



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

(Incorporated in Bermuda with limited liability)

Stock Code : 111

2015

Interim Report



Success
Future
Management
Wealth Management
Corporate Finance
Futures





The FSC™ logo identifies product group from responsible forestry in accordance with the rules of the Forest Stewardship Council®.

Contents

- 2–5 Management discussion and analysis
- 6–8 Corporate governance and other information
- 9 Condensed consolidated statement of profit or loss
- 10 Condensed consolidated statement of comprehensive income
- 11–12 Condensed consolidated statement of financial position
- 13 Condensed consolidated statement of changes in equity
- 14–15 Condensed consolidated statement of cash flows
- 16–45 Notes to the condensed consolidated financial statements
- 46 Report on review of interim condensed consolidated financial statements



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 5.3% by the end of June, which is the lowest level since 2008. Consumption confidence hiked to a high level in the past half year. The raising interest rate outlook in the U.S. and massive quantitative easing in Europe and Japan led to capital flow to the U.S. and thus its stock markets performed well with various indexes saw new highs. In Europe, the dismal employment situation and the deflationary pressure prompted the European Central Bank to start the bond purchase program. Yet, the debt problem in Greece continues to be the biggest threat to the unity of the European Union. U.S. stock market continue seesawing, S&P 500 Index only raise 0.2% in the first half of the year.

In China, the consumption and investment sectors remained weak. The growth in consumer spending continued to drop and the urban fixed asset investment growth cooled down to 11.4% from 15.7% in 2014. China reduced its growth prediction to 7%, reached the lowest level in the past 11 years. China experienced slowdown in economic growth which has not been seen for over a decade. The slow appreciation in the value of Renminbi ("RMB") since nearly a decade ago came to a halt as RMB slight devalued in the first half of the year. The PBOC turned its stance towards a relatively ease monetary policy and started to reduce interest rate and deposit reserve ratio. Shanghai Composite Index once reached as high as 5,166 points. However, due to the underlying problems since the second quarter such as the looming of non-performing loans and strong reliance on banks credit were little alleviated. The Shanghai Composite Index closed at 4,277, increase of 27.6% from the beginning of the year.

Turning to Hong Kong, economic performance in Hong Kong in the first half year was moderate. China Securities Regulatory Commission approved domestic public fund to invest in Hong Kong stocks. The Qualified Domestic Individual Investor program, commonly known as QDII2, has been launched in several cities of mainland China. The policies attracted capital flow into Hong Kong, and once raised Hang Seng Index to 28,442 points. Hang Seng Index closed at 26,250 points at the end of June which was largely increased 10.7% compared to the opening of 2015. Average daily turnover in the Hong Kong stock market grow to HK\$124.9 billion which significantly increased by 99% compared to the same period of last year. There were 46 newly listed companies during the first half of 2015, compared to 48 for the same period of last year. Funds raised through initial public offering ("IPO") during the period were HK\$129 billion, an increase of 58% year-on-year.

Due to the improvement in market sentiment and the Group's effort in concentrating in the three core business, the Group's revenue was increased to HK\$82.1 million (2014: HK\$60.3 million) while total income surged to HK\$118.0 million (2014: HK\$85.4 million), representing an increase of 36.1% and 38.2% respectively. The increase in other income and other gains was due to the return on financing and investment activities which comprised of interest income and the fair value gain on a warrant held. On expenses side, total operating expenses increased by 31.5% to HK\$76.0 million (2014: HK\$57.8 million). Share of profit of associated companies and a joint venture increased to HK\$33.0 million (2014: loss HK\$1.6 million) largely due to the increase in profit contribution from an associated company. As a result, profit attributable to equity holders was HK\$57.1 million (2014: HK\$12.3 million), representing an increase of 364%.

Corporate Finance

Even the market atmosphere was yet to be warm in the first quarter of 2015, the Group successfully sponsored the Listing of Time2U International Holding Limited (Stock code: 1327) on the Main Board of Hong Kong Stock Exchange in January 2015 by acting as its sponsor and bookrunner. In addition, the Group also acted as the joint bookrunner for the initial offering of Red Star Macalline Group Corporation Ltd (stock code: 1528). Apart from the sponsorship and underwriting business, the corporate finance team continued to act as financial advisor and compliance advisor for listed companies as a supplement to its income source. As a result, revenue for the first half year is HK\$22.1 million (2014: HK\$11.6 million), representing an significant increase of 90.5%, the segment profit was HK\$9.4 million (2014: profit HK\$0.1 million).

Management Discussion and Analysis

Brokerage Business

Following the strong market sentiment in Hong Kong stock market in the second quarter of the year led by the booming atmosphere of the A share markets, our securities turnover volume was further increased by more than 58%. Margin loan balance was increased by 33% from the beginning of the year. Though business was improved, competition is still very keen. Some large securities firms from China set up firms or acquire existing firms in Hong Kong and injecting a plenty amount of capital. Profit margin was narrowed as they, with the strong capability, offered more competitive terms to clients. While we recorded an moderate increase in revenue, nevertheless, the commission and interest income during the period increased by 62% from HK\$23.3 million to HK\$37.8 million. As certain underwriting business were undertaken by corporate finance segments, the underwriting income decreased from HK\$14.6 million to HK\$5.2 million. Consequently, the overall revenue of the segment increased to HK\$43 million (2014: HK\$37.9 million) and segment profit was HK\$12.5 million (2014: HK\$10.4 million).

Business in commodities and futures broking and financial planning remained sour because of the keen competition in both businesses, the commission income was unable to cover the fixed operation cost and expenses. Revenue in the two segments were HK\$1.5 million (2014: HK\$1.7 million) and HK\$1.3 million (2014: HK\$1.4 million) respectively. Segment loss were HK\$1.9 million (2014: loss HK\$1.6 million) and HK\$0.9 million (2014: loss HK\$1.1 million) respectively.

Asset Management

After several years' effort and input, this segment recorded significant improvement in its result. During the first half of the year, we have successfully enlarged the assets under management. We focus on managing private equity ("PE") fund with special features to provide investor with alternative opportunities. We have set up two private equity funds during the same period. One of them invested in real estate business in Shanghai whilst the other one aimed at investing in a cultural industry. Moreover, the seed money in the fixed income fund grows well and the mode of co-investing with other investors worked well in the past years. On the funds currently under the Group's management, the Group invested a certain amount in the retail fund which performed very well as the fair value of the warrant it holds increased significantly. The subsidiary in Fujian leveraging on its relationship in the region is on the track to facilitating investments and hence return could be seen at a later stage.

The asset management segment recorded a revenue of HK\$14.3 million (2014: HK\$7.6 million), which was derived from management fee, performance fee and the advisory fee received and receivable from the associated company engaged in managing private funds. Coupled with return from seed money and other sources of income, the results of the segment was HK\$38.8 million (2014: HK\$18.9 million).

Sino Rock Investment, an associated company, also recorded an outstanding result and contributed a profit of HK\$31.3 million (2014: loss HK\$4 million) to the Group. It was mainly due to the surge of fair value on the investments it held, investment return on matured private equity investments and servicing income on managing funds.

