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

(Incorporated in Bermuda with limited liability)
Stock Code: 111

2021
Interim Report

15 years+
商界展關懷
caringcompany
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

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MANAGEMENT DISCUSSION AND ANALYSIS

MARKET CONDITIONS

The COVID-19 pandemic continued to spread globally in early 2021 and affected the economic activities. Nonetheless, with successful vaccine research and development, vaccination for citizens has been carried out for certain countries since the first quarter of 2021. Some countries began to relax their pandemic prevention measures after vaccination was implemented. Thus, the economic activities in these countries resumed. The worry in the market on the risk of economic slowdown was reduced. The resumption of economic activities rekindled the hopes of some enterprises and investors who looked forward to the economy returning to normal. Central banks of major countries continued to introduce large-scale monetary stimulus policies to support economic growth, including substantial cut in interest rates and relaunch of quantitative easing. In particular, the Federal Reserve ("Fed") of the United States of America ("US") announced infinite quantitative easing and even bought junk bonds in secondary markets for the first time in history. All these factors have led to a drop in debenture interests and supported all the three major US stock indexes to hit new highs, among which, the Dow Jones Industrial Average Index reached its new high in history at 35,091 points in May; and the Nasdaq Index and the S&P 500 Index also reached their new highs at 14,535 points and 4,302 points in June, respectively. To sum up for the first half of this year, the three major US stock indexes increased by 12.5% to 14.4%. As for the currency performance of US dollars, the US dollar index retreated from its high of 93.437 in March. Then, driven by the expectation that the US economic recovery would possibly gather pace, the US dollar index recovered part of its loss, which rebounded from the lowest level of 89.535 in May to 92.436 at the end of June. With the decline in the second quarter being narrowed to 0.9%, the US dollar index increased by 2.8% to sum up for the first half of the year.

As for the bond market, the market concerned that the US inflation was expected to overheat, which may trigger the Fed to tighten the monetary policies earlier, leading to a rapid increase in the yield of the US government bonds. As a result, the bond market fell at the beginning and picked up later, among which, Markit iBoxx Asian Chinese US Dollar Bond Index rebounded from its low in the middle of April, with performance remained largely level in the first half of the year. The J.P. Morgan Emerging Market Bond Index also rebounded by 4.3% from the end of March.

In the Mainland China, with the COVID-19 pandemic generally under control, economic growth rate started to recover continuously since the middle of last year. In the first quarter of 2021, the economy continued to rebound, the gross domestic product ("GDP") increased by 18.3% year-on-year, and by 0.6% quarter-on-quarter. Entering the second quarter, due to the high base of data of the corresponding period of 2020, together with the relapse of pandemic in some countries and certain provinces in China, the growth rate of major macro-economic indicators slowed down year-on-year; the growth rates of the foreign trade, fixed assets investment, industrial value added and total retail sales of consumer goods in May were all lower than market comprehensive expectation. Even though there was relapse of pandemic in certain areas in the Mainland China, after quarter-on-quarter comparison on the average values of both the Mainland manufacturing Purchasing Managers Index ("PMI") and Caixin manufacturing PMI in the second quarter, the economic activities in the Mainland China remained robust. As for the capital market in the Mainland China, with expectation in the market that the pandemic would be under control in the Mainland China and the People's Bank of China would continue to lower the deposit reserve ratio, the capital flew into the A share market constantly. Stock Connect trading volumes recorded quarterly highs in the first quarter with Northbound average daily turnover being 63% and 33% higher than the first quarter of 2020 and the fourth quarter of 2020, respectively. Driven by these factors, SSE Index kept rising in the second quarter and reached its peak at 3,629 points in June and finally closed at 3,591 points, rising by 4.3% quarter-on-quarter. To sum up for the first half of the year, it rose by 3.4% accumulatively. As for Renminbi ("RMB"), since April, RMB exchange rate had shown a strengthening trend, and the exchange rate of onshore RMB ("CNY") and offshore RMB ("CNH") against US dollar reached 6.3570 and 6.3525, respectively in May, both of which were new historical highs for more than three years. However, faced with the speeding up of the US dollar index recovery in the middle of June, the increase of exchange rate of RMB has been narrowed in the second quarter, with the rate of CNY and CNH increased by 1.5% and 1.4%, respectively. To sum up for the first half of the year, CNY and CNH increased by 1.1% and 0.5%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

In Hong Kong, the economy was not much improved at the beginning of 2021, and necessary pandemic prevention measures remained effective, which had a material impact on the wide range of economic activities in Hong Kong and supply chains in the region. However, with the increased vaccine coverage and decreased infection cases in the city, some pandemic prevention measures had been relaxed, which enabled the economic activities to restart. The GDP of Hong Kong in the first quarter increased by 7.9% year-on-year. Meanwhile, the unemployment rate of Hong Kong continued to drop, the seasonally adjusted unemployment rate was 6.0% from March to May, representing a decrease of 0.4 percentage point compared with 6.4% from February to April; the underemployment rate dropped by 0.5 percentage point to 2.8%.

As to Hong Kong stock market, in the first half of the year, Hong Kong stock prices had risen initially but then dropped. Benefited from the favorable A share market in the Mainland China, together with the continued popularity of new economy stocks, the Hang Seng Index reached a high of 31,183 points at the end of February, hitting a new high for the past three years. After then, as the US debenture interests rose in the first quarter and the Mainland has strengthened the regulation over the internet platform enterprises, which triggered the drops of technology and internet stocks, the Hang Seng Index entered a period of adjustment. To sum up for the first half of the year, the Hang Seng Index closed at 28,827 points, rising by 5.8% as compared with that at the end of 2020. The Hang Seng China Enterprises Index closed at 10,663 points, decreased slightly by 0.7% as compared with that at the end of 2020, while the Hang Seng TECH Index closed at 8,155 points, falling by 3.2% as compared with that at the end of 2020. As for the trading volume of Hong Kong stocks, the volume of shares traded had also risen initially but then dropped, among which, the daily average transaction volume of Hong Kong stocks reached its monthly new high of HK$245.7 billion in January, in particular, there were five trading days with daily transaction volume exceeding HK$300 billion in the first quarter. After then, the transaction volume has gradually decreased, and the daily average transaction volume of the first six months was HK$188.2 billion, representing an increase of 60% year-on-year.

In the market of the US dollar bonds issued by Chinese enterprises, volatilities in the market was high as it was affected by the US dollar's liquidity. According to the statistics from Bloomberg, in the first half of 2021, Chinese enterprises issued US dollar bonds amounting to US$118.067 billion. Although there was a slight increase when compared with the corresponding period in 2020, it was lower than the level of the period before the pandemic in 2019. In the first half of 2021, the net increase in the issue volume amounted to US$53.8 billion, representing a slight improvement as compared with 2020, but still dropped by 29% when compared with US$75.3 billion for the corresponding period in 2019, indicating the concerns of investors about the current volatile market environment and the credit issues in certain industries. As a result of the expectation that the Fed policy would be marginally tightened and the negative impact of credit risk events occurring in the first half of the year, certain enterprises with good quality were also impacted, and their corresponding ratings were adjusted downward and the market prices oscillated materially.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

In the first half of 2021, Hong Kong economy benefited from the easement of COVID-19 pandemic prevention measures. The Group adhered to the operation strategy developed at the beginning of this year. The Group is the only fully licensed securities company established outside the Mainland within the system of China Cinda Asset Management Co., Ltd. ("China Cinda", together with its associates, the "China Cinda Group"). As the hub connecting to international capital markets and overseas asset management center of the China Cinda ecosphere, the Group masterminds integrated financial services available for both domestic and overseas markets together with Cinda Securities Co., Ltd. ("Cinda Securities"), the parent company, and provides cross border businesses covering major markets around the world with China concept as its focus. During the period, the Group continued with the development of the three core business segments (i.e. asset management business, corporate finance business and sales and trading business). By strictly controlling risks and ensuring compliance with laws and regulations in the course of operation, the Group grasped opportunities of the signs of economic recovery in Hong Kong with respect to sales and trading segment during the period. Together with the increase in the profit contribution from associates and joint ventures, the overall performance of the first half of the year realized a satisfactory increase year-on-year. The total revenue in the first half of the year amounted to HK$137.46 million (2020: HK$141.02 million), representing a slight decrease of 3% year-on-year, among which, the turnover was HK$112.4 million (2020: HK$113.57 million), approximate to the corresponding period of last year. Other income and gains amounted to HK$25.06 million (2020: HK$27.45 million), representing a decrease of 9% year-on-year. As for expenses, the Group endeavored to control costs, and except that the lease and staff costs increased, other operation expenses decreased. As a result, operating expenses (excluding commission expenses and finance costs) amounted to HK$85.66 million (2020: HK$85.14 million), representing an increase of only approximately 1% year-on-year, and finance cost reduced by 21% year-on-year, mainly due to the decrease in the overall borrowing size and market rates as well as certain bank loans replaced by repurchase agreements with low cost.

