in the first half was disappointing, we managed to capture the window to assist our clients to list their shares in the HKSE. We succeed to sponsor three IPOs, two in the Main Board and one in the GEM Board in the first half of the year. The IPOs received overwhelming responses and in one IPO over subscription of exceeding 1,000 times of the shares publicly offered was recorded. Two IPOs recorded the highest soar in the closing price in the first day of trading compared to the IPO price in the Main Board and the GEM Board respectively. As a result, the segment recorded turnover of HK$9.9 million (2012: HK$8.3 million) and the segment loss was reduced to HK$3.4 million (2012: HK$9.4 million).

# Management Discussion and Analysis

## BROKERAGE BUSINESS

The Group's securities broking business has been benefited from the improved market turnover volume. We managed to double our turnover volume in the first half of the year compared to the last corresponding period. This was result of the generally increase in turnover volume of the existing clients, the introduction of new sales teams and the underwriting of the IPOs in the first half of the year. As a result, turnover was substantially improved to HK$28.9 million (2012: HK$14.7 million). Segment profit of HK$4.7 million (2012: loss HK$1.8 million) was recorded.

The enhanced commodities and futures trading system continued to perform its function that it allows clients to trade efficiently with the sophisticated yet user-friendly platform. As a result, overseas clients' trading volume in commodities contracts in major overseas market increased. However, we were also confronting with the more severe price competition from our peers. Profit margin hence becomes even thinner. As a result, segment turnover was increased to HK$4.1 million (2012: HK$3 million) and segment result was loss HK$1.3 million (2012: HK$1.3 million).

Business in the segment of financial planning and insurance broking did not show much sign of improvement as the market in investment linked products was still stagnant. Turnover in this segment slightly increased to HK$2.8 million (2012: HK$2.2 million). Loss was however narrowed down to HK$0.6 million (2012: loss HK$1.3 million) due to the reshuffle in the manpower of this segment to save up its operation cost.

## ASSET MANAGEMENT

During the first half of year, we have successfully enlarged the assets under our management. We placed our emphasis on the management of private equity funds. We have set up two private equity funds during the same period. One fund aimed at investing in cultural enterprises in Fujian province whilst the other one aimed at investing in retail business. They have finished their registration and recruitment of funds. The mineral fund which was established last year has finished its investment. Another private equity fund aiming at investing in Taiwan has also finished its recruitment of fund and investment after the financial period end. Turning to the associated companies, the one engaging in fund management has slightly improved its result due to the increase in the asset under management and the improvement in the performance of the fund managed. The investments held by the associated company in Xiamen can contribute well when they are mature. Another associated company, Sino Rock suffered a loss in the first half of the year. As a very large portion of its investments was located in China, it was affected significantly by the slowdown of the economic growth in China. The quality of the investments it held is high and it could contribute to the Group when the economy of China recovers. We continued to look for investment of high quality for itself to enhance the overall return of our funding. Such return on investment was recorded as other income and revenue of the Company. Consequently, this segment recorded reportable turnover of HK$6.8 million (2012: HK$ 6.2 million), which was mainly derived from advisory services from the associated company engaged in managing private funds. The segment turned into profit of HK$1.1 million (2012: loss HK$ 0.8 million).

## LOOKING FORWARD

The market sentiment in the recent months seemed smoothed out. There are more and more views that the QE will not be ended with a hard landing that would harm the US economy. The sovereign debt crisis in Europe seemed to be stabilized. China has also implemented a series of measures to improve its economy, inter alia, further regulating and opening up its financial market, providing certain tax concessions, simplifying approval procedures for exporting companies and creating more channels to fulfill railway development plans. Certain controls over interest rate has been lessened and the range in the movement of exchange rate is widened. RMB interest rate and exchange rate will become more and more market oriented. It is expected that the benefit on the economic measures implemented could be gradually crystallized.

# Management Discussion and Analysis

Our parent company, China Cinda Asset Management Co., Ltd. ("China Cinda") expands its business under the three areas of distress asset operation, asset management and financial services business. Strategically, China Cinda will go international and develop into a comprehensive financial group. As its flagship in the equity market outside the Mainland China, we will explore more opportunities to co-operate with China Cinda. We expect more and more support from and synergies with China Cinda.

The atmosphere in the local market has improved and we hope we will further be benefited. Inflation seemed to be alleviated as the increase in the consumer price index has been much mild in the recent months. We will continue to expand our three main cores of business. With the improved local market, it is expected that the IPO market will gradually be more active and the cases in the pipeline can succeed in listing their shares. Hopefully the size of the fund raised could be larger. The brokerage business could maintain a steady growth if the present market condition sustain till the end of the year. After accumulating certain experience in managing private equity investments, we will further develop in this area. We shall explore more investment opportunities for our clients. In case where the risk and return of an investment suits our requirement, we will participate in the investment, not only to enhance our return but also strengthen the confidence of our clients. Coupling with the improved marco-economic environment and the local market sentiment, we endeavor to further advance our improvement on the foundation built in the first half of the year and deliver a satisfactory result for the year as a whole.

## FINANCIAL RESOURCES

The Group's financial ability remained healthy throughout the period. The subsidiaries licensed by the Securities and Future Commission were able to maintained liquid capital in excess of the amount so required. At the end of the reporting period, loan in the amount of HK$80 million was utilized to finance our investment and working capital in securities broking business. Out of this amount, HK$60 million was secured under the corporate guarantee of our holding company. The Group is exploring the possibility to issue certain long term bonds to strengthen its funding base.

## CONTINGENT LIABILITIES

Other than corporate guarantee given to its subsidiaries to secure banking facilities for their operation, the Company did not entered into any guarantee or surety. At the end of the reporting period, it is unlikely that any material claim would arise from these corporate guarantees. Outstanding litigation cases are considered case-by-case on a periodic basis. Should any case involve any economic outflow, provision will be made.

## EXPOSURE TO FLUCTUATION IN FOREIGN EXCHANGE RATES

The Group's assets were mainly denominated in Hong Kong Dollars ("HKD"), Renminbi ("RMB") and the United States Dollars ("USD"), whilst its liabilities were all in Hong Kong Dollars. In view of the current slow continuous appreciation of RMB and the pegged exchange rate between HKD and USD, the change of the exchange rates of the relevant currencies against HKD would not have a material impact on the Group's financial position.

# 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 2013 (2012: nil).

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June 2013, 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 2013, there was no outstanding share option granted under the scheme.