Looking Forward

In the first half year of 2015, green shoots have emerged in U.S. economy. It is estimated that GDP will grow 2.9% and consumption and unemployment will continue to improve. It is generally estimated that the U.S. interest rate will be increased by 25 basis point in September 2015 and thus the U.S. Dollar will remain strong and capital will continue to flow into the U.S. market. In Europe, the debt issue of Greece and the further devaluation of Euro will heavily affect European economy.

Management Discussion and Analysis

The recent drop in China's stock market beginning in July 2015 has weakened the market sentiment and would adversely affect the market performance in the second half of the year. Hong Kong economy in the second half of 2015 will be impaired as evidenced by reducing visitors and investors from China that dampen the local retail business and commercial property market. However, due to the flexibility and internationalization of Hong Kong's stock market, we believe investors will divert part of their funds into Hong Kong. Furthermore, RMB internationalization, the launch of Shenzhen-Hong Kong Stock Connect and more co-operation between Hong Kong and China will relieve the pressure on Hong Kong's stock market in the second half year of 2015. The second half of 2015 will be unstable with a lot of uncertainties, one of which may bring significant effect to the market.

Turning to the Group, China Cinda issued certain medium term bonds in the first half of 2015. The Group has been benefited from providing corporate finance advisory services to China Cinda in the issuance. Leveraged on its relationship with China Cinda, the synergy between two as seen in the past years would be further enhanced as China Cinda becoming more active in the international investment market. The Group will seek more opportunities on business collaboration with China Cinda more comprehensively in the area of asset management, corporate finance and broking business.

In the second half of the year, expansion will continue in the three main core business areas. For corporate finance business we strike to complete more IPO brought forward from the first half of the year and expect to sponsor IPO for companies having larger business scale to help raise a larger size of fund. We also seek opportunities to take up the roles of financial advisors for share placing and merger and acquisition transactions to widen our source of income. The brokerage division will continue to look for more sales and marketing personnel to strengthen the client base. Collaboration with the Group's corporate finance and asset management teams and the Group's counterpart in China will be further reinforced. For asset management business, the Group will continue to set up different funds with different strategies and diversity into different industries; especially on alternative investments which the Group has its niche resulted from synergy with the China Cinda group. In addition, the Group will apply for Qualified Foreign Limited Partner ("QFLP") and Qualified Domestic Investment Enterprise ("QDIE") qualification, and seek cooperation with investors who hold Qualified Domestic Investment Institutions ("QDII") and QDII2 in order to expand its asset management business. In order to lower the Group's risk, the mode of operating with light capital will be continued. All in all, the Group is committed in the industry and is devoted to enhance shareholders' continued value as a whole through different alternatives. The Group wishes to deliver a satisfactory result for the year as a whole.

Financial Resources

The Group recognized 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 totalled HK\$526 million was available to the Group, within which HK\$306 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 and daily operation. 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 continues to provide corporate guarantees 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.

Management Discussion and Analysis

Exposure to fluctuation in foreign exchange rates

A significant portion of the Group's assets and liabilities are denominated in Hong Kong Dollars ("HKD") and United States Dollars to which HKD is pegged with. The Group only exposes to the fluctuation in the exchange rate of Renminbi ("RMB") against HKD because of its operation in China and holding of certain financial assets denominated in RMB. No hedging has been made against the devaluation of RMB as the size of the assets held is not large enough to make the feasible hedging economically.

Corporate Governance and Other Information

INTERIM DIVIDEND

The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the six months ended 30th June 2015 (2014: nil).

DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June 2015, the Directors 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”) as set out in Appendix 10 of 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 2015, 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 2015, 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	Approximate percentage of the Company’s issued share capital
Sinoday Limited	Beneficial owner	403,960,200 (Note)	63.00%
China Cinda (HK) Holdings Company Limited (“China Cinda (HK)”)	Interest through a controlled corporation	403,960,200 (Note)	63.00%
China Cinda Asset Management Co., Ltd. (“China Cinda”)	Interest through a controlled corporation	403,960,200 (Note)	63.00%

Note:

These shares were held by Sinoday Limited. The issued share capital of Sinoday Limited was wholly owned by China Cinda (HK) which was a wholly-owned subsidiary of China Cinda. By virtue of the provisions of the SFO, China Cinda (HK) and China Cinda were deemed to be interested in all the shares in which Sinoday Limited was interested.

Corporate Governance and Other Information

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30th June 2015. 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 2015.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

On 29th December 2014, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong relating to a HK\$150,000,000 revolving term loan facility ("Facility Agreement I"). Pursuant to the Facility Agreement I, application by the Company to use the facility is conditional upon the covenants/undertakings rendered by the controlling shareholder, China Cinda (HK) Holdings Company Limited ("China Cinda (HK)") that China Cinda (HK) shall (i) maintain the minimum consolidated tangible net worth (total equity less minority interests and intangible assets) ("Consolidated Tangible Net Worth") be not less than HK\$3 billion; and (ii) maintain its consolidated net gearing ratio (total secured and unsecured bank borrowings less cash versus Consolidated Tangible Net Worth) be not exceeding 1.5 times. Failure to comply with the undertakings will trigger an event of default. If an event of default occurs, the bank may declare the Facility Agreement I 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 I. The final maturity date of the Facility Agreement I is 31st August 2015 and shall be extended subject to the satisfactory review of the facility on an annual basis.

As at 30th June 2015, the amount outstanding under this loan facility was nil (31st December 2014: HK\$86,000,000).

On 19th June 2015, the Company as borrower entered into a facility agreement with another licensed bank relating to a HK\$156,000,000 revolving term loan facility ("Facility Agreement II"). Pursuant to the Facility Agreement II, it shall be an event of default if (i) the Company is not, or ceases to be, beneficially owned as to at least 50% by China Cinda (HK); or (ii) China Cinda (HK) is not, or ceases to be, 100% beneficially owned by China Cinda; or (iii) the shareholding of China Cinda is not, or ceases to be, held at least 50% by the Ministry of Finance of the People's Republic of China. If an event of default occurs, the bank may 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 II. The final maturity date of the Facility Agreement II is 31 March 2016 when the bank will perform an annual review.

As at 30th June 2015, HK\$5,000,000 has been drawn under this loan facility.

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 2015 to 30th June 2015 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 Tongsan and Mr. Chen Gongmeng, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 10th June 2015 ("AGM") as they have other engagements.

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

Corporate Governance and Other Information

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 2015.