The Group recorded a share of profits from associates and a joint venture amounting to HK$35.86 million (2020: HK$7.80 million), representing an increase of more than three times year-on-year, which was mainly contributed by the increase in profit contribution by an associate engaging in private equity investment and another associate engaging in fund management the Group invested in. As a result, the Group's profit before tax for the first half of the year amounted to HK$59.79 million (2020: HK$33.01 million). Profit after tax attributable to equity holders amounted to HK$53.32 million (2020: HK$26.54 million), representing a significant increase of 101% year-on-year.

ASSET MANAGEMENT

In the first half of 2021, the operations of the asset management segment of the Group continued to be stable. The turnover was HK$41.65 million (2020: HK$36.24 million), representing an increase of 15% year-on-year. Currently, the Group operates under light-asset strategy and remains the overseas asset management service center of China Cinda ecosphere connected with the international capital markets. The Group proactively developed its business revolving around the main business of China Cinda Group, concentrated its efforts to branch out to the troubled asset business, and actively explored innovative cross-border distressed asset business by strengthening marketized asset management business operations. The segment developed a special opportunity investment fund with offshore US dollar bonds issued by Chinese enterprises and some domestic troubled asset funds during the period, leading to an increase in the scale of assets under management by 14% as compared with the end of last year. Profit from this segment decreased by 11% to HK$38.58 million as the scales of bond investments and other structured product investments contracted slightly under the strict risk controlling measures during the period.

The Group actively cooperated with associates and joint ventures to expand diversified businesses. With the favorable effect of the revival of capital markets, during the period, the Group recorded a share of profits from associates and a joint venture amounting to HK$35.86 million (2020: HK$7.80 million), mainly attributable to the increase in the fair values of the stocks traded on the Shanghai Stock Exchange held through funds by an associate engaged in private equity investment and a joint venture as compared with the beginning of the year. Moreover, the profit contribution by an associate engaged in fund management and an absolute return fund it managed of which the Group invested in also recorded a notable growth year-on-year.

CORPORATE FINANCE

As adversely affected by the progress of certain projects, the corporate finance business did not record satisfactory performance in the first half of 2021, with operating revenue amounting to only HK$20.94 million, representing a decrease of 52% as compared with HK$44.01 million in the corresponding period of last year, and segment loss amounted to HK$2.46 million (2020: profit of HK$22.48 million). In the first half of the year, the Group continued to provide equity issuance and debt issuance services to clients. With respect to equity issuance business, it acted as sponsor and underwriter in the initial public offering ("IPO") of a company engaged in property management in Hangzhou which successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), with fund raised amounting to HK$200 million. Number of deals decreased when compared with three projects completed in the corresponding period of the previous year. During the period, some projects of the segment that are still in progress include several sponsorship projects for listing on the Stock Exchange, several compliance advisory projects and a financial advisory project on the privatization of a state-owned H share company listed on the Stock Exchange. With respect to debt issuance business, the Group successfully completed three Chinese enterprises offshore US dollar bond issuance projects in the first half of the year, totaling US$2.51 billion, representing an increase of 9% year-on-year.

SALES AND TRADING BUSINESS

Although the Hong Kong stock market was highly volatile in the first half of the year, the trading volume rose instead of falling. The Group benefited from the increase in stock trading volume and the expansion of its own business scale, leading to an increase in its market share. As a result, the operating revenue increased by 50% to HK$50.01 million during the period from HK$33.24 million in the first half of 2020, of which the Group recorded commission of HK$36.86 million (2020: HK$20.66 million) and interest from securities financing and other income of HK$12.95 million (2020: HK$12.54 million). In view of the continuing uncertainty in the market, the Group prudently maintained securities financing loans during the period and focused on improving the quality of loans through strict risk management and control, with no bad or doubtful debts occurred throughout the period. Although the average size of the Group's conventional securities financing loans fell slightly year-on-year, the Group expanded the scale of its IPO margin financing during the period to mitigate the impact of the decline in conventional margin financing revenue. Facing fierce price competition from online trading platform securities firms, on one hand, the segment strengthened its collaboration with its parent company, Cinda Securities, on the other hand it actively explored institutional clients and high net worth customers, in order to provide a China concept focused service to contend with the securities firms that operated with the strategy of reduction of commission. In the end, the Group recorded segment profit of HK$13.52 million in the first half of the year (2020: profit of HK$2.05 million), representing a substantial increase of approximately six times.

LOOKING FORWARD

The external environment will remain complex and uncertain in the second half of 2021. New coronavirus variants are raging throughout Europe and the unsatisfactory pace of vaccination in some countries will slow down the global economic recovery. The relationship between the US and China is at its worst since the Cold War, which has raised concern that the US may take further steps to damage the relationship between both parties, causing market turmoil, making Hong Kong a battleground for Sino-US rivalry. However, as Hong Kong's economy continues to recover, in particular, assuming that the local pandemic continues to be under control and as benefited from the launch of consumption coupons, the pressure on the local labor market should gradually ease. Hong Kong stock market is expected to stabilize as the vaccination rate increases, and the expected border resumption between the Mainland and Hong Kong in the second half of the year will stimulate the Hong Kong economy as a whole. In addition, the unfriendly attitude of the US towards China concept stocks has caused many companies to withdraw from the listing in the US stock market and return to Hong Kong for listing or secondary listing, bringing opportunities to Hong Kong financial market. It is bound to become a bright spot in the Hong Kong market in the second half of 2021, and is expected to further increase the trading volume of Hong Kong stocks. Furthermore, Hong Kong's economic prospect is positive as it continues to benefit from the sustained development of the Mainland and the prevailing trend of shifting the global economic center from west to east. China's economy will continue to improve during the period of the "14th Five-Year Plan", and the entering into of the Regional Comprehensive Economic Partnership Agreement will also further promote economic integration in the region, and Hong Kong will play a unique role as a gateway and intermediary to integrate into the overall development of the country and actively participate in the country's economic strategy of "dual circulation", and grasp the opportunities brought by the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the "Belt and Road" initiative, which may open up a broader space for development.

In Europe and the US, despite the gradual reboot of the US economy, COVID-19 pandemic has rebounded again in some regions, and the labor market continued to remain weak in the US, which in turn depress the local wage and consumption growth continuously. Whilst, another problem is inflationary pressure in the US. Market concerns that the upward inflation data will affect the job market; and some investors worry that the US may raise interest rates earlier to curb inflation, which may be an impediment to economic recovery. In Europe, nearly half of adults in the region have received at least one dose of COVID-19 vaccine, and the rate of infection has dropped significantly, and the entire Europe is gradually lifting their lockdowns. The increase in human mobility has led to the growth in certain business segments. However, the pandemic has rebounded after hosting large-scale sports games in the United Kingdom and other places. While social distancing has been relaxed, and the development of the pandemic remains to be observed. In this respect, Europe and the US will still face a series of uncertainties in the second half of 2021, which may impede economic rebound.

In China, the COVID-19 pandemic has been under control and economic activities have returned to normal. The National Development and Reform Commission issued the "Notice on Action Plan of Deepening the Reform of the Price Mechanism During the Period of the '14th Five-Year Plan'" late in the period, proposing to strengthen and improve the price-control on commodities, to improve the monitoring, forecasting and early warning system for key commodities, and to prevent wild price fluctuations. This reflects the Mainland's concern about the rise in commodity prices in recent months, and the rise in commodity prices also reflects the rising inflationary pressure. According to the National Bureau of Statistics, the global economy is recovering unevenly, and the foundation of economic recovery in the Mainland is not yet solid, coupled with new challenges in economic operation, such as the rise in global commodity prices, pulling up the prices of raw materials, which may bring pressure on the operation of some downstream enterprises. In the next stage, the Mainland shall consolidate the foundation of economic recovery, keep the economy operating in a reasonable range, focus on promoting high-quality development, and strive to build a new development pattern to promote sustainable and healthy economic and social development. In terms of the Mainland stock market, the reform and pilot registration system of the Science and Technology Innovation Board and the Growth Enterprise Market of A shares, together with the Main Board registration system to be launched soon, will speed up the approval of A share IPOs and significantly increase the number of new issues, which is expected to push up the trading volume of A shares.

