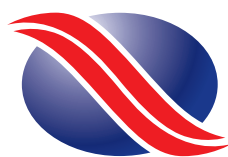


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信達國際控股有限公司

CINDA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(stock code: 111)

INTERIM RESULTS 2014

The Board (the “Board”) of Directors (the “Directors”) of Cinda International Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are pleased to announce the unaudited consolidated result of the Group for the six months ended 30th June 2014 as follow:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June 2014 — Unaudited

	Notes	Six months ended 30th June	
		2014 HK\$'000	2013 HK\$'000
Continuing operations			
Turnover	4	60,312	52,335
Other income	4	10,625	9,139
Other gains	4	14,431	459
		85,368	61,933
Staff costs	5(a)	26,731	26,104
Commission expenses		8,099	8,998
Operating leases for land and buildings		8,686	7,378
Other operating expenses		13,035	13,394
Finance costs	5(c)	1,245	960
		57,796	56,834
		27,572	5,099
Share of losses of associates	9(a)	(979)	(8,620)
Share of loss of a joint venture	9(b)	(653)	(288)
Profit (loss) before taxation		25,940	(3,809)
Income tax	6	(3,880)	(13)
Profit (loss) for the period from continuing operations		22,060	(3,822)
Discontinued operations			
Loss for the period from discontinued operations	3	—	(1)
Profit (loss) for the period		22,060	(3,823)

		Six months ended 30th June	
		2014	2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Attributable to:			
Equity holders of the Company			
Continuing operations		12,280	(3,705)
Discontinued operations		<u>—</u>	<u>(1)</u>
		12,280	(3,706)
Non-controlling interests			
Continuing operations		<u>9,780</u>	<u>(117)</u>
		<u>22,060</u>	<u>(3,823)</u>
Basic and diluted earnings (loss) per share attributable to equity holders of the Company			
— From continuing and discontinued operations	8	HK1.92 cents	(HK0.58 cent)
— From continuing operations	8	<u>HK1.92 cents</u>	<u>(HK0.58 cent)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30th June 2014 — Unaudited

	Six months ended 30th June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) for the period	22,060	(3,823)
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss		
Change in fair value of an available-for-sale financial asset	(87)	—
Share of an associate's investment revaluation reserve relating to available-for-sale securities:		
— Change in fair value	1,108	(1,623)
Share of a joint venture's investment revaluation reserve relating to available-for-sale securities:		
— Change in fair value	(371)	—
Net movement in investment revaluation reserve	650	(1,623)
Share of an associate's exchange difference	(1,050)	(573)
Exchange differences on translation of:		
— Financial statements of a joint venture	(539)	565
— Financial statements of foreign operations	(380)	334
	(1,969)	326
Total comprehensive income for the period	20,741	(5,120)
Total comprehensive income attributable to:		
Equity holders of the Company	11,103	(5,110)
Non-controlling interests	9,638	(10)
	20,741	(5,120)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2014 — Unaudited

	<i>Notes</i>	30th June 2014 HK\$'000	31st December 2013 HK\$'000
Non-current assets			
Intangible assets		1,439	1,439
Property and equipment		5,772	4,529
Interests in associates	9(a)	241,980	242,901
Interest in a joint venture	9(b)	21,056	22,619
Other assets		8,322	10,773
Available-for-sale financial assets		3,387	4,162
Loans receivable		48,000	118,000
		329,956	404,423
Current assets			
Note receivable		—	45,000
Financial assets designated at fair value through profit or loss	14	51,000	49,400
Financial instruments held-for-trading	15	35,000	22,500
Available-for-sale financial assets		23,260	—
Loans receivable		70,000	—
Trade and other receivables	10	328,917	355,028
Pledged bank deposits	11	15,057	15,052
Bank balances and cash	11	89,189	91,464
		612,423	578,444
Current liabilities			
Trade and other payables	12	130,748	224,416
Borrowings	13	63,720	35,000
Taxation payable		9,187	7,795
		203,655	267,211
Net current assets		408,768	311,233
Total assets less current liabilities		738,724	715,656

	30th June	31st December
	2014	2013
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves		
Share capital	64,121	64,121
Other reserves	480,369	481,546
Retained earnings	98,278	85,998
	<hr/>	<hr/>
Total equity attributable to equity holders of the Company	642,768	631,665
Non-controlling interests	59,629	49,991
	<hr/>	<hr/>
TOTAL EQUITY	702,397	681,656
	<hr/>	<hr/>
Non-current liabilities		
Bonds issued	34,000	34,000
Deferred tax liability	2,327	—
6	<hr/>	<hr/>
	36,327	34,000
	<hr/>	<hr/>
	738,724	715,656
	<hr/>	<hr/>

Notes:

1. BASIS OF PREPARATION

This unaudited condensed consolidated financial statements have 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 (“Listing Rules”).