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

As at 30th June 2013, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as was known to the directors and the chief executives of the Company, the following are details of the persons (other than directors or chief executives 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 need 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 | 409,536,200 *(Note 1)* | 63.87% |
| Well Kent International Investment Company Limited ("WKII") | Interest through a controlled corporation | 409,536,200 *(Note 1)* | 63.87% |
| China Cinda Asset Management Co., Ltd. ("China Cinda") | Interest through a controlled corporation | 409,536,200 *(Note 1)* | 63.87% |
| Silver Grant International Securities Investment Limited ("Silver Grant") | Beneficial owner | 48,026,400 *(Note 2)* | 7.49% |
| Silver Grant Securities Investment (BVI) Limited ("Silver Grant BVI") | Interest through a controlled corporation | 48,026,400 *(Note 2)* | 7.49% |
| Silver Grant International Industries Limited ("Silver Grant International") | Beneficial owner and interest through a controlled corporation | 50,441,200 *(Note 2)* | 7.87% |
| CCB International Asset Management Limited ("CCBIAM") | Investment manager | 59,621,200 *(Note 3)* | 9.30% |
| CCB International (Holdings) Limited | Beneficial owner | 59,621,200 *(Note 3)* | 9.30% |
| CCB Financial Holdings Limited | Interest held by a controlled corporation | 59,621,200 *(Note 3)* | 9.30% |
| CCB International Group Holdings Limited | Interest held by a controlled corporation | 59,621,200 *(Note 3)* | 9.30% |

| 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 | 59,621,200 *(Note 3)* | 9.30% |
| Central Huijin Investment Ltd. | Interest held by a controlled corporation | 59,621,200 *(Note 3)* | 9.30% |

*Notes:*

(1) These shares were held by Sinoday Limited. The issued share capital of Sinoday Limited was wholly owned by WKII which was 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 was interested.

(2) These shares were held by Silver Grant and Silver Grant International as to 48,026,400 shares and 2,414,800 shares respectively. 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. 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 57.23% of its interest is owned by Central Huijin Investment Ltd. Accordingly, CCB Financial Holdings Limited, CCB International Group Holdings Limited, China Construction Bank Corporation and Central Huijin Investment Ltd. were deemed to be interested in 59,621,200 ordinary shares in the Company by virtue of the provisions of the SFO.

## PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30th June 2013. 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 2013.

## SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

On 26th June 2012, the Company as borrower, entered into a facility agreement ("Facility Agreement") with a bank in relation to a HK$70,000,000 revolving term loan facility ("Loan Facility"). Pursuant to the Facility Agreement, application by the Company to use the Loan Facility is conditional upon the undertakings rendered by the controlling shareholder, Well Kent International Investment Company Limited ("Well Kent") who being a continuing guarantor of the Loan Facility, that (i) Well Kent remains the largest single shareholder of the Company throughout the availability of the Loan Facility which has a beneficial ownership (directly or indirectly) of not less than 51 per cent in the issued share capital of the Company; and (ii) the minimum consolidated tangible net worth and the consolidated net gearing ratio of Well Kent is over HK$3 billion and not exceeding 0.6X respectively. Failure to comply with the undertakings will trigger an event of default. If an event of default under the Facility Agreement occurs, the bank may declare the Facility Agreement be cancelled and/or demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement. The final maturity date of the Loan Facility is 31st August 2013.

As at 30th June 2013, HK$60,000,000 has been drawn under the Loan Facility.

## ADVANCE TO AN ENTITY

On 9th November 2012, the Company as lender entered into a loan facility agreement (the "Loan Facility Agreement") with America Champion Property Ltd. ("America Champion") as borrower, pursuant to which the Company has agreed to provide a loan in the amount of HK$70,000,000 (the "Loan") to America Champion for a term of 30 months commencing from the drawdown date at the interest rate of 14% per annum. America Champion and its beneficial owner are third parties independent of the Company and its connected persons. Interest shall be payable to the Company every six months where the first interest period shall end on 20th June 2013 and subsequent interest periods shall end on 20th December and 20th June each year. The final interest period shall end on the maturity date. The principal amount of the Loan together with interest accrued on the final interest period shall be repaid to the Company in one lump sum on the maturity date.

The Loan has been drawn on 13th December 2012 and as at 30th June 2013, the total outstanding balance of the Loan together with the interest accrued amounted to HK$70,268,493.

The Loan is secured by:

1. the first share charge executed by Mr. Qiu Aimin (the sole shareholder of America Champion), America Champion and the Company, pursuant to which Mr. Qiu Aimin agreed to charge by way of first share charge his interest in the entire issued share capital of America Champion in favour of the Company; and

2. the personal guarantee executed by Mr. Qiu Aimin and Mr. Qiu Hanhui, son of Mr. Qiu Aimin (collectively, the "Guarantors") in favour of the Company, pursuant to which the Guarantors, on a joint and several basis, shall irrevocably and unconditionally guarantees the due and punctual performance of America Champion of all its obligations under the Loan Facility Agreement.

## CORPORATE GOVERNANCE

The Company has always strived to enhance its corporate governance and transparency by adopting and implementing appropriate corporate governance practices. The Company has also complied with all the code provisions as set out in the Corporate Governance Code during the period from 1st January 2013 to 30th June 2013 as set out in Appendix 14 of the Listing Rules.

## 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 had complied with the required standards at all times throughout the six months ended 30th June 2013.

## AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management, and discussed the internal controls and financial reporting matters with the directors, including a review of the unaudited interim financial statements for the six months ended 30th June 2013. The Group's external auditor has 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 2013

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th June 2013 — Unaudited

| | | Six months ended 30th June | |
|---|---|---|---|
| | | **2013** | 2012 |
| | *Notes* | **HK$'000** | HK$'000 |
| **Continuing operations** | | | |
| Turnover | *4* | **52,335** | 34,625 |
| Other revenue | *4* | **9,139** | 5,691 |
| Other gains/(losses) | *4* | **459** | (4,962) |
| | | **61,933** | 35,354 |
| Staff costs | *5(a)* | **26,104** | 27,570 |
| Commission expenses | | **8,998** | 5,937 |
| Operating leases for land and buildings | | **7,378** | 7,834 |
| Other operating expenses | | **13,394** | 13,248 |
| Total operating expenses | | **55,874** | 54,589 |
| Operating profit/(loss) | | **6,059** | (19,235) |
| Finance costs | *5(c)* | **(960)** | — |
| | | **5,099** | (19,235) |
| Share of losses of associates | *10(a)* | **(8,620)** | (3,895) |
| Share of loss of a joint venture | *10(b)* | **(288)** | (70) |
| Loss before taxation | *5* | **(3,809)** | (23,200) |
| Income tax | *6* | **(13)** | (21) |
| Loss for the period from continuing operations | | **(3,822)** | (23,221) |
| **Discontinued operations** | | | |
| Loss for the period from discontinued operations | *3* | **(1)** | (3) |
| Loss for the period | | **(3,823)** | (23,224) |
| Attributable to: | | | |
| Equity holders of the Company | | | |
| Continuing operations | | **(3,705)** | (23,221) |
| Discontinued operations | | **(1)** | (3) |
| | | **(3,706)** | (23,224) |
| Non-controlling interests | | | |
| Continuing operations | | **(117)** | — |
| | | **(3,823)** | (23,224) |
| Basic loss per share attributable to equity holders of the Company | | | |
| — From continuing and discontinued operations | *8* | **(HK0.58 cent)** | (HK3.62 cents) |
| — From continuing operations | *8* | **(HK0.58 cent)** | (HK3.62 cents) |