The Group will further enhance the business integration with Cinda Securities, and jointly mastermind and open up domestic and foreign integrated financial services, and play the role as an outside border business platform of Cinda Securities well. We will focus on the investment banking businesses including outside border issuance of US dollar bonds by domestic institutions, IPO of domestic companies in Hong Kong and outside border restructuring of major assets of domestic institutions, the cross-border brokerage business on the full circulation of H shares, the creation of cross-border asset management products, and the establishment of a mechanism in which research departments of the two institutions to share their research resources to expand the cross-border integrated investment banking service.

Meanwhile, the Group will continue to focus on the main business of China Cinda Group and serve as the only fully licensed outside border securities company of the China Cinda ecosphere. The Group will continue to promote the development of the three core business segments. On one hand, we will further boost the development of our synergistic businesses, continue to optimize the internal management and enhance our asset capacity, as well as continue to maintain stable and compliant operation. On the other hand, we will deepen the cooperation with Cinda Securities and China Cinda ecosphere in a bid to achieve win-win results. In respect of the sales and trading business, we will continue to consolidate the market position of the traditional industry, strengthen the collaboration and interaction with the parent company, Cinda Securities, take initiative to explore retail customers and expand institutional, corporate and high net worth clients; develop towards the direction of wealth management and diversify the products to cover stocks, futures, bonds as well as products with fixed income, asset management and insurance so as to satisfy the customers' need in asset allocation. In terms of asset management business, we will focus on capitalising on market opportunities, especially the occasion for supporting China Cinda ecosphere in handling troubled assets by emphatically setting up asset management products with different characteristics such as the troubled asset fund, merger and acquisition fund and special opportunity fund. We will deepen our understanding of individual projects, further explore the highlights of the Group's market-oriented businesses and provide unique corporate value points in order to enhance customer stickiness. As for corporate finance business, we will maintain the parallel development of both equity and debt businesses. For the equity-related business, we will proactively provide sponsor and underwriting services and expand merger and acquisition and restructuring financial advisor business. As for debt-related business, the Group will explore demands for debt issuance of domestic and Hong Kong customers of China Cinda Group and provide tailor-made issuance plans and services to such customers and catch issuing windows to serve the clients, so as to achieve the "equity-debt" integration. In addition, the Group believes that for the rest of the year, the external economy will be improving and positive market sentiment will be maintained. The Group will strengthen the synergy and expand its market-oriented businesses through different measures by virtue of the solid foundations the Group has laid so far. The Group would endeavor to capitalise on various market opportunities to further enhance the results during the second half of 2021 and bring satisfactory returns to our shareholders.

FINANCIAL RESOURCES

The Group maintained sound financial strength during the period, and all subsidiaries licensed by the Securities and Futures Commission of Hong Kong had liquid capital in excess of regulatory requirements. As of 30th June 2021, the Group had term loan facility of HK$549 million (or US dollar equivalent) from banks, which were fully utilised. In addition, as of 30th June 2021, the Group had revolving loans and overdrafts facilities of HK$1,404 million from banks, of which, a total of HK$145 million were utilised. As of 30th June 2021, the Group had IPO financing loan of HK$410 million. In addition, during the period, the Group repaid fixed-rate medium-term bonds of HK$10 million, and the Group had outstanding principal amount of HK$42 million. The Group did not issue any bond during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

FLUCTUATION IN FOREIGN EXCHANGE RATES

A majority of assets and liabilities of the Group are denominated in Hong Kong dollar and US dollar to which Hong Kong dollar is pegged with. Some assets are denominated in RMB, mainly because the Group has two wholly-owned subsidiaries incorporated and operated in the Mainland China which account for all their assets and incomes in RMB. During the period, the exchange rate of RMB against US dollar increased as affected by the growth of China's economy, the information on the import and export, the measures for domestic economic protection and other factors. The Group considered that the trend of exchange rate of RMB remained positive within the year, and hedging was not carried out for such fluctuation in the exchange rate of RMB.

REMUNERATION AND HUMAN RESOURCES

As at 30th June 2021, the Group had a total number of 126 employees, of which 59 were male and 67 were female, 124 were full-time employees and 2 were part-time employees, and 116 were based in Hong Kong office and 10 were based in our offices in the Mainland China. The total remuneration costs of the Group for the six months ended 30th June 2021 are set out in note 4(a) to the condensed consolidated financial statements.

The Group has always valued the nurturing of capable personnel and has taken various measures to recruit and retain personnel of high calibre, which ensures sufficient support for steady operations amidst business development. The remuneration of the employees provided by the Group consists of basic salary and discretionary bonus. To encourage employees to deliver better performance and strengthen risk management and control, the Group has set up an incentive mechanism, according to which, performance and work targets for the year are set for each business department and middle and back-end supporting department at the beginning of each year and staff assessment is carried out both in the middle and at the end of each year so as to provide a basis for bonus. Besides, the Group also gives due weight to staff trainings and provides the employees with educational allowances and leave, such as leave for professional examinations. During the period, the Group organized professional training courses and lectures for the staff and account executives in furtherance of their comprehension of the updated knowledge pertinent to their work, certain of which were conducted through video means. The Group has established a staff remuneration committee comprising the top management to conduct regular reviews over the remuneration policy of the Group and determine the remuneration package of each staff member, thereby ensuring that such pay and benefits are market-based.

CORPORATE GOVERNANCE AND OTHER INFORMATION

BOARD OF DIRECTORS

As at the date of this interim report, the board (the "Board") of directors (the "Directors") of Cinda International Holdings Limited (the "Company", and together with its subsidiaries, the "Group") comprises three executive Directors (the "EDs"), one non-executive Director (the "NED") and three independent non-executive Directors (the "INEDs") as follows:

EDs

Ms. Zhu Ruimin	*(appointed as Chairman on 26th April 2021)*
Mr. Zhang Yi	*(re-designated from NED to ED and appointed as Chief Executive Officer on 26th April 2021)*
Mr. Lau Mun Chung	*(Deputy Chief Executive Officer)*
Mr. Yu Fan	*(resigned on 26th April 2021)*
Mr. Gong Zhijian	*(resigned on 26th April 2021)*

NED

Mr. Chow Kwok Wai

INEDs

Mr. Hung Muk Ming
Mr. Xia Zhidong
Mr. Liu Xiaofeng

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June 2021 (for the six months ended 30th June 2020: nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June 2021, 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 (Cap. 571) (the "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 (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June 2021, 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:

Long position

Name of substantial shareholder	Capacity	Number of shares or underlying shares held	Approximate percentage of the Company's issued share capital
Cinda Securities Co., Ltd. ("Cinda Securities")	Beneficial owner	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 Cinda Securities, a subsidiary of China Cinda. By virtue of the provisions of the SFO, China Cinda was deemed to be interested in all the shares in which Cinda Securities was interested.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company had not redeemed any of its shares during the six months ended 30th June 2021. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the six months ended 30th June 2021.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

Facility Agreement I

On 7th July 2016, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$300,000,000 (or its equivalent in US dollars or Renminbi) revolving term loan facility. On 28th May 2021, a supplementary facility agreement to the facility agreement (the facility agreement together with the supplementary facility agreement, collectively the "Facility Agreement I") was entered into between the parties. Pursuant to Facility Agreement I, it shall be an event of default if (i) China Cinda ceases to directly or indirectly own at least 50% of the issued share capital of the Company (if no written consent has been obtained from the bank); or (ii) the Ministry of Finance of the People's Republic of China (the "PRC") ceases to (directly or indirectly) retain at least 50% of the issued share capital of China Cinda. If an event of default under Facility Agreement I occurs, all the obligations of the Company to the bank shall become immediately due and payable on the bank's demand. The final maturity date of the Facility Agreement I was extended to 30th September 2021 and the loan facility is subject to an annual review by the bank.

As at 30th June 2021, loan amount outstanding under Facility Agreement I was nil.