The condensed consolidated financial statements are unaudited, but has 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.

2. 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 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st December 2013.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKRS10, HKFRS 12 and HKAS 27 Investment Entities;

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities;

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets;

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting; and

HK(IFRIC)-Int 21 Levies.

The application of the above new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

3. DISCONTINUED OPERATIONS

During the period ended 30 June 2013, the Group has completed the cessation of 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 ended 30th June 2013 are set out below.

		Six months ended 30th June 2013 HK\$'000
Other operating expenses		<u>1</u>
Total operating expenses		<u>1</u>
Loss before taxation		(1)
Income tax	6	<u>—</u>
Loss for the period		<u><u>(1)</u></u>

4. TURNOVER, OTHER INCOME, OTHER GAINS AND SEGMENT INFORMATION

Six months ended 30th June
2014 2013
HK\$'000 *HK\$'000*

From continuing operations

Turnover

Fees and commission	38,217	35,978
Interest income	4,942	4,976
Underwriting income and placing commission	14,649	9,817
Management fee income	2,342	1,374
Net premium income from insurance broking	162	190

	60,312	52,335
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Other income

Loan interest income	6,709	7,659
Interest income from debt securities	3,558	—
Other income	358	1,480

	10,625	9,139
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Other gains

Net exchange gains	141	439
Net gain on disposal of financial assets designated at fair value through profit or loss	190	20
Gain from changes in fair value of financial assets designated at fair value through profit or loss	1,600	—
Gain from changes in fair value of financial assets classified as held-for-trading	12,500	—

	14,431	459
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	85,368	61,933
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Segment information

The Group manages its businesses by divisions. Under HKFRS 8 Operating Segments, and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has identified the following operating and 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 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, underwriting, placing, 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 payables, accruals and borrowings 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 income.

Six months ended 30th June 2014

	Continuing operations						Discontinued operations	Total
	Corporate finance	Securities broking	Commodities and futures broking	Financial planning/ insurance broking in Hong Kong	Asset management	Sub-total	Leveraged foreign exchange trading/ broking in Hong Kong	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover from external customers	11,588	37,938	1,684	1,433	2,347	54,990	—	54,990
Turnover from an associate (<i>note</i>)	—	—	—	—	4,153	4,153	—	4,153
Inter-segment turnover	—	35	—	—	123	158	—	158
Reportable segment turnover	<u>11,588</u>	<u>37,973</u>	<u>1,684</u>	<u>1,433</u>	<u>6,623</u>	<u>59,301</u>	<u>—</u>	<u>59,301</u>
Reportable segment results (EBIT)	<u>89</u>	<u>10,353</u>	<u>(1,575)</u>	<u>(1,080)</u>	<u>309</u>	<u>8,096</u>	<u>—</u>	<u>8,096</u>

Six months ended 30th June 2013

	Continuing operations						Discontinued operations	Total
	Corporate finance	Securities broking	Commodities and futures broking	Financial planning/ insurance broking in Hong Kong	Asset management	Sub-total	Leveraged foreign exchange trading/ broking in Hong Kong	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover from external customers	9,876	28,877	4,057	2,825	1,375	47,010	—	47,010
Turnover from an associate (<i>note</i>)	—	—	—	—	4,888	4,888	—	4,888
Inter-segment turnover	—	—	—	—	546	546	—	546
Reportable segment turnover	<u>9,876</u>	<u>28,877</u>	<u>4,057</u>	<u>2,825</u>	<u>6,809</u>	<u>52,444</u>	<u>—</u>	<u>52,444</u>
Reportable segment results (EBIT)	<u>(3,373)</u>	<u>4,741</u>	<u>(1,291)</u>	<u>(567)</u>	<u>1,120</u>	<u>630</u>	<u>(1)</u>	<u>629</u>

Note: This represents service fee income received by the Group from an associate.