The notes on pages 13 to 38 form part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th June 2013 — Unaudited

| | Six months ended 30th June | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| Loss for the period | **(3,823)** | (23,224) |
| **Other comprehensive income for the period:** | | |
| **Items that may be reclassified subsequently to profit or loss** | | |
| Share of an associate's investment revaluation reserve relating to available-for-sale securities: | | |
| — Change in fair value | **(1,623)** | (794) |
| — Transfer to profit or loss on disposal | **—** | (2,047) |
| Net movement in investment revaluation reserve | **(1,623)** | (2,841) |
| Share of an associate's exchange difference | **(573)** | (986) |
| Share of a joint venture's exchange difference | **565** | — |
| Exchange differences on translation of financial statements of foreign operations | **334** | (84) |
| | **326** | (1,070) |
| Total comprehensive income for the period | **(5,120)** | (27,135) |
| Total comprehensive income attributable to: | | |
| Equity holders of the Company | **(5,110)** | (27,135) |
| Non-controlling interests | **(10)** | — |
| | **(5,120)** | (27,135) |

The notes on pages 13 to 38 form part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Financial Position

As at 30th June 2013 — Unaudited

| | Notes | 30th June 2013 HK$'000 | 31st December 2012 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | *9* | **1,439** | 1,439 |
| Fixed assets | *9* | **4,981** | 5,552 |
| Interests in associates | *10(a)* | **210,338** | 221,154 |
| Interest in a joint venture | *10(b)* | **21,881** | 21,604 |
| Other assets | | **8,850** | 4,579 |
| Loan receivable | *11* | **70,000** | 70,000 |
| Note receivable | *11* | **—** | 45,000 |
| | | **317,489** | 369,328 |
| **Current assets** | | | |
| Note receivable | *11* | **45,000** | — |
| Financial assets designated at fair value through profit or loss | *12* | **47,200** | — |
| Financial instruments held-for-trading | *13* | **30,200** | 7,040 |
| Trade and other receivables | *14* | **257,756** | 312,075 |
| Pledged bank deposits | *15* | **15,047** | 15,042 |
| Bank balances and cash | *15* | **141,042** | 79,004 |
| | | **536,245** | 413,161 |
| **Current liabilities** | | | |
| Trade and other payables | *16* | **173,640** | 165,770 |
| Bank loans | *17* | **80,000** | 60,000 |
| Taxation payable | | **13** | — |
| | | **253,653** | 225,770 |
| **Net current assets** | | **282,592** | 187,391 |
| **Total assets less current liabilities** | | **600,081** | 556,719 |
| **NET ASSETS** | | **600,081** | 556,719 |
| **Capital and reserves** | | | |
| Share capital | *18* | **64,121** | 64,121 |
| Other reserves | | **473,450** | 474,854 |
| Retained earnings | | **14,038** | 17,744 |
| Total equity attributable to equity holders of the Company | | **551,609** | 556,719 |
| Non-controlling interests | | **48,472** | — |
| **TOTAL EQUITY** | | **600,081** | 556,719 |

The notes on pages 13 to 38 form part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2013 — Unaudited

| | Attributable to equity holders of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **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$'000** | **Non-controlling Interests HK$'000** | **Total equity HK$'000** |
| At 1st January 2013 | **64,121** | **421,419** | **42,879** | **3,027** | **7,529** | **17,744** | **556,719** | **—** | **556,719** |
| Total comprehensive income for the period | **—** | **—** | **—** | **(1,623)** | **219** | **(3,706)** | **(5,110)** | **(10)** | **(5,120)** |
| Capital contribution from non-controlling interests | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **48,482** | **48,482** |
| At 30th June 2013 | **64,121** | **421,419** | **42,879** | **1,404** | **7,748** | **14,038** | **551,609** | **48,472** | **600,081** |

| | 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$'000 | Non-controlling Interests HK$'000 | Total equity HK$'000 |
|---|---|---|---|---|---|---|---|---|---|
| At 1st January 2012 | 64,121 | 421,419 | 42,879 | 5,773 | 5,320 | 7,242 | 546,754 | — | 546,754 |
| Total comprehensive income for the period | — | — | — | (2,841) | (1,070) | (23,224) | (27,135) | — | (27,135) |
| At 30th June 2012 | 64,121 | 421,419 | 42,879 | 2,932 | 4,250 | (15,982) | 519,619 | — | 519,619 |

The notes on pages 13 to 38 form part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June 2013 — Unaudited

| | Note | Six months ended 30th June | |
|---|---|---|---|
| | | **2013** | 2012 |
| | | **HK$'000** | HK$'000 |
| OPERATING ACTIVITIES | | | |
| Decrease/(increase) in trade receivables from clearing houses | | **59,193** | (57,384) |
| Purchase of warrants as derivatives | | **(23,000)** | — |
| Net cash inflow/(outflow) from other operating activities | | **18,746** | (16,036) |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | | **54,939** | (73,420) |
| INVESTING ACTIVITIES | | | |
| Purchase of debt securities | | **(47,200)** | — |
| Net cash outflow from other investing activities | | **(13,549)** | (88,685) |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | | **(60,749)** | (88,685) |
| FINANCING ACTIVITIES | | | |
| Capital contribution from non-controlling interests | | **48,482** | — |
| Net cash inflow from other financing activities | | **19,043** | — |
| NET CASH INFLOW FROM FINANCING ACTIVITIES | | **67,525** | — |
| Net increase/(decrease) in cash and cash equivalents | | **61,715** | (162,105) |
| Cash and cash equivalents at 1st January | | **79,004** | 246,700 |
| Effect of foreign exchange rate changes | | **323** | (84) |
| Cash and cash equivalents at 30th June | *15* | **141,042** | 84,511 |
| Analysis of balances of cash and cash equivalents: | | | |
| Bank balances — general accounts and cash in hand | *15* | **141,042** | 84,511 |

The notes on pages 13 to 38 form part of these condensed consolidated financial statements.

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2013 — Unaudited

## 1. BASIS OF PREPARATION

These condensed consolidated financial statements have 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"). These condensed consolidated financial statements have been approved for issue by the Board of Directors on 27th August 2013.