Facility Agreement II and Facility Agreement III

(1) On 25th October 2017, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$300,000,000 (or its equivalent in US dollars) revolving loan facility. On 27th April 2018, a supplemental facility agreement to the facility agreement (the facility agreement together with the supplemental facility agreement, collectively the "Facility Agreement II") was entered into between the parties pursuant to which certain specific performance obligation was imposed on the controlling shareholder of the Company. The loan facility is subject to an annual review by the bank.

Pursuant to the Facility Agreement II, it shall be an event of default if any undertakings including the following, among others, is or proves to have been untrue or inaccurate in any material respect when made or repeated:

- The Company shall remain more than 50% beneficially owned by China Cinda; and
- The Company shall ensure that Ministry of Finance of the PRC shall hold more than 50% shareholding of China Cinda.

If an event of default under the Facility Agreement II 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.

As at 30th June 2021, HK$60,000,000 has been drawn under Facility Agreement II.

(2) On 27th April 2018, the Company as borrower entered into another facility agreement with the same licensed bank in relation to a HK$200,000,000 (or its equivalent in US dollars) term loan facility (the "Facility Agreement III"). The amount under the Facility Agreement III had been repaid by the Company on 3rd May 2021.

Facility Agreement IV

On 27th June 2018, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$150,000,000 (or its equivalent in US dollars or RMB) revolving loan facility (the "Facility Agreement IV"). As one of the conditions of the loan facility, China Cinda shall directly or indirectly own at least 50% of the issued share capital of the Company. Upon the breach of any of the conditions, the loan facility is repayable in full on demand by the bank. The loan facility is subject to an annual review by the bank.

As at 30th June 2021, HK$50,000,000 has been drawn under Facility Agreement IV.

Facility Agreement V

On 7th September 2018, Cinda International Securities Limited ("CISL", a wholly-owned subsidiary of the Company) as borrower and the Company as guarantor entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$200,000,000 general banking facilities (the "Facility Agreement V"). As one of the undertakings of the general banking facilities, China Cinda shall remain the single largest beneficiary shareholder (directly or indirectly) of the Company. Breach of any of the conditions will constitute an event of default under the Facility Agreement V, upon which all amounts (including principal and interest) due or owing by CISL to the bank shall become immediately due and payable. The general banking facilities is subject to an annual review by the bank.

As at 30th June 2021, HK$25,000,000 has been drawn under Facility Agreement V.

Facility Agreement VI

On 15th June 2020, the Company as borrower entered into a facility agreement with a licensed bank in Macau in relation to a HK$300,000,000 (or its equivalent in US dollars) loan facility (the "Facility Agreement VI"). Pursuant to the Facility Agreement VI, default will be triggered if any default events occurred, including breach of any one of the following loan undertakings, among others: (i) China Cinda shall remain more than 50% held by the Ministry of Finance of the PRC; (ii) Cinda Securities shall remain more than 50% directly or indirectly held by China Cinda; and (iii) the Company shall remain more than 50% directly or indirectly held by Cinda Securities. 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 VI if default is being triggered. The maturity date of the loan facility shall be three years from the date of signing of the Facility Agreement VI, i.e., 14th June 2023.

As at 30th June 2021, US$24,000,000 (equivalent to HK$187,200,000) and HK$111,600,000 have been drawn under Facility Agreement VI.

Facility Agreement VII

On 26th June 2020, the Company as borrower entered into a loan facility letter with a licensed bank in Hong Kong regarding a HK$250,000,000 committed term loan facility (the "Facility Agreement VII"), in replacement of the facility agreement dated 18th May 2018 entered into by the Company with a syndicate of banks regarding a HK$250,000,000 term loan facility. Pursuant to the Facility Agreement VII, it shall be an event of default if (i) China Cinda does not or ceases to directly or indirectly beneficially own at least 51% of the entire issued share capital of the Company; or control the Company; or (ii) the Ministry of Finance of the PRC does not or ceases to directly or indirectly own at least 51% of the entire issued share capital of, or equity interests in, China Cinda; or control China Cinda. If an event of default under the Facility Agreement VII occurs, the bank may cancel the Facility Agreement VII and 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 VII. The final maturity date of the Facility Agreement VII shall be the date falling three years after the acceptance date of the Facility Agreement VII by the Company, i.e., 25th June 2023.

As at 30th June 2021, HK$250,000,000 has been drawn under Facility Agreement VII.

Facility Agreement VIII

On 24th September 2020, the Company as borrower accepted a facility letter (the "Facility Agreement VIII") issued by a licensed bank in Hong Kong pursuant to which a HK$120,000,000 (or US dollars equivalent) revolving loan facility would be made available by the bank to the Company subject to the terms and conditions of the Facility Agreement VIII. Pursuant to the Facility Agreement VIII, default will be triggered if any default events occurred, including breach of any one of the following loan undertakings, among others, (i) China Cinda shall remain more than 50% held by the Ministry of Finance of the PRC; and (ii) the Company shall remain more than 50% directly or indirectly held by China Cinda. 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 VIII if default is being triggered. The final maturity date of the Facility Agreement VIII shall be 30th June 2022.

As at 30th June 2021, loan amount outstanding under Facility Agreement VIII was nil.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 under Appendix 14 to the Listing Rules during the period from 1st January 2021 to 30th June 2021.

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

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to 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 2021.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

There are no changes in Directors' biographical details which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company 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 of the Group for the six months ended 30th June 2021. The Group's external auditors have carried out a review of the unaudited interim condensed consolidated financial statements of the Group 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

Zhu Ruimin
Chairman

19th August 2021

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Ernst & Young
27/F, One Taikoo Place,
979 King's Road,
Quarry Bay, Hong Kong

To the board of directors of Cinda International Holdings Limited
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 15 to 70, which comprises the condensed consolidated statement of financial position of Cinda International Holdings Limited (the "Company") and its subsidiaries (the "Group") as at 30th June 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information 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 HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

19th August 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June 2021 – Unaudited

	Notes	Six months ended 30th June **2021** ***HK$'000*** **(Unaudited)**	 2020 *HK$'000* (Unaudited)
Revenue	*3*	**112,396**	113,573
Other income	*3*	**25,290**	28,569
Other losses, net	*3*	**(227)**	(1,120)
		137,459	141,022
Staff costs	*4(a)*	**60,963**	51,702
Commission expenses		**16,272**	15,911
Other operating expenses	*4(b)*	**24,697**	33,441
Finance costs	*4(c)*	**11,599**	14,761
		113,531	115,815
		23,928	25,207
Share of profits of associates and a joint venture, net	*10*	**35,858**	7,804
Profit before taxation	*4*	**59,786**	33,011
Income tax	*5*	**(6,465)**	(5,499)
Profit for the period		**53,321**	27,512
Attributable to:			
Equity holders of the Company		**53,321**	26,544
Non-controlling interests		**–**	968
		53,321	27,512
Basic and diluted earnings per share attributable to equity holders of the Company	*7*	**HK8.32 cents**	HK4.14 cents

The notes on pages 22 to 70 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2021 – Unaudited

	Six months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**53,321**	27,512
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss		
Debt instruments at fair value through other comprehensive income:		
– Change in fair value	**(6,443)**	4,884
– Change in impairment allowances charge to profit or loss	**(3,592)**	3,902
– Reclassification adjustments on disposal	**(5,598)**	1,801
	(15,633)	10,587
Share of an associate's investment revaluation reserve		
– Change in fair value	**(251)**	–
Net movement in investment revaluation reserve	**(15,884)**	10,587
Share of associates' exchange difference	**1,178**	(1,846)
Exchange differences on translation of:		
– Financial statements of a joint venture	**107**	(153)
– Financial statements of foreign operations	**2,086**	(2,269)
Net movement in exchange difference	**3,371**	(4,268)
Items that will not be reclassified subsequently to profit or loss		
Share of a joint venture's capital reserve	**212**	–
Net movement in capital reserve	**212**	–
Other comprehensive income for the period	**(12,301)**	6,319
Total comprehensive income for the period	**41,020**	33,831
Total comprehensive income attributable to:		
Equity holders of the Company	**41,020**	32,791
Non-controlling interests	**–**	1,040
	41,020	33,831

The notes on pages 22 to 70 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2021 – Unaudited