As at 30th June 2014

	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	
Reportable segment assets	<u>20,977</u>	<u>326,292</u>	<u>40,426</u>	<u>1,065</u>	<u>29,070</u>	<u>417,830</u>	—	<u>417,830</u>
Reportable segment liabilities	<u>3,405</u>	<u>134,915</u>	<u>31,261</u>	<u>642</u>	<u>5,836</u>	<u>176,059</u>	—	<u>176,059</u>

As at 31st December 2013

	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	
Reportable segment assets	<u>20,952</u>	<u>356,913</u>	<u>49,872</u>	<u>2,506</u>	<u>25,795</u>	<u>456,038</u>	—	<u>456,038</u>
Reportable segment liabilities	<u>1,883</u>	<u>176,631</u>	<u>39,331</u>	<u>1,049</u>	<u>9,022</u>	<u>227,916</u>	—	<u>227,916</u>

Reconciliations of reportable turnover

	Six months ended 30th June	
	2014 HK\$'000	2013 HK\$'000
Turnover		
From continuing operations		
Reportable segment turnover	59,301	52,444
Elimination of inter-segment turnover	(159)	(546)
Unallocated head office and corporate turnover	<u>1,170</u>	<u>437</u>
Consolidated turnover	<u>60,312</u>	<u>52,335</u>

Reconciliations of reportable results

Six months ended 30th June

2014 2013

HK\$'000 HK\$'000

Results

From continuing operations

Reportable segment profit derived from external customers	8,096	630
Share of losses of associates	(979)	(8,620)
Share of loss of a joint venture	(653)	(288)
Finance costs	(1,245)	(960)
Unallocated head office and corporate income	20,721	5,429
	<u>25,940</u>	<u>(3,809)</u>

From discontinued operations

Reportable segment loss derived from external customers	—	(1)
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Consolidated profit (loss) before taxation	25,940	(3,810)
Income tax	(3,880)	(13)

Profit (loss) for the period	<u>22,060</u>	<u>(3,823)</u>
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Reconciliations of reportable assets and liabilities

	At	At
	30th June	31st December
	2014	2013
	HK\$'000	HK\$'000

Assets

Reportable segment assets	417,830	456,038
Elimination of inter-segment receivables	(22,162)	(2,597)
	<u>395,668</u>	<u>453,441</u>
Interests in associates	241,980	242,901
Interest in a joint venture	21,056	22,619
Unallocated head office and corporate assets	283,675	263,906
	<u>942,379</u>	<u>982,867</u>

Liabilities

Reportable segment liabilities	176,059	227,916
Elimination of inter-segment payables	(4,808)	(7,986)
	<u>171,251</u>	<u>219,930</u>
Taxation payable	9,187	—
Deferred tax liability	2,327	—
Unallocated head office and corporate liabilities	57,217	81,281
	<u>239,982</u>	<u>301,211</u>

5. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation is arrived after charging:

(a) Staff costs

	Six months ended 30th June	
	2014	2013
	HK\$'000	HK\$'000
From continuing operations		
Salaries and allowances	26,031	25,455
Defined contribution plans	700	649
	<u>26,731</u>	<u>26,104</u>

(b) Other operating expenses

	Six months ended 30th June	
	2014	2013
	HK\$'000	HK\$'000
From continuing operations		
Auditor's remuneration	1,122	1,232
Underprovision of auditor's remuneration in prior year	—	5
Depreciation	1,227	1,432
	<u>1,227</u>	<u>1,432</u>

(c) Finance costs

	Six months ended 30th June	
	2014	2013
	HK\$'000	HK\$'000
From continuing operations		
Interest on borrowings — repayable within one year	571	960
Interest on bonds issued — repayable in more than two years but not more than five years	674	—
	<u>1,245</u>	<u>960</u>

6. INCOME TAX

Under the Enterprise Income Tax Law of the People's Republic of China ("PRC"), the Enterprise Income Tax rates for domestic entities in PRC is 25% for the current and prior periods.

No provision for Hong Kong Profits Tax has been made for the prior period as the Group's companies 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 current period.

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

	Continuing operations		Discontinued operations		Total	
	Six months ended 30th June		Six months ended 30th June		Six months ended 30th June	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current taxation:						
— Hong Kong Profits Tax for the period	1,204	—	—	—	1,204	—
— PRC Enterprise Income Tax for the period	349	13	—	—	349	13
Deferred taxation:						
— Hong Kong Profits Tax for the period	2,327	—	—	—	2,327	—

7. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June 2014 (2013: nil).