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 condensed consolidated financial statements for the six months ended 30th June 2015. The Group's external auditors have carried out a review of the unaudited interim condensed consolidated 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

Zhao Hongwei
Chairman

27th August 2015

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th June 2015 — Unaudited

	Notes	Six months ended 30th June	
		2015 HK\$'000	2014 HK\$'000
Revenue	3	82,071	60,312
Other income	3	17,262	10,625
Other gains	3	18,659	14,431
		117,992	85,368
Staff costs	4(a)	35,474	26,731
Commission expenses		12,545	8,099
Operating leases for land and buildings		8,754	8,686
Other operating expenses	4(b)	15,307	13,035
Finance costs	4(c)	3,920	1,245
		76,000	57,796
Share of profits/(losses) of associates	9(a)	41,992	27,572
Share of profit/(loss) of a joint venture	9(b)	32,821	(979)
		129	(653)
Profit before taxation	4	74,942	25,940
Income tax	5	(5,958)	(3,880)
Profit for the period		68,984	22,060
Attributable to:			
Equity holders of the Company		57,094	12,280
Non-controlling interests		11,890	9,780
		68,984	22,060
Basic and diluted earnings per share attributable to equity holders of the Company	7	HK8.90 cents	HK1.92 cents

The notes on pages 16 to 45 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June 2015 — Unaudited

	Six months ended 30th June	
	2015 HK\$'000	2014 HK\$'000
Profit for the period	68,984	22,060
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss		
Change in fair value of available-for-sale financial assets	8,548	(87)
Share of an associate's investment revaluation reserve relating to available-for-sale securities:		
— Change in fair value	(3,092)	1,108
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	5,456	650
Share of an associate's exchange difference	5,811	(1,050)
Exchange differences on translation of:		
— Financial statements of a joint venture	(15)	(539)
— Financial statements of foreign operations	(14)	(380)
Net movement in exchange difference	5,782	(1,969)
Total comprehensive income for the period	80,222	20,741
Total comprehensive income attributable to:		
Equity holders of the Company	68,334	11,103
Non-controlling interests	11,888	9,638
	80,222	20,741

The notes on pages 16 to 45 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

As at 30th June 2015 — Unaudited

	<i>Notes</i>	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Non-current assets			
Intangible assets	8	1,439	1,439
Property and equipment	8	4,210	4,990
Interests in associates	9(a)	333,516	297,976
Interest in a joint venture	9(b)	20,368	20,254
Other assets		12,313	10,698
Available-for-sale financial assets	10	24,998	3,387
Loans receivable	11	48,000	48,000
		444,844	386,744
Current assets			
Loans receivable	11	—	70,000
Available-for-sale financial assets	10	255,619	247,071
Financial assets designated at fair value through profit or loss	12	60,180	55,000
Financial instruments held-for-trading	13	36,140	22,000
Trade and other receivables	14	377,136	394,786
Pledged bank deposits	15	15,068	15,062
Bank balances and cash	15	145,030	135,957
		889,173	939,876
Current liabilities			
Trade and other payables	16	214,214	314,413
Borrowings	17	210,086	191,218
Taxation payable		2,566	387
		426,866	506,018
Net current assets		462,307	433,858
Total assets less current liabilities		907,151	820,602
Capital and reserves			
Share capital	18	64,121	64,121
Other reserves		522,637	511,397
Retained earnings		171,322	114,228
Total equity attributable to equity holders of the Company		758,080	689,746
Non-controlling interests		68,761	53,734
TOTAL EQUITY		826,841	743,480

Condensed Consolidated Statement of Financial Position

As at 30th June 2015 — Unaudited

	<i>Notes</i>	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Non-current liabilities			
Bonds issued	19	76,000	76,000
Deferred tax liability		4,310	1,122
		80,310	77,122
		907,151	820,602

The notes on pages 16 to 45 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2015 — Unaudited

	Attributable to equity holders of the Company							Non-controlling Interests	Total equity
	Share capital	Share premium	Capital reserve	Investment revaluation reserve	Exchange reserve	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2015 — audited	64,121	421,419	42,879	47,947	(848)	114,228	689,746	53,734	743,480
Total comprehensive income for the period	—	—	—	5,456	5,784	57,094	68,334	11,888	80,222
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	3,139	3,139
At 30th June 2015 — unaudited	64,121	421,419	42,879	53,403	4,936	171,322	758,080	68,761	826,841
At 1st January 2014 — audited	64,121	421,419	42,879	5,288	11,960	85,998	631,665	49,991	681,656
Total comprehensive income for the period	—	—	—	650	(1,827)	12,280	11,103	9,638	20,741
At 30th June 2014 — unaudited	64,121	421,419	42,879	5,938	10,133	98,278	642,768	59,629	702,397

The notes on pages 16 to 45 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June 2015 — Unaudited

	Note	Six months ended 30th June	
		2015 HK\$'000	2014 HK\$'000 (restated)
OPERATING ACTIVITIES			
Profit before taxation		74,942	25,940
Adjustments for:			
Depreciation		1,077	1,227
Fair value gains, net:			
— Financial assets designated as fair value through profit or loss		(5,180)	(1,600)
— Financial assets classified as held-for-trading		(14,140)	(12,500)
Interest expense		3,920	1,245
Share of (profits)/losses of associates		(32,821)	979
Share of (profit)/loss of a joint venture		(129)	653
Loss on disposal of property and equipment		4	3
Net loss on disposal of financial assets classified as held-for-trading		511	—
Written-off bad and doubtful debts		—	173
Interest income from debt securities		(10,891)	(3,558)
Increase in pledged bank deposits		(6)	(5)
Operating profit before working capital changes		17,287	12,557
(Increase)/decrease in other assets		(1,615)	2,449
Decrease in note receivable		—	45,000
Decrease in loan receivable		70,000	—
Decrease in trade and other receivables		24,992	29,497
Decrease in trade and other payables		(98,214)	(93,668)
Cash inflow from/(outflow used in) operations		12,450	(4,165)
Hong Kong profits tax paid		(430)	(161)
Overseas tax paid		(161)	—
Net cash inflow from/(outflow used in) operating activities		11,859	(4,326)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June 2015 — Unaudited

	Note	Six months ended 30th June	
		2015 HK\$'000	2014 HK\$'000 (restated)
INVESTING ACTIVITIES			
Purchase of property and equipment		(302)	(2,478)
Proceed from disposal of property and equipment		1	—
Purchase of available-for-sale financial assets		(21,623)	—
Proceed from disposal of an available-for-sale financial asset		12	774
Purchase of financial assets at fair value through profit or loss		(4,474)	—
Proceed from disposal of financial assets classified as held-for-trading		3,963	—
Interest received from debt securities		3,549	—
Purchase of a debenture		—	(23,260)
Withdrawal/(placement) of bank deposits with original maturity over three months		1,000	(3,500)
Net cash outflow used in investing activities		(17,874)	(28,464)
FINANCING ACTIVITIES			
Proceeds from a new bank loan		45,000	10,000
Repayment of a bank loan		(86,000)	—
Proceeds from borrowing under securities a sale agreement		101,400	—
Repayment of margin loans from a broker		(41,532)	—
Increase in broker's loan		—	18,720
Interest paid		(2,766)	(1,245)
Net cash inflow from financing activities		16,102	27,475
Net increase/(decrease) in cash and cash equivalents		10,087	(5,315)
Cash and cash equivalents at the beginning of the period		131,957	91,464
Effect of foreign exchange rate changes, net		(14)	(460)
Cash and cash equivalents at the end of the period	15	142,030	85,689
Analysis of balances of cash and cash equivalents:			
Bank balances — general accounts and cash in hand	15	142,030	85,689

The notes on pages 16 to 45 form part of these condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

1. BASIS OF PREPARATION

These 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, 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 2015.

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 2014 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”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain available-for-sale financial assets, financial assets designated at fair value through profit or loss, and financial instruments held-for-trading, 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 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st December 2014.