	Notes	30th June 2021 HK$'000 (Unaudited)	31st December 2020 HK$'000 (Audited)
NON-CURRENT ASSETS			
Intangible assets	8	1,439	1,439
Property and equipment	9	8,256	7,453
Financial assets at fair value through profit or loss	12	14,014	15,557
Interests in associates and a joint venture	10	448,830	417,246
Other assets		10,477	17,810
Right-of-use assets	19	37,864	44,129
Deferred tax assets		179	104
		521,059	503,738
CURRENT ASSETS			
Debt instruments at fair value through other comprehensive income	11	444,495	621,861
Financial assets at fair value through profit or loss	12	23,854	1
Trade and other receivables	13	1,005,033	609,314
Taxation recoverable		–	246
Pledged bank deposits	14	12,138	12,137
Bank balances and cash	14	733,250	804,471
		2,218,770	2,048,030
CURRENT LIABILITIES			
Trade and other payables	15	407,873	517,696
Borrowings	16	686,890	394,414
Taxation payable		4,501	4,120
Lease liabilities	19	24,444	24,768
Bonds issued	18	32,000	42,000
		1,155,708	982,998
NET CURRENT ASSETS		1,063,062	1,065,032
TOTAL ASSETS LESS CURRENT LIABILITIES		1,584,121	1,568,770

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2021 – Unaudited

	Notes	30th June 2021 HK$'000 (Unaudited)	31st December 2020 HK$'000 (Audited)
CAPITAL AND RESERVES			
Share capital	*17*	**64,121**	64,121
Other reserves		**469,887**	482,188
Retained earnings		**476,877**	442,792
TOTAL EQUITY		**1,010,885**	989,101
NON-CURRENT LIABILITIES			
Bonds issued	*18*	**10,000**	10,000
Lease liabilities	*19*	**14,436**	20,869
Borrowings	*16*	**548,800**	548,800
		573,236	579,669
		1,584,121	1,568,770

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2021 – Unaudited

	Attributable to equity holders of the Company								
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital reserve** *HK$'000*	**Investment revaluation reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
At 1st January 2021 – audited	**64,121**	**421,419**	**43,396**	**10,765**	**6,608**	**442,792**	**989,101**	**–**	**989,101**
Total comprehensive income for the period	**–**	**–**	**212**	**(15,884)**	**3,371**	**53,321**	**41,020**	**–**	**41,020**
2020 final dividend approved	**–**	**–**	**–**	**–**	**–**	**(19,236)**	**(19,236)**	**–**	**(19,236)**
At 30th June 2021 – unaudited	**64,121**	**421,419**	**43,608**	**(5,119)**	**9,979**	**476,877**	**1,010,885**	**–**	**1,010,885**
At 1st January 2020 – audited	64,121	421,419	43,258	3,840	(14,496)	359,121	877,263	7,741	885,004
Total comprehensive income for the period	–	–	–	10,587	(4,340)	26,544	32,791	1,040	33,831
At 30th June 2020 – unaudited	64,121	421,419	43,258	14,427	(18,836)	385,665	910,054	8,781	918,835

The notes on pages 22 to 70 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June 2021 – unaudited

	Notes	Six months ended 30th June **2021** ***HK$'000*** **(Unaudited)**	 2020 *HK$'000* (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**59,786**	33,011
Adjustments for:			
Depreciation of property and equipment	*9*	**1,414**	1,859
Depreciation of right-of-use assets	*19*	**11,872**	10,878
Loss on disposal of property and equipment	*9*	**8**	–
Fair value gains, net:			
– Financial assets at fair value through profit or loss	*3*	**(452)**	(5,260)
Interest expense on lease liabilities	*4(c)*	**781**	745
Interest expenses (other than interest on lease liabilities)	*4(c)*	**10,818**	14,016
Share of profits of associates and a joint venture, net	*10*	**(35,858)**	(7,804)
Net (gains)/losses on disposal of financial assets at fair value through profit or loss	*3*	**(102)**	254
Net losses on disposal of debt instruments at fair value through other comprehensive income	*3*	**3,409**	3,349
Interest income from debt securities	*3*	**(19,358)**	(19,920)
Impairment allowances (reversed)/charged	*4(b)*	**(3,139)**	3,254
Increase in pledged bank deposits	*14*	**(1)**	(5)
Operating profit before working capital changes		**29,178**	34,377
Decrease/(increase) in other assets		**7,333**	(4,518)
Decrease in loans receivable		–	37,921
Increase in trade and other receivables		**(393,470)**	(31,854)
(Decrease)/increase in trade and other payables		**(129,068)**	63,598
Cash (outflow)/inflow from operations		**(486,027)**	99,524
Hong Kong profits tax paid		**(303)**	(4,472)
Overseas profits tax paid		**(5,609)**	(5,678)
Net cash (outflow)/inflow from operating activities		**(491,939)**	89,374

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June 2021 – unaudited

	Notes	Six months ended 30th June **2021** ***HK$'000*** **(Unaudited)**	 2020 *HK$'000* (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	*9*	**(2,283)**	(401)
Proceeds on disposal of property and equipment	*9*	**29**	–
Purchase of debt instruments at fair value through other comprehensive income		**(52,344)**	(368,378)
Proceeds from disposal of debt instruments at fair value through other comprehensive income		**214,258**	114,909
Purchase of financial assets at fair value through profit or loss		**(23,520)**	(44,229)
Proceeds from disposal of financial assets at fair value through profit or loss		**1,810**	4,006
Interest received from debt securities		**22,176**	15,326
Net cash inflow/(outflow) from investing activities		**160,126**	(278,767)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities	*19*	**(13,145)**	(11,920)
Proceeds from bank loans		**545,000**	640,000
Repayment of bank loans		**(175,000)**	(280,000)
Proceeds from borrowings under repurchase agreements		**55,360**	101,722
Repayment of borrowings under repurchase agreements		**(132,884)**	(242,425)
Repayment of bond issued		**(10,000)**	–
Interest paid		**(10,809)**	(16,096)
Net cash inflow from financing activities		**258,522**	191,281
Net (decrease)/increase in cash and cash equivalents		**(73,291)**	1,888
Cash and cash equivalents at the beginning of the period		**804,471**	579,395
Effect of foreign exchange rate changes, net		**2,070**	(2,672)
Cash and cash equivalents at the end of the period	*14*	**733,250**	578,611
Analysis of balances of cash and cash equivalents:			
Bank balances – general accounts and cash in hand	*14*	**733,250**	578,611

The notes on pages 22 to 70 form part of these condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June 2021 – unaudited

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Rules, including compliance with Hong Kong Accounting Standard ("HKAS") 34 "*Interim Financial Reporting*", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These unaudited condensed consolidated financial statements have been approved for issue by the Board of Directors on 19th August 2021.

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 2020 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 Hong Kong Financial Reporting Standards ("HKFRSs").

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31st December 2020, except for the adoption of following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for current period's financial information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the current interim period, the Group has applied, for the first time, the following revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions*

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate ("LIBOR") as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the financial position and performance of the Group.

3. REVENUE, OTHER INCOME, OTHER LOSSES, NET AND SEGMENT INFORMATION

	Six months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Revenue from contracts with customers		
Fees and commission		
Asset management	**8,548**	7,527
Sales and trading business	**36,858**	20,655
Corporate finance	**13,144**	31,772
	58,550	59,954
Underwriting income and placing commission		
Corporate finance	**7,786**	12,240
Management fee and service fee income		
Asset management	**32,949**	28,632
	99,285	100,826
Revenue from other sources		
Interest income		
Asset management	**152**	79
Sales and trading business	**12,947**	12,540
Corporate finance	**8**	1
Others	**4**	127
	13,111	12,747
	112,396	113,573

3. REVENUE, OTHER INCOME, OTHER LOSSES, NET AND SEGMENT INFORMATION (CONTINUED)

Analysis of the disaggregate revenue from contracts with customers by major service lines is as follows:

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Six months ended 30th June 2021 – Unaudited				
Revenue from contracts with customers				
Brokerage service	–	36,858	–	36,858
Underwriting and placing service	–	–	7,786	7,786
Corporate finance service	–	–	13,144	13,144
Asset management service	41,497	–	–	41,497
	41,497	36,858	20,930	99,285
Geographical markets				
Hong Kong	17,670	36,858	20,930	75,458
Mainland China	23,827	–	–	23,827
Total revenue from contracts with customers	41,497	36,858	20,930	99,285
Timing of revenue recognition				
Services transferred at a point in time	–	36,858	16,054	52,912
Services transferred over time	41,497	–	4,876	46,373
Total revenue from contracts with customers	41,497	36,858	20,930	99,285