The condensed consolidated financial statements contain selected explanatory notes, which 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 2012 annual financial statements. The condensed consolidated 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 condensed consolidated financial statements are unaudited, but have been reviewed by Messrs. Deloitte Touche Tohmatsu 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. Messrs. Deloitte Touche Tohmatsu has issued a report on review of the condensed consolidated financial statements to the Board of Directors is included on page 39 to 40.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December 2012.

The Group has applied the following accounting policies for the derivative financial instruments entered in the current interim period.

### Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately. Details of disclosure are set out in note 13.

In the current interim period, the Group has applied, for the first time, certain new or revised HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period:

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below:

*Impact of the application of HKFRS 10*

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC)-INT 12 "Consolidation — Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

HKFRS 10 is effective for the Group for annual period beginning on 1st January 2013. After assessment of the adoption of the HKFRS 10, the directors of the Company consider that no additional investees ought to be consolidated and no investees which were previously consolidated ought to be deconsolidated in accordance with the new definition of control under HKFRS 10. Accordingly, the application of HKFRS 10 does not have material impact on the condensed consolidated financial statements.

*Impact of the application of HKFRS 11*

HKFRS 11 replaces HKAS 31 "Interests in joint ventures", and the guidance contained in a related interpretation, HK(SIC)-INT 13 "Jointly controlled entities—Non-monetary contributions by venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements — jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### New and revised standards on consolidation, joint arrangements, associates and disclosures *(continued)*

*Impact of the application of HKFRS 11 (continued)*

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

HKFRS 11 is effective for the Group for annual period beginning on 1st January 2013. After assessment of the adoption of the HKFRS 11, the directors of the Company consider that the jointly controlled entity of the Group previously under HKAS 31 is regarded as a joint venture under HKFRS 11. Since it was previously accounted for using the equity method, there is no change in accounting methodology under HKFRS 11. Accordingly, the application of HKFRS 11 does not have material impact on the condensed consolidated financial statements.

### HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 22.

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### New and revised standards on consolidation, joint arrangements, associates and disclosures *(continued)*

#### Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

#### Amendments to HKFRS 7 Disclosures — Offsetting financial assets and financial liabilities

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. Details of disclosure is set out in note 19.

Except as described above, the application of the other new and revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

## 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.

| | | Six months ended 30th June | |
|---|---|---|---|
| | | **2013** | 2012 |
| | *Note* | **HK$'000** | HK$'000 |
| Other operating expenses | | **1** | 3 |
| Total operating expenses | | **1** | 3 |
| Loss before taxation | | **(1)** | (3) |
| Income tax | *6* | **—** | — |
| Loss for the period | | **(1)** | (3) |

## 4. TURNOVER, OTHER REVENUE, OTHER GAINS/(LOSSES) 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 and assets management.

Total revenue recognised during the period is as follows:

| | Six months ended 30th June | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| **From continuing operations** | | |
| Turnover | | |
| Fees and commission | **35,978** | 29,323 |
| Interest income | **4,976** | 3,129 |
| Underwriting commission | **9,817** | 1,966 |
| Management fee income | **1,374** | — |
| Net premium income from insurance broking | **190** | 207 |
| | **52,335** | 34,625 |
| **Other revenue** | | |
| Loan interest income | **7,659** | 4,481 |
| Other income | **1,480** | 1,210 |
| | **9,139** | 5,691 |
| **Other gains/(losses)** | | |
| Net exchange gains | **439** | 31 |
| Net gain/(loss) on financial assets at fair value through profit or loss | **20** | (4,993) |
| | **459** | (4,962) |
| | **61,933** | 35,354 |

### 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.

## 4. TURNOVER, OTHER REVENUE, OTHER GAINS/(LOSSES) AND SEGMENT INFORMATION *(continued)*

**Segment information** *(continued)*

Continuing operations:

1. Corporate finance — provision of corporate finance and advisory services to companies listed or seeking listing in Hong Kong and other unlisted corporates.

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 other investment linked insurance products.

5. Asset management — provision of advisory and management services for 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.

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 interests in associates and a joint venture and other corporate assets. Segment liabilities include trade creditors, accruals and bank loans 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 items not specifically attributed to individual segments, such as share of profits or losses of associates and a joint venture and other head office or corporate administration costs or other revenue.

## 4. TURNOVER, OTHER REVENUE, OTHER GAINS/(LOSSES) AND SEGMENT INFORMATION *(continued)*

### Segment information *(continued)*

*Six months ended 30th June 2013*

| | Continuing operations | | | | | | Discontinued operations | |
|---|---|---|---|---|---|---|---|---|
| | 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$'000 | Total HK$'000 |
| Turnover from external customers | **9,876** | **28,877** | **4,057** | **2,825** | **1,375** | **47,010** | **—** | **47,010** |
| Turnover from an associate | **—** | **—** | **—** | **—** | **4,888** | **4,888** | **—** | **4,888** |
| Inter-segment turnover | **—** | **—** | **—** | **—** | **546** | **546** | **—** | **546** |
| Reportable segment turnover | **9,876** | **28,877** | **4,057** | **2,825** | **6,809** | **52,444** | **—** | **52,444** |
| Reportable segment results (EBIT) | **(3,373)** | **4,741** | **(1,291)** | **(567)** | **1,120** | **630** | **(1)** | **629** |

*Six months ended 30th June 2012*

| | Continuing operations | | | | | | Discontinued operations | |
|---|---|---|---|---|---|---|---|---|
| | 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$'000 | Total HK$'000 |
| Turnover from external customers | 8,328 | 14,730 | 3,040 | 2,226 | — | 28,324 | — | 28,324 |
| Turnover from an associate | — | — | — | — | 6,228 | 6,228 | — | 6,228 |
| Reportable segment turnover | 8,328 | 14,730 | 3,040 | 2,226 | 6,228 | 34,552 | — | 34,552 |
| Reportable segment results (EBIT) | (9,425) | (1,805) | (1,292) | (1,252) | (784) | (14,558) | (3) | (14,561) |

## 4. TURNOVER, OTHER REVENUE, OTHER GAINS/(LOSSES) AND SEGMENT INFORMATION *(continued)*

### Segment information *(continued)*

*As at 30th June 2013*

| | Continuing operations | | | | | | Discontinued operations | |
|---|---|---|---|---|---|---|---|---|
| | 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$'000 | Total HK$'000 |
| Reportable segment assets | **17,507** | **258,505** | **62,538** | **2,033** | **8,095** | **348,678** | **68** | **348,746** |
| Reportable segment liabilities | **2,365** | **140,897** | **52,377** | **1,112** | **1,047** | **197,798** | **60** | **197,858** |

*As at 31st December 2012*

| | Continuing operations | | | | | | Discontinued operations | |
|---|---|---|---|---|---|---|---|---|
| | 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$'000 | Total HK$'000 |
| Reportable segment assets | 22,154 | 259,920 | 58,823 | 3,738 | 5,573 | 350,208 | 69 | 350,277 |
| Reportable segment liabilities | 3,638 | 112,956 | 49,371 | 2,250 | 1,146 | 169,361 | 60 | 169,421 |