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

Annual Improvements 2010–2012 Cycle Amendments to a number of HKFRSs; and

Annual Improvements 2011–2013 Cycle Amendments to a number of HKFRSs

The application of the above new 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.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

3. REVENUE, OTHER INCOME, OTHER GAINS 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 asset management.

	Unaudited	
	Six months ended 30th June	
	2015	2014
	HK\$'000	HK\$'000
Revenue		
Fees and commission	52,027	38,217
Interest income	6,934	4,942
Underwriting income and placing commission	19,564	14,649
Management fee and service fee income	3,366	2,342
Net premium income from insurance broking	180	162
	82,071	60,312
Other income		
Loan interest income	4,001	6,709
Interest income from debt securities classified as:		
— Available-for-sale financial assets	7,362	29
— Financial assets designated at fair value through profit or loss	3,529	3,529
Other income	2,370	358
	17,262	10,625
Other gains		
Net exchange (losses)/gains	(150)	141
Net (loss)/gain on disposal of financial assets designated at fair value through profit or loss	(511)	190
Gain from changes in fair value of financial assets designated at fair value through profit or loss	5,180	1,600
Gain from changes in fair value of financial assets classified as held-for-trading	14,140	12,500
	18,659	14,431
	117,992	85,368

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

3. REVENUE, OTHER INCOME, OTHER GAINS AND SEGMENT INFORMATION (Continued)

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 reportable segments. No operating segments have been aggregated to form the following reportable segments.

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 — 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 managing private funds and auxiliary service and other related investment income.

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 borrowing 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.

To conform with the latest presentation of the revenue and the results of asset management segment for the year ended 31st December 2014 as set out in the 2014 Annual Report, the comparative segment information for the six months ended 30th June 2014 has been restated correspondingly.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

3. REVENUE, OTHER INCOME, OTHER GAINS AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Six months ended 30th June 2015 — unaudited

	Corporate finance HK\$'000	Securities broking HK\$'000	Commodities and futures broking HK\$'000	Financial planning/ insurance broking HK\$'000	Asset management HK\$'000	Total HK\$'000
Revenue from external customers	22,065	42,934	1,494	1,283	9,681	77,457
Revenue from an associate (Note)	—	—	—	—	4,594	4,594
Inter-segment revenue	—	72	—	—	—	72
Reportable segment revenue	22,065	43,006	1,494	1,283	14,275	82,123
Reportable segment results (EBIT)	9,363	12,546	(1,889)	(872)	38,794	57,942

Six months ended 30th June 2014 — unaudited

	Corporate finance HK\$'000	Securities broking HK\$'000	Commodities and futures broking HK\$'000	Financial planning/ insurance broking HK\$'000	Asset management HK\$'000 (restated)	Total HK\$'000 (restated)
Revenue from external customers	11,588	37,938	1,684	1,433	3,482	56,125
Revenue from an associate (Note)	—	—	—	—	4,153	4,153
Inter-segment revenue	—	35	—	—	—	35
Reportable segment revenue	11,588	37,973	1,684	1,433	7,635	60,313
Reportable segment results (EBIT)	89	10,353	(1,575)	(1,080)	18,855	26,642

Note: This represents service fee income received by the Group from an associate. See note 24.1(c).

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

3. REVENUE, OTHER INCOME, OTHER GAINS AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

	Corporate finance HK\$'000	Securities broking HK\$'000	Commodities and futures broking HK\$'000	Financial planning/ insurance broking HK\$'000	Asset management HK\$'000	Total HK\$'000
As at 30th June 2015 — unaudited						
Reportable segment assets	19,577	425,648	26,277	1,547	398,310	871,359
Reportable segment liabilities	4,362	222,879	14,950	667	177,891	420,749
As at 31st December 2014 — audited						
Reportable segment assets	15,520	449,770	28,525	3,583	374,271	871,669
Reportable segment liabilities	5,267	274,305	18,571	1,807	211,419	511,369

Reconciliations of reportable revenue

	Unaudited Six months ended 30th June	
	2015 HK\$'000	2014 HK\$'000 (restated)
Revenue		
Reportable segment revenue	82,123	60,313
Elimination of inter-segment revenue	(72)	(35)
Unallocated head office and corporate revenue	20	34
Consolidated revenue	82,071	60,312

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

3. REVENUE, OTHER INCOME, OTHER GAINS AND SEGMENT INFORMATION (Continued)

Reconciliations of reportable results

	Unaudited	
	Six months ended 30th June	
	2015	2014
	HK\$'000	HK\$'000 (restated)
Results		
Reportable segment profit derived from external customers	57,942	26,642
Share of profits/(losses) of associates	32,821	(979)
Share of profit/(loss) of a joint venture	129	(653)
Finance costs	(3,920)	(1,245)
Unallocated head office and corporate (expense)/income	(12,030)	2,175
Consolidated profit before taxation	74,942	25,940
Income tax	(5,958)	(3,880)
Profit for the period	68,984	22,060

Reconciliations of reportable assets and liabilities

	Unaudited	Audited
	At	At
	30th June	31st December
	2015	2014
	HK\$'000	HK\$'000
Assets		
Reportable segment assets	871,359	871,669
Elimination of inter-segment receivables	(3,209)	(4,571)
Interests in associates	868,150	867,098
Interest in a joint venture	333,516	297,976
Unallocated head office and corporate assets	20,368	20,254
	111,983	141,292
Consolidated total assets	1,334,017	1,326,620
Liabilities		
Reportable segment liabilities	420,749	511,369
Elimination of inter-segment payables	(16,129)	(11,695)
Unallocated head office and corporate liabilities	404,620	499,674
	102,556	83,466
Consolidated total liabilities	507,176	583,140

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

(a) Staff costs

	Unaudited Six months ended 30th June	
	2015 HK\$'000	2014 HK\$'000
Salaries and allowances	34,670	26,031
Defined contribution plans	804	700
	35,474	26,731

(b) Other operating expenses

	Unaudited Six months ended 30th June	
	2015 HK\$'000	2014 HK\$'000
Depreciation	1,077	1,227
Equipment rental expenses	2,380	2,205

(c) Finance costs

	Unaudited Six months ended 30th June	
	2015 HK\$'000	2014 HK\$'000
Interest on borrowings — repayable within one year	2,407	571
Interest on bonds issued — repayable in more than two years but not more than five years	1,513	674
	3,920	1,245

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

5. INCOME TAX

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

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:

	Unaudited Six months ended 30th June	
	2015 HK\$'000	2014 HK\$'000
Current taxation:		
— Hong Kong Profits Tax for the period	2,327	1,204
— PRC Enterprise Income Tax for the period	443	349
Deferred taxation:		
— Hong Kong Profits Tax for the period	3,188	2,327
	5,958	3,880

6. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June 2015 (2014: nil).