3. REVENUE, OTHER INCOME, OTHER LOSSES, NET AND SEGMENT INFORMATION (CONTINUED)

Analysis of the disaggregate revenue from contracts with customer by major service line is as follows: (continued)

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Six months ended 30th June 2020 – Unaudited				
Revenue from contracts with customers				
Brokerage service	–	20,655	–	20,655
Underwriting and placing service	–	–	12,240	12,240
Corporate finance service	–	–	31,772	31,772
Asset management service	36,159	–	–	36,159
	36,159	20,655	44,012	100,826
Geographical markets				
Hong Kong	19,088	20,655	44,012	83,755
Mainland China	17,071	–	–	17,071
Total revenue from contracts with customers	36,159	20,655	44,012	100,826
Timing of revenue recognition				
Services transferred at a point in time	–	20,655	40,310	60,965
Services transferred over time	36,159	–	3,702	39,861
Total revenue from contracts with customers	36,159	20,655	44,012	100,826

3. REVENUE, OTHER INCOME, OTHER LOSSES, NET AND SEGMENT INFORMATION (CONTINUED)

The following table shows the amounts of revenue recognised in current reporting period that were included in the deferred revenue at the beginning of the reporting period:

	Six months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue recognised that was included in deferred revenue at the beginning of the reporting period:		
Corporate finance service	**10,358**	19,220

	Six months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income		
Loan interest income	**–**	4,383
Interest income from debt securities classified as:		
– Debt instruments at fair value through other comprehensive income	**19,358**	17,386
– Financial assets at fair value through profit or loss	**–**	2,534
Investment income	**3,367**	2,121
Dividend income	**–**	1
Government grants *(Note)*	**588**	451
Others	**1,977**	1,693
	25,290	28,569
Other losses, net		
Net exchange gains/(losses)	**2,628**	(2,777)
Net gains/(losses) on disposal of financial assets at fair value through profit or loss	**102**	(254)
Net losses on disposal of debt instruments at fair value through other comprehensive income	**(3,409)**	(3,349)
Gains from changes in fair value of financial assets at fair value through profit or loss	**452**	5,260
	(227)	(1,120)
	137,459	141,022

Note: The Group received government grants to support enterprises in implementing business innovation and corporate transformation in Shanghai Province, Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

3. REVENUE, OTHER INCOME, OTHER LOSSES, NET 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. Asset management – provision of advisory service and related auxiliary services on fund management, managing private funds and provide other related proprietary investment.

2. Sales and trading business – provision of brokering services in securities, equity linked products, unit trusts and stock options commodities and futures contracts traded in Hong Kong and selected overseas markets, underwriting, placing and margin financing services to those brokering clients, and acting as an agent for the sale of savings plans, general and life insurance and other investment linked insurance products.

3. Corporate finance – provision of corporate finance services including underwriting and advisory services to companies listed or seeking listing in Hong Kong or other stock exchanges and other unlisted corporates, on both equity and debt financing.

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 unallocated head office and corporate assets. Segment liabilities include trade creditors, accruals and borrowings attributable to the operating activities of the individual segments with exception of unallocated head office and corporate liabilities.

The measures used for reporting segment results are earnings before finance costs and taxes ("EBIT"). Inter-segment revenue and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices. To arrive at the Group's profit for the period, the Group's reportable segment results are further adjusted for items not specifically attributed to individual segments, such as share of profits or losses of associates and a joint venture, finance costs, other head office expenses and other income.

3. REVENUE, OTHER INCOME, OTHER LOSSES, NET AND SEGMENT INFORMATION (CONTINUED)

Segment information (continued)

Six months ended 30th June 2021 – Unaudited

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Revenue from external customers	38,384	49,803	20,938	109,125
Revenue from an associate *(Note 1)*	3,267	–	–	3,267
Inter-segment revenue	–	202	–	202
Reportable segment revenue	41,651	50,005	20,938	112,594
Reportable segment results (EBIT)	38,581	13,518	(2,462)	49,637
Interest income from bank deposits	152	553	8	713
Interest expense	(7,727)	(2,238)	(270)	(10,235)
Depreciation of property and equipment for the period	(190)	(457)	(62)	(709)

As at 30th June 2021 – Unaudited

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Reportable segment assets	958,718	1,193,631	60,272	2,212,621
Additions to/(disposals of) non-current segment assets during the period *(Note 2)*	589	(2,478)	5	(1,884)
Reportable segment liabilities	783,556	773,433	11,300	1,568,289

3. REVENUE, OTHER INCOME, OTHER LOSSES, NET AND SEGMENT INFORMATION (CONTINUED)

Segment information (continued)

Six months ended 30th June 2020 – Unaudited

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Revenue from external customers	30,899	33,195	44,013	108,107
Revenue from an associate *(Note 1)*	5,339	–	–	5,339
Inter-segment revenue	–	40	–	40
Reportable segment revenue	36,238	33,235	44,013	113,486
Reportable segment results (EBIT)	43,565	2,052	22,478	68,095
Interest income from bank deposits	79	2,401	1	2,481
Interest expense	(12,136)	(1,283)	(285)	(13,704)
Depreciation of property and equipment for the period	(283)	(519)	(67)	(869)

As at 31st December 2020 – Audited

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Reportable segment assets	1,089,908	880,014	70,751	2,040,673
Additions to non-current segment assets during the year *(Note 2)*	17	6,069	5	6,091
Reportable segment liabilities	922,443	468,954	28,799	1,420,196

Note:

(1) This represents service fee income received by the Group from an associate. See note 23.1(b).

(2) Non-current assets consist of additions to/(disposal of) property and equipment and other assets.

3. REVENUE, OTHER INCOME, OTHER LOSSES, NET AND SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable revenue

	Six months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	**112,594**	113,486
Elimination of inter-segment revenue	**(202)**	(40)
Unallocated head office and corporate revenue	**4**	127
Consolidated revenue	**112,396**	113,573

Reconciliations of reportable results

	Six months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Results		
Reportable segment profit (EBIT)	**49,637**	68,095
Share of profits of associates and a joint venture, net	**35,858**	7,804
Finance costs	**(11,599)**	(14,761)
Unallocated head office and corporate expenses	**(14,110)**	(28,127)
Consolidated profit before taxation	**59,786**	33,011
Income tax	**(6,465)**	(5,499)
Profit for the period	**53,321**	27,512

3. REVENUE, OTHER INCOME, OTHER LOSSES, NET AND SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable assets and liabilities

	30th June 2021	31st December 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Assets		
Reportable segment assets	**2,212,621**	2,040,673
Elimination of inter-segment receivables	**(1,171)**	(93,009)
	2,211,450	1,947,664
Interests in associates and a joint venture	**448,830**	417,246
Deferred tax assets	**179**	104
Taxation recoverable	**–**	246
Unallocated head office and corporate assets	**79,370**	186,508
Consolidated total assets	**2,739,829**	2,551,768
Liabilities		
Reportable segment liabilities	**1,568,289**	1,420,196
Elimination of inter-segment payables	**(7,713)**	(54,355)
	1,560,576	1,365,841
Taxation payable	**4,501**	4,120
Unallocated head office and corporate liabilities	**163,867**	192,706
Consolidated total liabilities	**1,728,944**	1,562,667

3. REVENUE, OTHER INCOME, OTHER LOSSES, NET AND SEGMENT INFORMATION (CONTINUED)

Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers (including its associates) and (ii) the Group's property and equipment, intangible assets, right-of-use assets, other assets and interests in associates and a joint venture ("specified non-current assets"). The geographical location of revenue from external customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property and equipment; and the location of the core operations in the case of other specified non-current assets.