### Reconciliations of reportable turnover

| | Six months ended 30th June | |
|---|---|---|
| | **2013 HK$'000** | 2012 HK$'000 |
| **Turnover** | | |
| **From continuing operations** | | |
| Reportable segment turnover | **52,444** | 34,552 |
| Elimination of inter-segment turnover | **(546)** | — |
| Unallocated head office and corporate turnover | **437** | 73 |
| Consolidated turnover | **52,335** | 34,625 |

## 4. TURNOVER, OTHER REVENUE, OTHER GAINS/(LOSSES) AND SEGMENT INFORMATION *(continued)*

### Reconciliations of reportable results

| | Six months ended 30th June | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| **Results** | | |
| **From continuing operations** | | |
| Reportable segment profit/(loss) derived from external customers | **630** | (14,558) |
| Share of losses of associates | **(8,620)** | (3,895) |
| Share of loss of a joint venture | **(288)** | (70) |
| Finance costs | **(960)** | — |
| Unallocated head office and corporate other revenue/(expense) | **5,429** | (4,677) |
| | **(3,809)** | (23,200) |
| **From discontinued operations** | | |
| Reportable segment loss derived from external customers | **(1)** | (3) |
| Consolidated loss before taxation | **(3,810)** | (23,203) |
| Income tax | **(13)** | (21) |
| Loss for the period | **(3,823)** | (23,224) |

## 4. TURNOVER, OTHER REVENUE, OTHER GAINS/(LOSSES) AND SEGMENT INFORMATION *(continued)*

### Reconciliations of reportable assets and liabilities

| | **At 30th June 2013 HK$'000** | At 31st December 2012 HK$'000 |
|---|---|---|
| **Assets** | | |
| Reportable segment assets | **348,746** | 350,277 |
| Elimination of inter-segment receivables | **(2,694)** | (3,737) |
| | **346,052** | 346,540 |
| Interests in associates | **210,338** | 221,154 |
| Interest in a joint venture | **21,881** | 21,604 |
| Unallocated head office and corporate assets | **275,463** | 193,191 |
| Consolidated total assets | **853,734** | 782,489 |
| **Liabilities** | | |
| Reportable segment liabilities | **197,858** | 169,421 |
| Elimination of inter-segment payables | **(6,126)** | (7,792) |
| | **191,732** | 161,629 |
| Unallocated head office and corporate liabilities | **61,921** | 64,141 |
| Consolidated total liabilities | **253,653** | 225,770 |

## 5. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging:

### (a) Staff costs

| | **Six months ended 30th June** | |
|---|---|---|
| | **2013 HK$'000** | 2012 HK$'000 |
| **From continuing operations** | | |
| Salaries and allowances | **25,455** | 26,967 |
| Defined contribution plans | **649** | 603 |
| | **26,104** | 27,570 |

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2013 — Unaudited

## 5. LOSS BEFORE TAXATION *(continued)*

### (b) Other operating expenses

| | Six months ended 30th June | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| **From continuing operations** | | |
| Auditor's remuneration | **1,232** | 1,250 |
| Underprovision of auditor's remuneration in prior year | **5** | 301 |
| Depreciation of fixed assets | **1,432** | 1,507 |

### (c) Finance costs

| | Six months ended 30th June | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| **From continuing operations** | | |
| Interest on bank loans | **960** | — |

## 6. INCOME TAX

The amount of taxation charged to the condensed consolidated statement of profit or loss:

| | Continuing operations Six months ended 30th June | | Discontinued operations Six months ended 30th June | | Total Six months ended 30th June | |
|---|---|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Current taxation: | | | | | | |
| — Hong Kong Profits Tax for the period | **—** | 21 | **—** | — | **—** | 21 |
| — PRC Enterprise Income Tax for the period | **13** | — | **—** | — | **13** | — |
| | **13** | 21 | **—** | — | **13** | 21 |

Under the Enterprise Income Tax Law of the People's Republic of China ("PRC"), the Enterprise Income Tax rate for domestic entities in PRC is 25% for the current period. No provision for Hong Kong Profits Tax has been made for the current period as the Group's entities either sustained a loss for taxation purposes or their tax losses brought forward exceed their estimated assessable profits for the period. Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the prior period.

## 7. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30th June 2013 (2012: nil).

## 8. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK$3,706,000 (2012: loss of HK$23,224,000) and the number of 641,205,600 ordinary shares (2012: 641,205,600 ordinary shares) in issue during the period, calculated as follows:

*Loss attributed to equity holders of the Company*

| | Six months ended 30th June | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| Loss for the period from continuing operations | **(3,705)** | (23,221) |
| Loss for the period from discontinued operations | **(1)** | (3) |
| Loss for the period attributable to equity holders of the Company | **(3,706)** | (23,224) |

*Number of ordinary shares*

| | Six months ended 30th June | |
|---|---|---|
| | **2013** | 2012 |
| Issued ordinary shares at 1st January and 30th June | **641,205,600** | 641,205,600 |

### (b) Diluted loss per share

No diluted loss per share was presented for both periods 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 2013 — unaudited** | | | | | |
| Net book value at 1st January 2013 | **120** | **913** | **406** | **1,439** | **5,552** |
| Additions | **—** | **—** | **—** | **—** | **852** |
| Depreciation charge | **—** | **—** | **—** | **—** | **(1,432)** |
| Exchange difference | **—** | **—** | **—** | **—** | **9** |
| Net book value at 30th June 2013 | **120** | **913** | **406** | **1,439** | **4,981** |
| **Six months ended 30th June 2012 — unaudited** | | | | | |
| Net book value at 1st January 2012 | 120 | 913 | 406 | 1,439 | 7,637 |
| Additions | — | — | — | — | 687 |
| Write-off | | | | | (129) |
| Depreciation charge | — | — | — | — | (1,507) |
| Depreciation written back | | | | | 124 |
| Net book value at 30th June 2012 | 120 | 913 | 406 | 1,439 | 6,812 |

## 10. INTERESTS IN ASSOCIATES AND A JOINT VENTURE

### (a) Interests in associates

| | Unaudited 30th June 2013 HK$'000 | 31st December 2012 HK$'000 |
|---|---|---|
| Share of net assets at 1st January | **221,154** | 212,698 |
| Share of associates' results for the period/year | **(8,620)** | 8,764 |
| Share of associates' other comprehensive income for the period/year | **(2,196)** | (308) |
| | **(10,816)** | 8,456 |
| Share of net assets at 30th June/31st December | **210,338** | 221,154 |