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$57,094,000 (2014: HK\$12,280,000) and 641,205,600 ordinary shares (2014: 641,205,600 ordinary shares) in issue during the period, calculated as follows:

Earnings attributed to equity holders of the Company

	Unaudited Six months ended 30th June	
	2015 HK\$'000	2014 HK\$'000
Earnings for the period attributable to equity holders of the Company	57,094	12,280

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

7. EARNINGS PER SHARE (Continued)

(a) Basic earnings per share (Continued)

Number of ordinary shares

	Unaudited Six months ended 30th June	
	2015	2014
Issued ordinary shares at 1st January and 30th June	641,205,600	641,205,600

(b) Diluted earnings per share

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

8. INTANGIBLE ASSETS AND PROPERTY AND EQUIPMENT

	Club Membership HK\$'000	Stock Exchange trading rights HK\$'000	Futures Exchange trading right HK\$'000	Total intangible assets HK\$'000	Property and equipment HK\$'000
Six months ended 30th June 2015 — unaudited					
Net book value at 1st January 2015 — audited	120	913	406	1,439	4,990
Additions	—	—	—	—	302
Depreciation charge	—	—	—	—	(1,077)
Written-off	—	—	—	—	(5)
Exchange difference	—	—	—	—	—
Net book value at 30th June 2015 — unaudited	120	913	406	1,439	4,210
As at 31st December 2014 — audited					
Net book value at 1st January 2014 — audited	120	913	406	1,439	4,529
Additions	—	—	—	—	2,937
Depreciation charge	—	—	—	—	(2,469)
Written-off	—	—	—	—	(3)
Exchange difference	—	—	—	—	(4)
Net book value at 31st December 2014 — audited	120	913	406	1,439	4,990

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

9. INTERESTS IN ASSOCIATES AND A JOINT VENTURE

(a) Interests in associates

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Share of net assets at 1st January	297,976	242,901
Share of associates' results for the period/year	32,821	23,072
Share of associates' other comprehensive income for the period/year	2,719	32,003
	35,540	55,075
Share of net assets at 30th June/31st December	333,516	297,976

The Group's interests in its principal associates, all of which are unlisted, are as follows:

Name	Particulars of issued shares held	Place of incorporation	Effective equity interest to the Group		Principal activity
			30th June 2015	31st December 2014	
Sino-Rock Investment Management Company Limited	18,000,000 ordinary shares of HK\$1 each	Hong Kong	40%	40%	Investment holding and provision of capital management and consultancy services
Cinda Plunkett International Holdings Limited	4,000,000 ordinary shares of HK\$1 each	Cayman Islands	40%	40%	Fund management
Cinda Plunkett International Asia Absolute Return Fund	100,000 units of US\$100 each	Cayman Islands	11.84%	17.38%	Investment fund
Cinda Culture Investments Management Limited	100 units of US\$1 each	Cayman Islands	49%	—	Fund management

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

9. INTERESTS IN ASSOCIATES AND A JOINT VENTURE (Continued)

(b) Interest in a joint venture

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Share of net assets at 1st January	20,254	22,619
Share of a joint venture's result for the period/year	129	(1,451)
Share of a joint venture's other comprehensive income for the period/year	(15)	(914)
Share of net assets at 30th June/31st December	20,368	20,254

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

	Particulars of shares capital held	Country of establishment	Effective equity interest to the Group		Principal activity
			30th June 2015	31st December 2014	
JianXinJinYuan (Xiamen) Equity Investment Management Limited	RMB17,500,000 of registered capital	PRC	35%	35%	Investment holding and provision of capital management services

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Non-current:		
Unlisted equity investments:		
— equity securities	1	1
— private equity funds	5,743	3,386
— other	19,254	—
	24,998	3,387
Current:		
Listed debt investment:		
— Debt securities with fixed interest	255,619	247,071
	280,617	250,458

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

The Group's unlisted instruments are measured at cost less impairment at the end of the reporting period as at the range of reasonable fair value estimates is so significant that the Directors of the Group are of the opinion that their fair values cannot be measured reliably.

As at 30th June 2015, above listed debt securities with fair value of HK\$164,796,000 (31st December 2014: Nil) out of the total HK\$255,619,000 were held by financial institutions under the securities sale agreement entered during the period (note 17), in relation to the total return swap agreement between the Group and a broker.

As at 30th June 2015, the above listed debt securities with fair value of HK\$90,823,000 (31st December 2014: HK\$247,071,000) were placed in a broker to secure the margin loan from that broker for margin financing as disclosed in note 17.

An analysis of the maturity profile of listed debt securities of the Group analysed by the remaining period at the end of the reporting period to the contractual maturity date is as follows:

	Within 1 year HK\$'000	Between 1 to 2 years HK\$'000	Between 2 to 5 years HK\$'000	Indefinite HK\$'000	Total HK\$'000
30th June 2015 — unaudited	48,211	23,902	121,906	61,600	255,619
31st December 2014 — audited	9,391	37,085	143,032	57,563	247,071

11. LOANS RECEIVABLE

As at 31st December 2014, a loan of HK\$70,000,000 advanced to an independent third party was secured by shares of an unlisted company held by this independent borrower and personal guarantees executed by the sole shareholder of the independent borrower and his family member, interest bearing at 14% per annum. The entire loan and interest was repaid during the period.

As at 30th June 2015, the Group continued to have advanced an unsecured, non-interest bearing loan of HK\$48,000,000 (2014: HK\$48,000,000) to a private entity in which the Group had 18.6% equity interest being classified as available-for-sale financial assets with no fixed term of repayment. The Group expects that the loan will not be repaid within the next twelve months and has accordingly classified it as a non-current asset. The amounts are considered recoverable in view of the sound financial position of this private equity.

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

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Debt securities	60,180	55,000

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

12. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

In 2013, the Group acquired a secured note, together with warrants disclosed in note 13, with principal amount of HK\$70,200,000 which is issued by an independent unlisted company, and bears fixed interest rate of 10% per annum payable semi-annually, and matures on 31st May 2016, subject to early redemption at the option of the Group (from 1st June 2015 to 31st May 2016) or the issuer (from 1st June 2014 to 31st May 2016) with a redemption price equivalent to the sum of (1) the outstanding principal amount of the secured note and (2) any unpaid interest at a rate of 10% per annum on the outstanding principal amount of the secured note calculated from 31st May 2013 to the date of redemption. The secured note is freely transferrable. The note was secured by a pledge over listed securities held by the issuer. It is designated at initial recognition as 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 debt instrument). The fair value of the secured note amounted to HK\$60,180,000 as at 30th June 2015 (31st December 2014: HK\$55,000,000) which were estimated by an independent firm of professional valuer. The Group expects that the secured note may be redeemed by the issuer or transferred to third parties by the Group within the next twelve months and has accordingly classified the secured note as a current asset.