8. EARNINGS (LOSS) PER SHARE

(a) Basic earnings (loss) per share

The calculation of basic earnings (loss) per share is based on the profit attributable to equity holders of the Company of HK\$12,280,000 (2013: loss of \$3,706,000) and 641,205,600 ordinary shares (2013: 641,205,600 ordinary shares) in issue during the period, calculated as follows:

(i) Earnings (loss) attributable to equity holders of the Company

	Six months ended 30th June	
	2014	2013
	HK\$'000	HK\$'000
Earnings (loss) for the period from continuing operations	12,280	(3,705)
Loss for the period from discontinued operations	—	(1)
Earnings (loss) for the period attributable to equity holders of the Company	12,280	(3,706)

(ii) Number of ordinary shares

	Six months ended 30th June	
	2014	2013
Issued ordinary shares at 1st January and 30th June	641,205,600	641,205,600

(b) Diluted earnings (loss) per share

No diluted earnings (loss) per share was presented for both periods because there were no potential dilutive ordinary shares during both the current and prior periods.

9. INTERESTS IN ASSOCIATES AND A JOINT VENTURE

(a) Interests in associates

	Unaudited 30th June 2014 <i>HK\$'000</i>	31st December 2013 <i>HK\$'000</i>
Share of net assets at 1st January	242,901	221,154
Share of associates' results for the period/year	(979)	16,618
Share of associates' other comprehensive income for the period/year	58	5,129
	<u>(921)</u>	<u>21,747</u>
Share of net assets at 30th June/31st December	<u><u>241,980</u></u>	<u><u>242,901</u></u>

(b) Interest in a joint venture

	Unaudited 30th June 2014 <i>HK\$'000</i>	31st December 2013 <i>HK\$'000</i>
Share of net assets at 1st January	22,619	21,604
Share of a joint venture's results for the period/year	(653)	(201)
Share of a joint venture's other comprehensive income for the period/year	(910)	1,216
Share of net assets at 30th June/31st December	<u><u>21,056</u></u>	<u><u>22,619</u></u>

10. TRADE AND OTHER RECEIVABLES

	Unaudited 30th June 2014 <i>HK\$'000</i>	31st December 2013 <i>HK\$'000</i>
Trade receivables	285,629	346,018
Other receivables	43,288	9,010
Total trade and other receivables	<u><u>328,917</u></u>	<u><u>355,028</u></u>

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

As at 30th June 2014, the aging analysis of the trade receivables arising from corporate finance and underwriting services based on the date of invoice at the reporting date was as follows:

	Unaudited	31st December
	30th June	2013
	2014	2013
	HK\$'000	HK\$'000
Current	2,728	60,073
Past due:		
30–60 days	30	30
Over 60 days (<i>Note</i>)	55,078	—
	<u>57,836</u>	<u>60,103</u>
	<u>57,836</u>	<u>60,103</u>

Note: Trade receivables amounting to HK\$54,898,000 were fully settled on 1st August 2014.

11. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	Unaudited	31st December
	30th June	2013
	2014	2013
	HK\$'000	HK\$'000
Cash in hand	21	32
Bank balances	104,225	106,484
	<u>104,246</u>	<u>106,516</u>
	<u>104,246</u>	<u>106,516</u>
By maturity		
Bank balances		
— Current and savings accounts	81,493	90,143
— Fixed deposits (maturing within three months)	19,232	16,341
— Fixed deposits (maturing over three months)	3,500	—
	<u>104,225</u>	<u>106,484</u>
	<u>104,225</u>	<u>106,484</u>

12. TRADE AND OTHER PAYABLES

	Unaudited	31st December
	30th June	2013
	2014	2013
	HK\$'000	HK\$'000
Trade and other payables	130,748	224,416
	<u>130,748</u>	<u>224,416</u>
	<u>130,748</u>	<u>224,416</u>

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

The settlement terms of payables to brokers, 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.