## 10. INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(continued)*

### (a) Interests in associates *(continued)*

Details of the Group's interest in its unlisted associates are as follows:

| | Particulars of issued shares held | Place of incorporation | Effective equity interest to the Group 30th June 2013 | Effective equity interest to the Group 31st December 2012 |
|---|---|---|---|---|
| Sino-Rock Investment Management Company Limited ("Sino-Rock") | 18,000,000 ordinary shares of HK$1 each | Hong Kong | **40%** | 40% |
| Cinda Plunkett International Holdings Limited ("CPHL") | 4,000,000 ordinary shares of HK$1 each | Cayman Islands | **40%** | 40% |
| Cinda Plunkett International Asia Absolute Return Fund ("CPIAAR Fund") *(Note)* | 100,000 units of US$100 each | Cayman Islands | **18%** | 33% |

*Note:* During the period, an independent investor subscribed the units in CPIAAR Fund. The effective equity interest held by the Group dropped to 18% as at 30th June 2013. It is considered that the Group still had significant influence over the CPIAAR Fund through the Group's significant influence over the investment manager of CPIAAR Fund.

### (b) Interest in a joint venture

| | **Unaudited 30th June 2013 HK$'000** | 31st December 2012 HK$'000 |
|---|---|---|
| Share of net assets at 1st January | **21,604** | — |
| Investment in a joint venture | **—** | 21,766 |
| Share of a joint venture's results for the period/year | **(288)** | 56 |
| Share of a joint venture's other comprehensive income for the period/year | **565** | (218) |
| Share of net assets at 30th June/31st December | **21,881** | 21,604 |

Details of the Group's interest in unlisted joint venture is as follows:

| | Particulars of share capital held | Country of establishment | Effective equity interest to the Group 30th June 2013 | Effective equity interest to the Group 31st December 2012 |
|---|---|---|---|---|
| JianXinJinYuan (Xiamen) Equity Investment Management Limited | RMB17,500,000 | People's Republic of China | **35%** | 35% |

## 11. LOAN AND NOTE RECEIVABLE

**(a) Loan receivable**

At 30th June, 2013, the loan receivable of HK$70,000,000 (31st December 2012: HK$70,000,000) from an independent third party is secured by shares of an unlisted company, interest bearing at 14% per annum and not repayable within the next twelve months.

**(b) Note receivable**

At 30th June, 2013, the note receivable of HK$45,000,000 (31st December 2012: HK$45,000,000) from an independent third party is secured by shares of a listed company held by the issuer, interest bearing and repayable on or before the end of the next interim period ending 30th June 2014.

| | **Unaudited 30th June 2013 HK$'000** | 31st December 2012 HK$'000 |
|---|---|---|
| Non-current | — | 45,000 |
| Current | **45,000** | — |
| | **45,000** | 45,000 |

## 12. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **Unaudited 30th June 2013 HK$'000** | 31st December 2012 HK$'000 |
|---|---|---|
| Debt securities | **47,200** | — |

During the period ended 30th June 2013, the Group acquired a secured note with principal amount of HK$70,200,000 which is issued by an independent unlisted company, and bears fixed interest rate and matures in 2016 (subject to early redemption). The note was secured by a pledge over listed securities held by the issuer. It is classified as designated at fair value through profit or loss since this investment contains embedded derivatives (including the early redemption options held by the Group and the issuer, which are not closely related to the host instrument of the note). The fair value of the secured note amounted to HK$47,200,000 as at 30th June 2013 which was estimated by an independent firm of professional valuer.

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2013 — Unaudited

## 13. FINANCIAL INSTRUMENTS HELD-FOR-TRADING

| | **Unaudited 30th June 2013 HK$'000** | 31st December 2012 HK$'000 |
|---|---|---|
| Financial instruments classified as held-for-trading: | | |
| Equity securities listed in Hong Kong | **7,200** | 7,040 |
| Derivatives-warrants | **23,000** | — |
| | **30,200** | 7,040 |

During the period ended 30th June 2013, the Group purchased warrants together with the secured note mentioned in note 12. The Group may, but is not obliged to, in lieu of making payment in cash for exercising the warrant, use part of the principal amount for settlement on exercising the warrant. The Group could exercise the right to purchase from the issuer for securities of a listed company at several prices with reference to the terms and conditions of the warrants. If part or all of the warrants are not exercised at the date of maturity, the Group will receive a redemption price equivalent to 15% calculated on the portion of unexercised warrant. The fair value of the warrants as at 30th June 2013 was HK$23,000,000 which was estimated by an independent firm of professional valuer.

## 14. TRADE AND OTHER RECEIVABLES

| | **Unaudited 30th June 2013 HK$'000** | 31st December 2012 HK$'000 |
|---|---|---|
| Trade receivables from clients | **44,519** | 71,095 |
| Margin and other trade related deposits with brokers and financial institutions | **60,634** | 49,289 |
| Margin finance loans | **89,607** | 74,681 |
| Trade receivables from clearing houses | **1,280** | 60,473 |
| Less: impairment allowance for trade receivables | **(500)** | (827) |
| Total trade receivables *(Notes (a) and (b))* | **195,540** | 254,711 |
| Loan receivables *(Notes (c) and (d))* | **48,000** | 38,293 |
| Deposits | **4,819** | 3,798 |
| Prepayments and other receivables | **11,073** | 16,534 |
| Less: impairment allowance for other receivables | **(1,676)** | (1,261) |
| Total trade and other receivables | **257,756** | 312,075 |

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

## 14. TRADE AND OTHER RECEIVABLES *(continued)*

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 2013, the designated accounts with SEOCH and HKFECC not dealt with in these condensed consolidated financial statements amounted to HK$1,781,424 (31st December 2012: HK$1,624,270) and HK$20,988,138 (31st December 2012: HK$24,365,893) respectively.

*Notes:*

(a) For those cash securities trading clients, it normally takes two to three days to settle after trade execution. These outstanding unsettled trades due from clients are reported as trade receivables from clients.

The settlement terms of margin and other deposits from brokers and financial institution are at specific agreed terms.

The margin client of securities broking business are required to pledge their shares to the Group for credit facilities for securities trading.

The settlement terms of trade receivables from clearing houses are usually one to two days after the trade date.

(b) As at 30th June 2013, the aging analysis of the trade receivables based on date of invoice/contract note at the reporting date was as follows:

| | **Unaudited 30th June 2013 HK$'000** | 31st December 2012 HK$'000 |
|---|---|---|
| Current | **192,546** | 253,233 |
| Past due: | | |
| 30–60 days | **1,283** | 315 |
| Over 60 days | **1,711** | 1,163 |
| | **195,540** | 254,711 |

(c) During the period ended 30th June 2013, the Group granted a non-interest bearing loan of HK$48,000,000 to a private entity in which the Group had 18.6% equity interest, which is repayable on demand.