13. FINANCIAL INSTRUMENTS HELD-FOR-TRADING

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Derivatives — warrants	36,140	22,000

During 2013, the Group purchased warrants with a fair value of HK\$23,000,000 at initial recognition 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 of the secured note as payment on exercising the warrant by relinquishing its right to the principal amount of the secured note so applied. The warrants are exercisable from 31st May 2013 to 31st May 2016. The warrants give the Group the right to purchase (either by cash or by reduction of the principal of the secured note mentioned in note 12) from the issuer a fixed number of securities of a listed company at various prices with reference to the terms and conditions of the warrants. The warrants are freely transferrable. If part or all of the warrants are not exercised at the date of maturity (i.e. 31st May 2016), the issuer will redeem the outstanding warrants at a redemption price equivalent to 15% of the principal amount of the secured note as disclosed in note 12 (i.e. HK\$70,200,000) multiplied by the portion of unexercised warrant. The fair value of the warrants as at 30th June 2015 was HK\$36,140,000 (31st December 2014: HK\$22,000,000) which was estimated by an independent firm of professional valuer. The Group considered that the warrant may be exercised within the next twelve months and has accordingly classified the warrant as a current asset.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

14. TRADE AND OTHER RECEIVABLES

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Trade receivables from clients arising from		
— corporate finance	8,124	2,432
— securities broking	132,473	87,977
Margin and other trade related deposits with brokers and financial institutions arising from		
— commodities and futures broking	14,508	18,001
— securities broking	1,741	24,440
Margin loans arising from securities broking	167,384	125,650
Trade receivables from clearing houses arising from securities broking	24,542	115,192
Less: impairment allowance for trade receivables arising from corporate finance	(500)	(500)
Total trade receivables (<i>notes (a) and (b)</i>)	348,272	373,192
Deposits	4,977	427
Prepayments and other receivables	23,969	21,249
Less: impairment allowance for other receivables	(82)	(82)
Total trade and other receivables	377,136	394,786

The carrying amounts of trade and other receivables approximate their fair values. All of the trade and other receivables are expected to be recovered or realised within one year.

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 2015, the designated accounts with SEOCH and HKFECC not dealt with in these condensed consolidated financial statements amounted to HK\$7,379,813 (31st December 2014: HK\$4,888,425) and HK\$6,530,745 (31st December 2014: HK\$8,268,070) respectively.

Notes:

- (a) For those cash securities trading clients, it normally takes two to three days to settle after trade date of those transactions. 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 settlement terms of trade receivables from corporate finance clients are usually 30 days from the date of invoice.

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.

Trade receivables from cash and margin clients arising from the securities broking business are repayable on demand subsequent to settlement date. No aging analysis is disclosed as in the opinion of Directors, the aging analysis does not give additional value in view of the nature of securities dealing business.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

14. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

- (b) As at 30th June 2015, the aging analysis of the trade receivables arising from corporate finance and underwriting services based on date of invoice at the reporting date was as follows:

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Current	10,415	1,639
30–60 days	—	113
Over 60 days	920	180
	11,335	1,932

- (c) The movements in the impairment allowance for trade and other receivables during the year are as follows:

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
At 1st January	582	1,595
Reversal of impairment loss	—	(1,013)
	582	582

15. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Cash in hand	26	33
Bank balances		
— pledged deposits	15,068	15,062
— general accounts	145,004	135,924
	160,098	151,019

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

15. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH (Continued)

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
By maturity		
Bank balances		
— Current and savings accounts	142,004	130,634
— Fixed deposits (maturing within three months)	15,068	16,352
— Fixed deposits (maturing over three months)	3,000	4,000
	160,072	150,986

As at 30th June 2015, bank deposits amounting to HK\$15,067,941 (31st December 2014: HK\$15,062,437) which include principal of HK\$150,000,000 (31st December 2014: HK\$150,000,000) plus accrued interest have been pledged to banks as security for the provision of securities broking facilities for a total amount of HK\$170 million (31st December 2014: HK\$170 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 2015, segregated trust accounts not dealt with in these condensed consolidated financial statements amounted to HK\$596,582,006 (31st December 2014: HK\$363,676,006).

The interest rate received from the bank balances and deposits as at the end of the reporting period ranged from 0.01% to 0.9% per annum (2014: 0.01% to 2.5%).

Cash and cash equivalents

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Cash in hand	26	33
Bank balances		
— pledged deposits	15,068	15,062
— general accounts	145,004	135,924
Pledged bank deposits and bank balance and cash in the condensed consolidated statement of financial position	160,098	151,019
Less: Bank balances		
— pledged deposits	(15,068)	(15,062)
Bank balances and cash in the condensed consolidated statement of financial position	145,030	135,957
Less: Fixed deposit with original maturing over three months	(3,000)	(4,000)
Cash and cash equivalents at the end of the period/year	142,030	131,957

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

16. TRADE AND OTHER PAYABLES

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Trade payables to margin clients arising from securities broking	16,487	53,158
Trade payables to securities trading clients arising from securities broking	144,373	209,512
Margin and other deposits payable to clients arising from commodity and futures broking	14,483	17,976
Trade payables to brokers and clearing houses arising from securities broking	9,320	2,350
Total trade payables	184,663	282,996
Accruals and other payables	29,551	31,417
Total trade and other payables	214,214	314,413

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 payable are aged within 30 days.

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 and other deposits received from clients for their trading of commodities and futures contracts were repayable on demand.

17. BORROWINGS

		Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Bank loan	<i>Note (a)</i>	45,000	86,000
Margin loan from a broker	<i>Note (b)</i>	63,686	105,218
Borrowing under a securities sale agreement	<i>Note (c)</i>	101,400	—
		210,086	191,218

The carrying amount of borrowings approximate their fair values.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

17. BORROWINGS (Continued)

Notes:

- (a) At 30th June 2015, the bank loan was repayable and carries interest with reference to HIBOR as follows:

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Within one year	45,000	86,000

At 30th June 2015, the bank loan of HK\$5,000,000 (31st December 2014: HK\$86,000,000) was drawn with the aggregate banking facilities of HK\$306,000,000 (31st December 2014: HK\$150,000,000). An intermediate holding company of the Company (“the Guarantor”) provide a corporate guarantee to support this banking facility.

In addition, another bank loan of HK\$40,000,000 (31st December 2014: Nil) was drawn for the current period under one of banking facilities of HK\$50,000,000 (31st December 2014: Nil) out of the aggregate banking facilities of HK\$220,000,000 (31st December 2014: HK\$170,000,000). Banking facilities of HK\$170,000,000 (31st December 2014: HK\$170,000,000) out of the aggregate banking facilities of HK\$220,000,000 (31st December 2014: HK\$170,000,000) was secured by a pledged bank deposit with principal of HK\$15,000,000 (31st December 2014: HK\$15,000,000) out of the total amount of pledged bank deposits of HK\$15,067,941 (31st December 2014: HK\$15,062,437).

The banking facilities are subject to the fulfilment of covenants relating to certain of the Guarantor’s and the Company’s balance sheet ratios. If the Guarantor and the Company were to breach the covenants, the drawn down facility would become payable on demand.

- (b) At 30th June 2015, the margin loan from a broker was secured by the Group’s debt securities of HK\$90,823,000 (31st December 2014: HK\$247,071,000) as disclosed in note 10, and was repayable and carried interest with reference to LIBOR as follows:

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Within one year	63,686	105,218

- (c) On 24th April 2015, the Group entered into a securities sale agreement (note 10) with a financial institution in which the Group sold a portfolio of debt securities it held to the financial institution in exchange for a cash consideration of HK\$101,000,000. Under the agreement, the Group is required to repurchase the debt securities at HK\$101,000,000 plus interest calculated with reference to LIBOR upon its maturity in April 2016. As at 30th June 2015, the borrowing under securities sale agreement was collateralised by the Group’s debt securities of HK\$164,796,000 (31st December 2014: Nil) as disclosed in note 10.