13. BORROWINGS

		Unaudited	
		30th June	31st December
		2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loan	Note (a)	45,000	35,000
Margin loan from a broker	Note (b)	18,720	—
		<u>63,720</u>	<u>35,000</u>

(a) At 30th June 2014, the bank loan was repayable and carried interest with reference to HIBOR as follows:

	Unaudited	
	30th June	31st December
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<u>45,000</u>	<u>35,000</u>

At 30th June 2014, the bank loan of HK\$45,000,000 (31st December 2013: HK\$nil) was drawn under the aggregate banking facilities of HK\$170,000,000 (31st December 2013: HK\$185,000,000), which was secured by a pledged bank deposit of HK\$12,000,000 (31st December 2013: HK\$12,000,000) out of the total amount of pledged bank deposits of HK\$15,057,490 (31st December 2013: HK\$15,052,115).

In addition, another bank loan of HK\$nil (31st December 2013: HK\$35,000,000) was drawn under a banking facility of the Company, amounted to HK\$150,000,000 (31st December 2013: 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 the Company’s balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Guarantor and the Company were to breach the covenants, the drawn down facility would become payable on demand.

The effective interest rate on the bank loan is also equal to the contracted interest rate.

(b) At 30th June 2014, the margin loan from a broker was secured by the Group’s debt securities and was repayable and carried interest with reference to LIBOR as follows:

	Unaudited	
	30th June	31st December
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<u>18,720</u>	<u>—</u>

14. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited	
	30th June	31st December
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Debt securities	<u>51,000</u>	<u>49,400</u>

15. FINANCIAL INSTRUMENTS HELD-FOR-TRADING

	Unaudited	
	30th June	31st December
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Derivatives-warrants	<u>35,000</u>	<u>22,500</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

In the first half of the year, the world's major economies began to see some positive signs in economic performance, while struggling with challenges that they encountered over the past few years. In the U.S. unemployment rate fell to 6.23% by the end of June, which is the lowest level since 2008. Amid the withdrawal of quantitative easing by the U.S. Treasury, its stock markets performed well with various indexes saw new highs. In Europe, the economic recovery was led by strong growth in industrial output and consumer spending, while the stability of banking sectors in peripheral European Union countries continued to dampen the sentiment in the financial markets in Europe.

In China, the steady recovery of the economy was revealed by the pickup of Purchase Merchandise Index (PMI). Although the property market remained weak, some local governments have started to loosen restrictions on relevant local policies, to prevent any spiral effects in property price. The People's Bank of China (the "PBOC") has also relaxed the deposit requirements for banks which with conditions on certain level of lending to small and medium enterprises. Although the market has turned upbeat to China's economic outlook, its underlying problems such as the looming of non-performing loan and strong reliance on banks credit were little alleviated. The Shanghai Composite Index remained sluggish and closed at 2,048 points, down 3% from the beginning of the year.

Turning to Hong Kong, economic performance in Hong Kong in the first half year was moderate with slow growth and slowing-down inflation rate. It was reported that annual inflation rate in June of 2014 edged down to 3.6% which is the lowest rate since December of 2013. Hang Seng Index closed at 23,191 points at the end of June which was barely changed from the opening of 2014. The index has once dipped at 21,536, before the forementioned monetary loosening policy by the PBOC. Average daily turnover in the Hong Kong stock market shrunk to HK\$62.9 billion, represented a decrease of 8% compared with the same period last year. There were 52 newly listed companies during the first half of 2014, compared to only 23 for the same period last year. Funds raised through initial public offering ("IPOs") during the period was HK\$81.1 billion, an increase of 104% year-on-year.

In line with our stated strategy, the Group continued to develop our three core business. Result has been turned around from a loss into profit compared to the corresponding period. Group turnover was increased to HK\$60.3 million (2013: HK\$52.3 million) while total revenue surged to HK\$85.4 million (2013: HK\$61.9 million), representing an increase of 15% and 38% respectively. On expenses side, under the Group's stringent control total expenses was increased only by 1.7% to HK\$57.8 million (2013: HK\$56.8 million) amid the high inflation pressure the Group faced. Share of losses of associated companies and a joint venture reduced to HK\$1.6 million (2013: loss HK\$8.9 million) due to the improved performance in the absolute return fund the Group invested. As a result, profit attributable to equity holders was HK\$12.3 million (2013: loss HK\$3.7 million), representing an increase of 432%.