(d) As at 31st December 2012, the Group had the outstanding fixed interest bearing loan of HK$38,293,000, which was subsequently repaid during the period ended 30th June 2013.

## 15. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

| | **Unaudited 30th June 2013 HK$'000** | 31st December 2012 HK$'000 |
|---|---|---|
| Cash in hand | **32** | 35 |
| Bank balances | **156,057** | 94,011 |
| | **156,089** | 94,046 |
| **By maturity** | | |
| Bank balances | | |
| — Current and savings accounts | **141,010** | 78,969 |
| — Fixed deposits (maturing within three months) | **15,047** | 15,042 |
| | **156,057** | 94,011 |

As at 30th June 2013, bank deposits amounting to HK$15,047,089 (31st December 2012: HK$15,041,565) have been pledged to banks as security for the provision of securities broking facilities for a total amount of HK$70 million (31st December 2012: HK$70 million).

Certain subsidiaries of the Group maintained segregated trust accounts with authorised institutions as a result of their respective business activities. As at 30th June 2013, segregated trust accounts not dealt with in these condensed consolidated financial statements amounted to HK$604,978,850 (31st December 2012: HK$552,039,418).

### Cash and cash equivalents

| | **Unaudited 30th June 2013 HK$'000** | 31st December 2012 HK$'000 |
|---|---|---|
| Cash in hand | **32** | 35 |
| Bank balances | **156,057** | 94,011 |
| Cash and cash equivalents in the condensed consolidated statement of financial position | **156,089** | 94,046 |
| Bank balances | | |
| — pledged | **(15,047)** | (15,042) |
| Cash and cash equivalents in the condensed consolidated statement of cash flows | **141,042** | 79,004 |

## 16. TRADE AND OTHER PAYABLES

| | Unaudited 30th June 2013 HK$'000 | 31st December 2012 HK$'000 |
|---|---|---|
| Trade payables to securities trading clients | **111,051** | 103,569 |
| Margin and other deposits payable to clients | **51,506** | 48,132 |
| Trade payables to brokers and clearing houses | **476** | 474 |
| Total trade payables | **163,033** | 152,175 |
| Accruals and other payables | **10,607** | 13,595 |
| Total trade and other payables | **173,640** | 165,770 |

The carrying amounts of trade and other payables approximate their fair values. All trade and other payables are expected to be settled within one year. The trade payables are aged within 30 days.

The settlement terms of payables 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 commodities and futures contracts were repayable on demand.

## 17. BANK LOANS

At 30th June 2013, the bank loans were repayable as follows:

| | Unaudited 30th June 2013 HK$'000 | 31st December 2012 HK$'000 |
|---|---|---|
| Within one year | **80,000** | 60,000 |

At 30th June 2013, the bank loan of HK$20,000,000 (31st December 2012: nil) with the aggregate banking facilities of HK$135,000,000 (31st December 2012: HK$135,000,000), which was secured by a pledged bank deposit of HK$12,000,000 (31st December 2012: HK$12,000,000) out of this total amount of pledged bank deposits of HK$15,000,000 (31st December 2012: HK$15,000,000).

In addition, another bank loan of HK$60,000,000 (31st December 2012: HK$60,000,000) was drawn under a banking facility of the Group, amounting to HK$70,000,000. An intermediate holding company of the Company ("the Guarantor") provided a corporate guarantee to support this banking facility.

The banking facilities are subject to the fulfilment of covenants relating to certain of the Guarantor's and a subsidiary of the Company's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Guarantor and the subsidiary of the Company were to breach the covenants, the drawn down facility would become payable on demand.

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2013 — Unaudited

## 18. SHARE CAPITAL

| | Authorised | |
|---|---|---|
| | **No. of shares** | **Nominal value** |
| | **'000** | **HK$'000** |
| Ordinary shares of HK$0.10 each | | |
| At 30th June 2013, 31st December 2012 and 1st January 2012 | 1,000,000 | 100,000 |

| | Issued and fully paid | |
|---|---|---|
| | **No. of shares** | **Nominal value** |
| | **'000** | **HK$'000** |
| Ordinary shares of HK$0.10 each | | |
| At 30th June 2013, 31st December 2012 and 1st January 2012 | 641,206 | 64,121 |

## 19. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group offsets the following trade receivables and trade payables when the Group currently has a legally enforceable right to set off the balance, and intends either to settle on a net basis, or to realise the balance simultaneously.

| | Gross amount of recognized financial assets/(liabilities) | | Gross amounts of recognized financial assets/(liabilities) set off in the condensed consolidated statement of financial position | | Net amount of financial assets/ (liabilities) presented in the condensed consolidated statement of financial position | |
|---|---|---|---|---|---|---|
| | **Unaudited** | | **Unaudited** | | **Unaudited** | |
| | **30th June 2013** | 31st December 2012 | **30th June 2013** | 31st December 2012 | **30th June 2013** | 31st December 2012 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Trade receivables from clearing houses *(note)* | **93,890** | 141,083 | **(93,143)** | (83,004) | **747** | 58,079 |
| Trade payables to clearing houses *(note)* | **(93,143)** | (83,004) | **93,143** | 83,004 | **—** | — |
| Total | **747** | 58,079 | **—** | — | **747** | 58,079 |

*Note:* Under the agreement of Continuous Net Settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), money obligations receivable and payable with HKSCC on the same settlement date are settled on net basis.

## 19. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(continued)*

The table below reconciles the "Net amounts of financial assets/liabilities presented in the condensed consolidated statement of financial position", to the line items presented in the condensed consolidated statement of financial position.

| | **Unaudited 30th June 2013 HK$'000** | 31st December 2012 HK$'000 |
|---|---|---|
| **Trade receivables from clearing houses** | | |
| Net amount of trade receivable from clearing houses | **747** | 58,079 |
| Amount not in scope of offsetting disclosures | **533** | 2,394 |
| Trade receivables from clearing houses *(Note 14)* | **1,280** | 60,473 |

## 20. CONTINGENT LIABILITIES

### 20.1 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 Group will crystallize and hence 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 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.

Under the share sale agreement dated 13th 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 20.1(a) and (b) above.

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2013 — Unaudited

## 20. CONTINGENT LIABILITIES *(continued)*

### 20.2 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$135 million (31st December 2012: HK$135 million). In addition, the Company has issued corporate guarantees for a total principal amount of HK$123 million (31st December 2012: HK$123 million) for these facilities. As at 30th June 2013, the subsidiary has utilised the banking facilities amounting to HK$20,000,000 (31st December 2012: nil).

(b) As at the end of the reporting period, the directors do not consider it is 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 (31st December 2012: nil).