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Within one year	101,400	—

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

18. SHARE CAPITAL

	Authorised	
	No. of shares '000	Nominal value HK\$'000
Ordinary shares of HK\$0.10 each		
At 30th June 2015 — unaudited, 31st December 2014 — audited and 1st January 2014 — audited	1,000,000	100,000
	Issued and fully paid	
	No. of shares '000	Nominal Value HK\$'000
Ordinary shares of HK\$0.10 each		
At 30th June 2015 — unaudited, 31st December 2014 — audited and 1st January 2014 — audited	641,206	64,121

19. BONDS ISSUED

Bonds issued represented a number of fixed rate 5-year coupon bonds at a rate of 4% per annum, payable semi-annually, and with an aggregated principal amount of HK\$76,000,000 (31st December 2014: HK\$76,000,000). The exposure and the contractual maturity dates of which are as follows:

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
In more than 2 years but not more than 5 years	76,000	76,000

The bonds are non-secured, non-guaranteed and issued to independent third parties without any early redemption options. The carrying amounts of bonds issued approximate their fair values.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

20. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's condensed consolidated statement of financial position; or
- not offset in the Group's condensed consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC") and brokers, the Group has a legally enforceable right to set off the money obligation, receivable and payable with HKSCC and brokers on the same settlement date and the Group intends to settle on a net basis. In addition, the Group has a legally enforceable right to set off the trade receivables and payable with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which are being offset, amounts due from/to HKSCC, brokers and brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group, deposit placed with HKSCC and brokers do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognized amounts is only enforceable following an event of default.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial assets HK\$'000	Gross amounts of recognised financial liabilities offset in the condensed consolidated statement of financial position HK\$'000	Net amounts of financial assets presented in the condensed consolidated statement of financial position HK\$'000	Related amounts not offset in the condensed consolidated statement of financial position		Net amount HK\$'000
				Financial instruments HK\$'000	Collateral received HK\$'000	
As at 30th June 2015 — unaudited						
Trade receivables	717,173	(380,236)	336,937	(153,084)	(160,605)	23,248
As at 31st December 2014 — audited						
Trade receivables	701,320	(330,060)	371,260	(130,418)	(119,984)	120,858

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

20. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(Continued)

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial liabilities HK\$'000	Gross amounts of recognised financial assets offset in the condensed consolidated statement of financial position HK\$'000	Net amounts of financial liabilities presented in the condensed consolidated statement of financial position HK\$'000	Related amounts not offset in the condensed consolidated statement of financial position		Net amount HK\$'000
				Financial instruments HK\$'000	Collateral received HK\$'000	
As at 30th June 2015 — unaudited						
Trade payables	(564,899)	380,236	(184,663)	162,028	—	(22,635)
As at 31st December 2014 — audited						
Trade payables	(613,056)	330,060	(282,996)	229,838	—	(53,158)

Note: The cash and financial collateral received/pledged as at 30th June 2015 and 31st December 2014 represented their fair value.

The tables below reconcile the “Net amounts of financial assets and financial liabilities presented in the condensed consolidated statement of financial position”, as set out above, to the line items presented in the condensed consolidated statement of financial position.

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Trade receivables		
Net amount of trade receivables as stated above	336,937	371,260
Amount not in scope of offsetting disclosures	11,335	1,932
Amount of total trade receivables as stated in note 14	348,272	373,192
Trade payables		
Net amount of trade payables as stated above	(184,663)	(282,996)
Amount not in scope of offsetting disclosures	—	—
Amount of total trade payables as stated in note 16	(184,663)	(282,996)

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

21. CONTINGENT LIABILITIES

21.1 Outstanding litigation cases

The following litigation cases are outstanding up to the date of authorisation of these condensed consolidated financial statements. Based on the merits of each case, the Directors considered that it was unlikely that any material claim against the Company 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 authorisation of these condensed consolidated financial statements.

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 21.1(a) and (b) above.

21.2 Financial guarantees issued

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\$220 million (31st December 2014: HK\$170 million). In addition, the Company has issued corporate guarantees for a total principal amount of HK\$220 million (31st December 2014: HK\$170 million) for these facilities. As at 30th June 2015, the subsidiary has utilised the banking facilities of HK\$40,000,000 (31st December 2014: nil).

Based on the expectations 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. Accordingly, the Company has not recognised any provision in respect of the guarantees. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

22. LEASE AND CAPITAL COMMITMENTS

(a) Lease commitments

At 30th June 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Within one year	14,317	14,548
After one year but within five years	288	7,351
	14,605	21,899

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are mainly negotiated for a fixed lease term of one to three years.

(b) Capital commitments

Capital commitments in respect of the property and equipment outstanding and not provided for in the condensed consolidated financial statements are as follows:

	Unaudited 30th June 2015 HK\$'000	Audited 31st December 2014 HK\$'000
Contracted but not provided for	1,451	181

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

23. FINANCIAL RISK MANAGEMENT

23.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, equity price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a Risk Management Committee (the "RMC") under policies approved by the Board of Directors. The RMC identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The RMC also recommends overall risk management policy for the approval of the Board or the Executive Management Committee (the "EMC") of the Group, covering specific areas, such as foreign exchange risk, equity price risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

(a) Market risk

The exposures of the Group to market risk include foreign exchange risk, equity price risk and interest rate risk.

Foreign exchange risk

The Group is exposed to foreign exchange risk primarily arising from available-for-sale financial assets, financial assets designated at fair value through profit or loss and financial instruments held-for-trading denominated in foreign currency. The currencies giving rise to this risk are primarily Renminbi and the United States Dollars. The RMC reviews the exposures from time to time to cope with changes in volatility in the market.

Equity price risk

The Group is exposed to equity price changes arising from the warrants classified as financial instruments held-for-trading. The sensitivity analysis of such warrants set out in note 23.2 below.

Interest rate risk

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk in relation to the financial instrument subject to floating interest rate. Financial assets subject to cash flow interest rate risk are mainly including margin loans arising from securities broking and bank balances. Financial liabilities subject to floating interest rates are bank loans and margin loan from a broker. The Group currently does not have a cash flow interest rate hedging policy. However, management is closely monitoring its exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

23. FINANCIAL RISK MANAGEMENT (Continued)

23.1 Financial risk factors (Continued)

(a) Market risk (Continued)

Interest rate risk (Continued)

Fair value interest rate risk

At 30th June 2015 and 31st December 2014, the Group is also exposed to fair value interest rate risk in relation to financial instruments subject to fixed interest rates. Financial assets subject to fair value interest rate risk are debt securities. The Group does not have a fair value interest rate hedging policy. However, management is closely monitoring its exposure arising from debt securities investments by regularly performing quantitative analysis, including periodic sensitivity analysis.

(b) Credit risk

The Group's credit risk is primarily attributable to its debt securities in available-for-sale financial assets, pledged bank deposits, bank balances and cash, loans receivable, trade and other receivables and financial assets designated at fair value through profit or loss. It has policies in place to ensure that credits are granted to customers with an appropriate credit history and/or collateral deposited with the Group.