	Revenue from external customers Six months ended 30th June		**Specified non-current assets**	
			As at 30th June	As at 31st December
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Hong Kong	**88,418**	94,783	**209,987**	211,909
Mainland China	**23,978**	18,790	**296,879**	276,168
	112,396	113,573	**506,866**	488,077

4. PROFIT BEFORE TAXATION

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

(a) Staff costs

	Six months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries and allowances	**59,678**	50,918
Defined contribution plans	**1,285**	784
	60,963	51,702

4. PROFIT BEFORE TAXATION (CONTINUED)

(b) Other operating expenses

	Six months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Advertising and promotion	**540**	574
Auditor's remuneration	**1,560**	1,370
Bank charges	**447**	304
Cleaning expense	**155**	154
Computer expense	**138**	237
Data service fee	**4,577**	4,037
Depreciation of property and equipment	**1,414**	1,859
Depreciation of right-of-use assets *(note 19)*	**11,872**	10,878
Employee relation expense	**616**	252
Entertainment	**713**	390
Impairment allowances charged/(reversed) on:		
– debt instruments at fair value through other comprehensive income	**(3,592)**	3,902
– loans receivable	**–**	(316)
– trade and other receivables	**453**	(332)
Insurance fee	**1,137**	953
Legal and professional fee	**(3,095)**	1,794
Printing and stationery fee	**410**	724
Property management and other related fee	**2,320**	1,918
Repair and maintenance fee	**1,289**	1,362
Service fee	**586**	390
Short-term lease payment not included in the measurement of lease liabilities	**–**	468
Staff recruitment fee	**114**	60
Subscription fee	**224**	266
Telecommunication fee	**1,199**	1,128
Travelling expense	**524**	302
Water and electricity	**226**	163
Others	**870**	604
	24,697	33,441

4. PROFIT BEFORE TAXATION (CONTINUED)

(c) Finance costs

	Six months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on borrowings – repayable on demand and within one year	**4,876**	7,251
Interest on borrowings – repayable in more than one year but not more than five years	**5,017**	5,732
Interest on bonds issued – repayable within one year	**727**	198
Interest on bonds issued – repayable in more than one year but not more than five years	**198**	835
Interest on lease liabilities *(note 19)*	**781**	745
	11,599	14,761

5. INCOME TAX

Under the Enterprise Income Tax Law of the People's Republic of China ("PRC"), the Corporate Income Tax rate for domestic entities 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 arising in Hong Kong for the current and prior periods.

The amount of taxation charged/(credited) to the condensed consolidated statement of profit or loss:

	Six months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current taxation		
– Hong Kong Profits Tax	**856**	1,735
– PRC Corporate Income Tax	**5,684**	4,092
Deferred taxation		
– Hong Kong	**(75)**	(328)
	6,465	5,499

6. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June 2021 (2020: Nil).

Dividends payable to equity holders of the Company attributable to the previous financial year, approved but not paid during the period:

	30th June 2021	31st December 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
2020 final dividend, approved but not paid: HK$3 cents per share	**19,236**	–

On 9th July 2021, the dividend payable of HK$19,236,168 was paid.

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$53,321,000 (2020: HK$26,544,000) and the number of 641,205,600 ordinary shares (2020: 641,205,600 ordinary shares) in issue during the period. The calculation is as follows:

Earnings attributed to equity holders of the Company

	Six months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings for the period attributable to equity holders of the Company	**53,321**	26,544

Number of ordinary shares

	Six months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
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

	Stock Exchange trading rights *HK$'000*	Futures Exchange trading right *HK$'000*	Club membership *HK$'000*	Total *HK$'000*
Six months ended 30th June 2021 – unaudited				
Cost and carrying amount:				
At 1st January 2021 and 30th June 2021	**913**	**406**	**120**	**1,439**
Year ended 31st December 2020 – audited				
Cost and carrying amount:				
At 1st January 2020 and 31st December 2020	913	406	120	1,439

9. PROPERTY AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Office and computer equipment and computer software *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Six months ended 30th June 2021 – unaudited					
Cost:					
At 1st January 2021	**6,480**	**2,990**	**29,561**	**1,338**	**40,369**
Additions	**527**	**–**	**1,756**	**–**	**2,283**
Disposals	**(430)**	**(89)**	**(89)**	**–**	**(608)**
Exchange difference	**–**	**–**	**1**	**–**	**1**
At 30th June 2021	**6,577**	**2,901**	**31,229**	**1,338**	**42,045**
Accumulated depreciation:					
At 1st January 2021	**6,393**	**2,447**	**22,738**	**1,338**	**32,916**
Charge for the period	**35**	**130**	**1,249**	**–**	**1,414**
Disposals	**(430)**	**(89)**	**(52)**	**–**	**(571)**
Exchange difference	**–**	**(1)**	**31**	**–**	**30**
At 30th June 2021	**5,998**	**2,487**	**23,966**	**1,338**	**33,789**
Net book value:					
At 30th June 2021	**579**	**414**	**7,263**	**–**	**8,256**

9. PROPERTY AND EQUIPMENT (CONTINUED)

	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Office and computer equipment and computer software *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Year ended 31st December 2020 – audited					
Cost:					
At 1st January 2020	6,612	2,985	28,545	1,338	39,480
Additions	–	–	1,821	–	1,821
Disposals	(151)	–	(815)	–	(966)
Exchange difference	19	5	10	–	34
At 31st December 2020	6,480	2,990	29,561	1,338	40,369
Accumulated depreciation:					
At 1st January 2020	6,019	2,176	21,116	1,338	30,649
Charge for the period	506	267	2,437	–	3,210
Disposals	(151)	–	(815)	–	(966)
Exchange difference	19	4	–	–	23
At 31st December 2020	6,393	2,447	22,738	1,338	32,916
Net book value:					
At 31st December 2020	87	543	6,823	–	7,453

10. INTERESTS IN ASSOCIATES AND A JOINT VENTURE

	30th June 2021 HK$'000 (Unaudited)	31st December 2020 HK$'000 (Audited)
Interests in associates	432,885	407,910
Interest in a joint venture	15,945	9,336
	448,830	417,246

Interests in associates

	30th June 2021 HK$'000 (Unaudited)	31st December 2020 HK$'000 (Audited)
Share of net assets at 1st January	407,910	366,721
Share of profits for the period/year, net	29,568	45,082
Share of other comprehensive income for the period/year	927	6,743
Dividend income from an associate	(5,520)	(10,636)
	24,975	41,189
Share of net assets at 30th June/31st December	432,885	407,910

10. INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

Interests in associates (continued)

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 30th June 2021	31st December 2020	Principal activity
Sino-Rock Investment Management Company Limited ("Sino-Rock") *(note 1)*	18,000,000 ordinary shares of HK$1 each	Hong Kong	**27.6%**	27.6%	Investment holding and provision of capital management and consultancy services
Cinda Plunkett International Holdings Limited ("CPHL") *(note 2)*	4,000,000 ordinary shares of HK$1 each	Cayman Islands	**40%**	40%	Fund management
Cinda Plunkett International Absolute Return Fund ("CPIAR Fund") *(note 3)*	100,000 units of US$100 each	Cayman Islands	**13.48%**	13.58%	Investment fund
Cinda International Investment Holdings Limited ("CIIH") *(note 4)*	2,820,000 Class – A shares	British Virgin Islands	**47%**	47%	Investment holding

Notes:

1. As at 30th June 2021, the Group held 18,000,000 ordinary shares (31st December 2020: 18,000,000 ordinary shares), representing 27.6% (31st December 2020: 27.6%) equity interests in Sino-Rock, a private company incorporated in Hong Kong and is considered as an associate of the Group, principally engaged in investment holding and provision of capital management and consultancy services. The Group recognises Sino-Rock as a significant investment for the period ended 30th June 2021 and year ended 31st December 2020. The Group share of net assets in Sino-Rock was HK$280,050,000 at 30th June 2021 (31st December 2020: HK$266,318,000), which accounted approximately 10.22% (31st December 2020: 10.44%) of the total assets of the Group. The Group recognised a share of profit and other comprehensive income of HK$19,252,000 (30th June 2020: HK$7,416,000) and dividend income of HK$5,520,000 (30th June 2020: nil) from the interest in Sino-Rock for the period ended 30th June 2021. The aggregate cost of investment in Sino-Rock was HK$107,014,000. The Group treats Sino-Rock as a long-term investment and a business partner in its asset management business.

2. The Group's share of net assets in CPHL was HK$55,071,000 at 30th June 2021 (31st December 2020: HK$45,143,000) and recognized a share of profit of HK$9,929,000 (30th June 2020: profit of HK$12,000) from the interest in CPHL for the period ended 30th June 2021.