## 21. LEASE AND CAPITAL COMMITMENTS

### (a) Lease commitments

At 30th June 2013, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

| | **Land and buildings** | |
|---|---|---|
| | **Unaudited 30th June 2013 HK$'000** | 31st December 2012 HK$'000 |
| Within one year | **14,257** | 6,122 |
| After one year but within five years | **26,864** | 641 |
| | **41,121** | 6,763 |

### (b) Capital commitments

Capital commitments in respect of the fixed assets outstanding and not provided for in the condensed consolidated financial statements:

| | **Unaudited 30th June 2013 HK$'000** | 31st December 2012 HK$'000 |
|---|---|---|
| Contracted but not provided for | **453** | 181 |

## 22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Financial instruments**

| | **Fair value Unaudited 30th June 2013 HK$'000** | **Fair value hierarchy** | **Valuation technique(s) key input(s)** |
|---|---|---|---|
| (a) Financial assets designated at fair value through profit or loss | | | |
| (1) Debt securities | **47,200** | Level 3 | *Note (a)* |
| (b) Financial instruments held-for-trading | | | |
| (1) Equity securities listed in Hong Kong | **7,200** | Level 1 | Quoted bid prices in an active market |
| (2) Derivatives — warrants | **23,000** | Level 3 | *Note (b)* |
| | **30,200** | | |

*Notes:*

**(a) Debt component**

The fair value of the secured note is calculated based on discounted cash flow analysis, which incorporates assumptions not entirely supported by observable market prices or rates.

The key inputs are credit spread of the issuers and remaining time to maturity. The significant unobservable input is discount rate adjusted for the specific risks of the issuers. The relationship of unobservable input to fair value is the higher the discount rate the lower the fair value.

## 22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

*Notes: (continued)*

**(a) Debt component** *(continued)*
If the discount rate to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the secured note would decrease/increase by HK$2,872,000/HK$3,074,000.

**Derivatives component**
The fair values of the embedded call and put options of the secured note are derived by Hull-White Trinomial Tree Model, which incorporates assumptions not entirely supported by observable market prices or rates.

The key inputs are expected volatility, mean reversion rate, and option adjusted spread. The significant unobservable inputs are option adjusted spread. The higher the option adjusted spread, the higher the fair value of the put option and the lower fair value of the call option.

If the option adjusted spread to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the call options would decrease/increase by HK$293,000/HK$744,000 and the carrying amount of the put options would increase/decrease by HK$879,000/HK$1,143,000.

**(b)** The fair value of the warrants are derived by Trinomial Convertible Bond Model, which incorporates assumptions not entirely supported by observable market prices or rates.

The key inputs are expected volatility and discount rate adjusted for the specific risks of the issuers. The significant unobservable input is discount rate. The relationship of unobservable input to fair value is the higher the discount rate the lower the fair value.

If the discount rate to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the warrants would decrease/increase by HK$981,000/HK$1,160,000.

There were no transfers between Level 1 and 2 in the current and prior period.

*Reconciliation of Level 3 fair value measurements of financial instruments*

| | **Unaudited Debt securities** HK$'000 | **Unaudited Warrants** HK$'000 |
|---|---|---|
| At 1st January 2013 | — | — |
| Purchase | 47,200 | 23,000 |
| At 30th June 2013 | 47,200 | 23,000 |

*Fair value measurement and valuation process*
The management is responsible in determining the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the financial instruments, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

## 23. MATERIAL RELATED PARTY TRANSACTIONS

### 23.1 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 | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| Broking commission for securities dealing *(note (a))* | **11** | 24 |
| Advisory service fee income *(note (b))* | **4,888** | 6,228 |
| Service fee income *(note (c))* | **1,567** | — |
| Management fee income *(note (d))* | **858** | — |
| Capital contribution from non-controlling interest *(note (e))* | **42,900** | — |

(a) During the period, the Group received commission income from the directors of the Company for providing securities broking services. In prior year, the Group received commission income from its immediate holding, its associate and the directors of the Company for providing securities broking services.

(b) During the period, the Group received advisory service income from its associates for providing administrative supporting services.

(c) During the period, the Group received service fee income from its joint venture and its fellow subsidiary for providing financial advisory service.

(d) During the period, the Group received management fee income from its fellow subsidiary for providing fund management service.

(e) During the period, the Group and a subsidiary of the controlling shareholder of the Company, entered into a partnership agreement to establish an unlisted investment fund. USD5.5 million (equivalent to HK$42,900,000) has been injected to the fund by this related company as a capital contribution from non-controlling interest.

(f) The Group is indirectly controlled by China Cinda Asset Management Co., Ltd. ("China Cinda"), which is indirectly controlled by the PRC government through the Ministry of Finance (the "MOF"). MOF is the major shareholder of China Cinda as at 30th June 2013. For the current and prior periods, the Group undertakes transactions with certain entities directly or indirectly owned by the PRC government, including but not limited to making bank deposits, receiving banking facilities, renting properties and rendering and obtaining other services. The Group is of the opinion that these transactions are in normal business terms that do not require separate disclosure.

## 23. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

### 23.2 Compensation of key management personnel

The remuneration of directors and other members of key management during the period are as follows:

| | Six months ended 30th June | |
|---|---|---|
| | **2013** | 2012 |
| | **HK$'000** | HK$'000 |
| Salaries and other short-term employee benefits | **6,602** | 6,563 |

## 24. NON-ADJUSTING EVENT AFTER REPORTING PERIOD

After the reporting date, the Board has resolved to issue non-secured, non-guaranteed, fixed interest corporate bonds up to a maximum aggregate principal amount of HK$200,000,000 to independent third parties, the net proceeds of which are for the development of and working capital for the Group. Amount to be raised depends on the responses of the subscription.

# Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

**TO THE BOARD OF DIRECTORS OF**
**CINDA INTERNATIONAL HOLDINGS LIMITED**
*(Incorporated in Bermuda with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Cinda International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 8 to 38, which comprise the condensed consolidated statement of financial position as of 30th June 2013 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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 these condensed consolidated financial statements 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 condensed consolidated financial statements as at 30th June 2013 are not prepared, in all material respects, in accordance with HKAS 34.

# Report on Review of Condensed Consolidated Financial Statements

## OTHER MATTER

The comparative condensed consolidated statement of financial position as at 31st December 2012 and the relevant explanatory notes included in the consolidated financial statements of the Group for the year ended 31st December 2012 were audited by another auditor who expressed an unmodified opinion on those statements on 27th March 2013. The comparative condensed consolidated statement of profit and loss, statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30th June 2012 and the relevant explanatory notes prepared from the condensed consolidated financial statements of the Group for the six-month period ended 30th June 2012 were reviewed by that auditor who expressed an unmodified review conclusion on those statements on 24th August 2012.

**Deloitte Touche Tohmatsu**
*Certified Public Accountants*
Hong Kong

27th August 2013