Corporate Finance

In the first quarter we succeed to sponsor an IPO which received overwhelming response. Over-subscription of more than 2,100 times was recorded in the public offer tranche which was one of the top records in the market. After the glow in the first quarter, the market became dull in the second quarter and some clients chose to slow down the pace in the IPO process. However, we continued to seek for opportunities rigorously. Apart from IPO business, the corporate finance team engaged

in certain financial advisory work as a supplement to its income source. As a result, turnover from this sector increased to HK\$11.6 million (2013: HK\$9.9 million) and the segment turned into a small profit of HK\$0.1 million (2013: loss HK\$3.4 million).

Brokerage Business

Though the securities market turnover in the first half slipped back, we were able to increase our market share. Our securities turnover volume was further increased by more than 45%. Margin loan balance was slightly increased as we were prudent in granting credit. We also acted as an underwriter in the issue of guaranteed senior notes by our parent company, China Cinda Asset Management Co., Ltd. (“China Cinda”). In addition, we were more active in seeking customers who are qualified under the Capital Investment Entrants Scheme aiming to provide all-rounded financial services to them. Apart from local market, United States market is a new focus for expansion in the securities broking business. Consequently, the segment recorded significant improvement and turnover was increased to HK\$37.9 million (2013: HK\$28.9 million) and segment result was HK\$10.4 million (2013: HK\$4.7 million).

Business in commodities and futures broking and financial planning remained sour because of the keen competition in both businesses. Demand for more sophisticated trading system in commodities trading increased much pressure on the operation cost. However, commission went down further despite it was already at an extremely low level. Business volume did not grow in proportion to the commission reduction. For financial planning, the business environment remained harsh. Investment linked products became lackluster to investors. Turnover in the two segments decreased to HK\$1.7 million (2013: HK\$4.1 million) and HK\$1.4 million (2013: HK\$2.8 million) respectively. Segment loss were widened to HK\$1.6 million (2013: loss HK\$1.3 million) and HK\$1.1 million (2013: loss HK\$0.6 million) respectively.

Asset Management

The asset under management in the first half year was at the same level as the opening of 2014. Our focus on managing private equity (“PE”) fund has not been changed. However, in general the risk in China in the first half of 2014 increased because of the unstable property market and the tight funding in the banking sector. Hence, we were more conservative on acquiring projects. On the funds currently under the Group’s management, the retail fund performed very well as the fair value of the warrants ancillary to it increased significantly. The gain the Group enjoyed from its investment in the fund was reflected in other gains in the financial statements. The subsidiary in Fujian leveraging on its relationship in the region is on the track to raising fund and facilitating investments.

The performance of the Cinda Plunkett International Asia Absolute Return Fund (“CPIAARF”) managed by our associated company Cinda Plunkett International Capital Management Limited (“Cinda Plunkett”) has significantly improved due to the increased fund size and the more focused investment strategy. The cost structure of Cinda Plunkett has also been streamlined and hence its loss was reduced. It is expected that it can turn into profit if the performance of CPIAARF continues resulting performance bonus be taken up at the end of the year. Share of the loss in Sino-Rock Investment has been reduced as no impairment is required for the investment it held. The joint venture in Xiamen is continues to recruit fund and make its investment. The investments it held are yet to be matured.

Apart from managing fund from third parties, this segment continues to seek for opportunities to enhance the yield of the Group’s financial resources. Revenue arising in this respect was recorded as other gains and other income. On this segment itself, turnover was HK\$6.6 million (2013: HK\$6.8

million) out of which HK\$4.2 million (2013: HK\$4.9 million) was derived from the advisory fee receivable from Cinda Plunkett. Segment result of HK\$0.3 million (2013: HK\$1.1 million) was recorded.

Looking Forward

After a short halt in the second quarter of the year, the market resumed its vividness recently. Inflation is expected to be eased more visibly in the second half of 2014 and is estimated to be below 4% on an annual basis. Shanghai-Hong Kong Stock Connect, announced in April and expected to start in October, has reinvigorated Hong Kong's stock market with new opportunities. We saw influx of money from outside Hong Kong as evidenced by the recent strong Hong Kong Dollars. Both market turnover and Hang Seng Index gained great improvement in the past two months. Although there are positive signs for a more prosperous market in the year, there are still plenty threats ahead. Internationally, the withdrawal of debt purchase program in the US, the concern over the economic reform in China and political dilemma among the major powers caused tight atmosphere around. Locally, the constitutional issues, the contraction in the retail sector and the sudden influx of hot money could cause market instability. In addition, recent rebound and hitting of new high in price reflected that the issue in high property price has not been relieved. The Hong Kong Government has warned that the economic growth forecast for the whole 2014 will be revised downward due to the weakening of private consumption, rising unemployment rate and other complicated risk factors in Hong Kong. These uncertainties could lead to sudden slump in the investment market.