For loans receivable, individual credit evaluations are performed on all customers requiring such credit. These evaluations focus on the customer's past history of making payments when due and current ability to pay, value of collateral held (if any) and take into account information specific to the customer and the guarantor (in case provided) as well as pertaining to the economic environment in which the customer operates. The Group and the Company are exposed to the concentration of credit risk from the one (31st December 2014: two) independent counterparty. In view of estimated fair value of the shares held as collateral and the sound financial position of those independent counterparties, the Directors of the Company consider the concentration of credit risk is remote.

For trade receivables arising from securities broking, credits are granted to a large population of clients and hence there is no significant concentration risk. The margin clients' listed securities can be sold at the Group's discretion upon margin shortfall situation to fulfill any margin call. For commodities and futures broking, an initial margin will be collected before opening of trading positions. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions and only brokers having sound credit ratings will be accepted. The open positions of the margin clients of trading of commodities and futures contracts can be closed at the Group's discretion in margin shortfall situation to settle any margin call requirements imposed by their respective commodities and futures contracts transactions.

The Group's pledged bank deposits, bank balances and cash are deposited in respectable and large commercial banks. The credit risk of pledged bank deposits, bank balances and cash are considered to be manageable.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

23. FINANCIAL RISK MANAGEMENT (*Continued*)

23.1 Financial risk factors (*Continued*)

(b) Credit risk (Continued)

For debt securities in financial assets designated at fair value through profit or loss, the Group structures the levels of credit risk it undertakes by placing limits on the amount of advance in relation to any borrower or issuer. At 30th June 2015 and 31st December 2014, such risks are mitigated by the listed securities held by the Group as collateral which are subject to periodic review. The fair value of the listed securities was determined by reference to the quoted price of the shares as at 30th June 2015 and 31st December 2014. As at 30th June 2015 and 31st December 2014, the combined fair value of the listed securities exceeded the carrying amount of the fair value through profit and loss debt securities.

Part of the available-for-sale financial assets are listed debt securities with fixed interest. The Group has a policy in place of spreading the aggregate value of transactions concluded amongst approved counterparties with an appropriate credit quality. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group primarily invested in rated debt securities with credit ratings of at least B+ or equivalent as determined by Standard & Poor's, Moody's or Fitch. Any exception shall be approved by the management of the Group. As at 30th June 2015, over 69% (31st December 2014: 81%) of the debt securities invested by the Company are B+ or above, 12% (31st December 2014: Nil) of the debt securities invested by the Company are B, while the remaining debt securities are non-rated. The management of the Group reviews the portfolio of debt securities on a regular basis to ensure there is no significant concentration risk. In this regards, the Directors of the Company consider that the credit risk relating to investments in debt securities is closely monitored.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group employs a prudent liquidity policy.

The Company's policy is to regularly monitor its liquidity requirements including borrowings from subsidiaries, bonds issued to independent third parties, dividend payments to shareholders and accrued payments to ensure that it maintains sufficient reserves of cash to satisfy its contractual and foreseeable obligations as they fall due.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

23. FINANCIAL RISK MANAGEMENT (Continued)

23.2 Fair values 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 are 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	Unaudited	Audited	Fair value hierarchy	Valuation technique(s) key input(s)
	Fair value	Fair value		
	30th June	31st December		
	2015	2014		
	HK\$'000	HK\$'000		
(a) Financial assets designated at fair value through profit or loss Debt securities	60,180	55,000	Level 3	Note (a)
(b) Financial instruments held-for-trading Derivatives — warrants	36,140	22,000	Level 3	Note (b)
(c) Available-for-sale assets Debt securities	255,619	247,071	Level 1	Quoted prices in an active market

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

23. FINANCIAL RISK MANAGEMENT (Continued)

23.2 Fair values measurements of financial instruments (Continued)

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

Notes:

(a) Debt component

The fair value of the debt securities 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 rating of the issuers and remaining time to maturity. The significant unobservable input is discount rate adjusted for the specific risks of the issuer. The discount rate of 28% (31st December 2014: 20%) was used on the valuation model. 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 debt securities would decrease by HK\$2,276,000/increase by HK\$2,420,000 (31st December 2014: decrease by HK\$3,051,000/increase by HK\$1,853,000).

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 exercise price of the options, current share price of the underlying assets of the options, expected volatility, mean reversion rate, and discount rate. The significant unobservable input is discount rate. The discount rate of 28% (31st December 2014: 20%) was used in the valuation model. The higher the discount rate, the higher the fair value of the put option and the lower the fair value of the call option.

The fair value sensitivity regarding to the discount rate tends to be immaterial as the maturing date of the secured note is approaching.

(b) The fair value of the warrants is derived by Trinomial Tree 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 discount rate of 28% (31st December 2014: 20%) was used in the valuation model. 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 by HK\$611,000/increase by HK\$650,000 (31st December 2014: decrease by HK\$491,000/increase by HK\$544,000).

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

23. FINANCIAL RISK MANAGEMENT (Continued)

23.2 Fair values measurements of financial instruments (Continued)

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

(b) (Continued)

Reconciliation of Level 3 fair value measurements of financial instruments

	Unaudited Debt securities HK\$'000	Unaudited Warrants HK\$'000	Total HK\$'000
At 1st January 2014 — audited	49,400	22,500	71,900
Unrealised gain recognised in profit or loss	5,600	(500)	5,100
At 31st December 2014 — audited	55,000	22,000	77,000
At 1st January 2015 — audited	55,000	22,000	77,000
Unrealised gain recognised in profit or loss	5,180	14,140	19,320
At 30th June 2015 — unaudited	60,180	36,140	96,320

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.

24. MATERIAL RELATED PARTY TRANSACTIONS

24.1 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	
	2015 HK\$'000	2014 HK\$'000
Broking commission for securities dealing (note (a))	210	9
Management fee income (note (b))	446	75
Service fee income (note (c))	4,594	4,469
Placing commission and underwriting income (note (d))	4,687	4,271

Notes to Condensed Consolidated Financial Statements

For the six months ended 30th June 2015 — Unaudited

24. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

24.1 Material related party transactions (Continued)

- (a) During the current period, the Group received commission income from its directors and intermediate holding company for providing securities broking services. In prior period, the Group received commission income from its immediate holding, its fellow subsidiary, its associate and its directors for providing securities broking services.
- (b) During the current period, the Group received management income from its intermediate holding company for providing advisory services.
- (c) During the period, the Group received service fee income from its associates and a joint venture for providing administrative supporting and consulting services.
- (d) During the current period, the Group earned placing commission and underwriting income from its intermediate holding company for placing and underwriting securities.
- (e) 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”) and listed in the Stock Exchange of Hong Kong Limited. MOF is the major shareholder of China Cinda as at 30th June 2015. For the current and prior periods, the Group undertakes some 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.

24.2 Compensation of key management personnel

The remuneration of key management personnel during the period are as follows:

	Six months ended 30th June	
	2015 HK\$'000	2014 HK\$'000
Basic salaries, discretionary bonus, housing benefits and benefits in kind	7,653	7,374
Defined contribution plans	68	62
	7,721	7,436

Report On Review of Interim Condensed Consolidated Financial Statements



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

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 9 to 45, which comprises the condensed consolidated statement of financial position of Cinda International Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as of 30th June 2015 and the related condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and other 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 condensed consolidated financial statements 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 interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

27th August 2015