Our parent Company, China Cinda who has listed its H shares last year is an active player in the market. After the listing, China Cinda raised approximately US\$1.5 billion in the market by issuing certain 5 years and 10 years guaranteed senior notes in the second quarter. The Group acted as an underwriter in the issue. In addition, the Group also assisted China Cinda to seek for investment opportunities in Hong Kong. Based on the close relationship with China Cinda, it is believed that the Group will be benefited from the increasing synergy between the two.

It is estimated that the second half of the year will be optimistic with cautions. Uncertainties are around the market and the Group will stick to its prudent approach in operating its business. The corporate finance will expedite the IPO project in the pipeline to catch the current window. On the brokerage side, effort will be spent to strengthen its sales force to push up business volume. As for asset management, we will explore different strategies and diversify into different industries, especially on alternate investments which the Group has its niche resulted from synergy with the China Cinda group. In addition, we will examine the feasibility of setting up new business line in the financial services arena. All in all, the Group is committed in the industry and is devoted to enhance shareholders' value as a whole through different alternatives. The Group wishes to deliver a remarkable annual result to the shareholders.

Financial Resources

The Group recognizes the importance of maintaining sound financial strength with affluent financial resources. All the subsidiaries licensed by the Securities and Futures Commission keep liquid capital in excess of the regulatory requirement. At the end of the reporting period, credit facilities from authorized institutions totaled HK\$205 million was available to the Group, within which HK\$150 million was secured by the corporate guarantee given by our holding company. At the same date, HK\$45 million was utilized to finance the working capital of our securities broking business. In order to provide more financial resources to meet its business expansion, the Group explores different means of financing on continuing basis.

Contingent Liabilities

The Group only provide corporate guarantee to its subsidiaries to secure banking facilities to meet their operational needs or to meet regulatory requirement. 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 to assess their impact, if any.

Exposure to fluctuation in foreign exchange rates

A large portion of the Group's assets are denominated in Hong Kong Dollars ("HKD") and United States Dollars to which HKD is pegged with. The exposure to fluctuation in foreign exchange rates is not significant. The remaining assets are denominated in Renminbi ("RMB"), which experienced slight short term depreciation which is the first time since the decade. The value of RMB has recently rebound. In view of the relative stability in the value of RMB, the change in exchange rate with HKD would not have a material impact on the Group's financial position.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June 2014 (2013: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30th June 2014. 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 2014.

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 set out in the Corporate Governance Code ("CG Code") under Appendix 14 of the Listing Rules during the period from 1st January 2014 to 30th June 2014 save for the deviations from code provisions specified below:

- Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Wang Tongshan and Mr. Chen Gongmeng, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 25th June 2014 ("AGM") as they have other engagements.
- Provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Chen Xiaozhou, chairman of the Company was unable to attend the AGM as he has other engagement.

The Board continues to monitor and review the Group's corporate governance practices to ensure compliance.

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 2014.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management, and discussed 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 2014. 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.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

This announcement is published on the website of The Stock Exchange of Hong Kong Limited at <http://www.hkex.com.hk> and the Company's website at <http://www.cinda.com.hk>. The 2014 Interim Report of the Company will be published on the same websites and dispatched to the shareholders of the Company in due course.

By Order of the Board
Cinda International Holdings Limited
Chen Xiaozhou
Chairman

Hong Kong, 27th August 2014

At the date of this announcement, the Board comprises:

<i>Executive Directors:</i>	Mr. Chen Xiaozhou	<i>(Chairman)</i>
	Mr. Gao Guanjiang	<i>(Deputy Chairman)</i>
	Mr. Zhao Hongwei	<i>(Managing Director)</i>
	Mr. Gong Zhijian	
	Mr. Lau Mun Chung	

<i>Non-executive Director:</i>	Mr. Chow Kwok Wai
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<i>Independent Non-executive Directors:</i>	Mr. Wang Tongsan
	Mr. Chen Gongmeng
	Mr. Hung Muk Ming

Website: <http://www.cinda.com.hk>