3. It is considered that the Group had significant influence over CPIAR Fund through the Group's significant influence over the investment manager of CPIAR Fund who has wide discretion over the relevant activities of CPIAR Fund. The Group's share of net assets in CPIAR Fund was HK$95,971,000 at 30th June 2021 (31st December 2020: HK$94,419,000) and recognised a share of profit HK$1,552,000 (30th June 2020: loss of HK$2,176,000) from the interest in CPIAR Fund for the period ended 30th June 2021.

4. The Group's share of net assets in CIIH was HK$1,793,000 at 30th June 2021 (31st December 2020: HK$2,030,000) and recognized share of loss and other comprehensive income of HK$238,000 (30th June 2020: loss of HK$127,000) from the interest in CIIH for the period ended 30th June 2021.

10. INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

Interest in a joint venture

	30th June 2021	31st December 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Share of net assets at 1st January	**9,336**	8,953
Share of profit for the period/year	**6,290**	1,376
Share of other comprehensive income for the period/year	**212**	138
Translation difference	**107**	502
Dividend income	**–**	(1,633)
	6,609	383
Share of net assets at 30th June/31st December	**15,945**	9,336

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

Name	**Particulars of shares capital held**	**Country of establishment**	**Effective equity interest to the Group 30th June 2021**	31st December 2020	**Principal activity**
Jianxinguomao (Xiamen) Private Equity Fund Management Limited (Formerly known as JianXinJinYuan (Xiamen) Equity Investment Management Limited) *(note)*	RMB7,000,000 of registered capital	PRC	**35%**	35%	Private equity investment and fund management

Note: Jianxinguomao (Xiamen) Private Equity Fund Management Limited is a limited liability company (equity joint venture enterprise) registered under PRC law.

11. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30th June 2021 *HK$'000* **(Unaudited)**	31st December 2020 *HK$'000* (Audited)
Listed debt investments:		
– debt securities with fixed interest	**444,495**	621,861

As at 30th June 2021 and 31st December 2020, an analysis of the ending balance of the carrying amount in debt instruments at fair value through other comprehensive income ("FVOCI") subject to impairment allowances is as follows:

	Stage 1 *HK$'000*	**Stage 2** *HK$'000*	**Stage 3** *HK$'000*	**Total** *HK$'000*
Fair value as at 30th June 2021 – unaudited	**444,495**	**–**	**–**	**444,495**
Fair value as at 31st December 2020 – audited	621,861	–	–	621,861

The expected credit losses ("ECLs") for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowances that would arise if the assets were measured at amortised cost is recognised in other comprehensive income as an accumulated impairment allowances, with a corresponding charge to profit or loss.

During the period, impairment allowances of HK$3,592,000 (for the six months ended 30th June 2020: HK$3,902,000 was provided) was reversed to the profit or loss. As of 30th June 2021, impairment allowances of HK$3,512,000 (31st December 2020: HK$7,104,000) was provided.

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$'000*	**Between 1 and 2 years** *HK$'000*	**Between 2 and 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total** *HK$'000*
30th June 2021 – unaudited	**226,878**	**157,066**	**58,807**	**1,744**	**444,495**
31st December 2020 – audited	206,251	241,389	172,466	1,755	621,861

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th June 2021 ***HK$'000*** **(Unaudited)**	31st December 2020 *HK$'000* (Audited)
Non-current:		
Unlisted private equity funds	**14,014**	15,557
Current:		
Unlisted equity securities	**1**	1
Listed debt securities fund	**23,853**	–
	23,854	1
	37,868	15,558

13. TRADE AND OTHER RECEIVABLES

	30th June 2021 *HK$'000* **(Unaudited)**	31st December 2020 *HK$'000* (Audited)
Trade receivables from clients arising from		
– corporate finance *(note (a))*	**10,549**	15,625
– securities brokering *(note (b))*	**636,274**	277,710
Margin and other trade-related deposits with brokers and financial institutions arising from *(note (c))*		
– commodities and futures brokering	**37,710**	46,548
– securities brokering	**15,832**	6,334
Margin loans arising from securities brokering *(note (d))*	**230,687**	188,683
Trade receivables from clearing houses arising from securities brokering *(note (e))*	**44,276**	56,477
Less: impairment allowances for trade receivables arising from		
– corporate finance *(notes (a) and (f))*	**(3,373)**	(3,373)
– securities brokering *(notes (d) and (f))*	**(14,010)**	(13,557)
Total trade receivables *(note (g))*	**957,945**	574,447
Deposits	**6,424**	1,628
Other receivables	**40,746**	33,321
Less: impairment allowances for other receivables *(note (f))*	**(82)**	(82)
Total trade and other receivables	**1,005,033**	609,314

The carrying amounts of trade and other receivables approximate to their fair values. All of the trade and other receivables, other than margin loans arising from securities brokering, are expected to be recovered or realised within one year.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) For trade receivables related to corporate finance of HK$10,549,000 (31st December 2020 : HK$15,625,000), no additional impairment allowance was provided for the period (30th June 2020: Nil). As at 30th June 2021, impairment allowances of HK$3,373,000 (31st December 2020: HK$3,373,000) were provided. The settlement terms of trade receivables from corporate finance clients are usually 30 days from the date of invoice. The relevant aging analysis based on the date of invoice at the reporting date was as follows:

	30th June 2021 *HK$'000* **(Unaudited)**	31st December 2020 *HK$'000* (Audited)
Current	**498**	8,042
30–60 days	**360**	360
Over 60 days	**9,691**	7,223
	10,549	15,625
Less: impairment allowances	**(3,373)**	(3,373)
	7,176	12,252

(b) For trade receivables from clients arising from securities brokering, the amounts represent outstanding unsettled trades due from clients as of the end of the period. It normally takes two to three days to settle after the trade date of those transactions. As at 30th June 2021, it included overdue balances of HK$13,211,000 (31st December 2020: HK$11,644,000). These overdue balances are either subsequently settled after the reporting date or fully collateralised by listed securities. The Directors of the Company did not consider that there was a significant change in credit quality of the balance. No impairment allowance was provided.

(c) The settlement terms of margin and other deposits from brokers and financial institutions are at specific agreed terms. Clients trading in commodities and futures contracts and obtaining securities margin financing from the Group are required to observe the Group's margin policies. For commodities and futures contracts, initial margins are required before trading and thereafter clients are required to keep the equity position at a prescribed maintenance margin level. The effective interest rate for margins and other trade-related deposits is 0.01% per annum (2020: 0.01%).

In addition, margin and trade-related deposits are deposited with high-credit-quality financial institutions. No impairment allowance has been provided as the related allowances were considered to be immaterial and there was no credit default history.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(d) Margin clients of the securities brokering business are repayable on demand and are required to pledge their shares to the Group for credit facilities for securities trading. The effective interest rates ranged from 8% to 13% per annum (2020: 8% to 13%).

The amount of credit facilities granted to margin clients is determined by the discounted value of shares acceptable by the Group after making reference to industry practice. As at 30th June 2021, the fair value of shares accepted as collateral amounted to HK$1,420,279,000(2020: HK$1,574,870,000) and the fair value of the majority of clients' listed securities exceeds the carrying amount of those individual loans to margin clients.

Credits are extended to brokerage clients on a case-by-case basis in accordance with the financial status of clients such as their financial conditions, trading records, business profile and the collateral available to the Group.

Special approvals from the Group were granted to those clients whose fair values of collaterals were less than the carrying amount of their individual loans by considering their historical repayment records, credit quality of those margin clients and other factors affecting the market prices of collateral. Credit risks from those margin clients were considered to be minimal.

The Group is allowed to use clients' securities up to the amount of 140% of the loans to margin clients as collateral of the Group's bank facilities (with client's consent). However, no securities held as collateral have been repledged to secure the Group's bank facilities for the period and years ended 30th June 2021 and 31st December 2020.

As at 30th June 2021, the Group had concentration of credit risk of 40% (31st December 2020: 51%) of the trade receivables from margin loans due from the five largest margin clients.

During the period, impairment allowances of HK$453,000 (30th June 2020: HK$332,000 were reversed) were provided. As at 30th June 2021, impairment allowances of HK$14,010,000 (31st December 2020: HK$13,557,000) for the receivables from margin clients was provided. No aging analysis is disclosed as in the opinion of the Directors, the aging analysis does not give additional value in view of the nature of revolving margin loans.

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

Furthermore, 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 2021, the designated accounts with the SEOCH and HKFECC not otherwise dealt with in these accounts amounted to HK$8,201,000 (31st December 2020: HK$5,368,000) and HK$9,639,000 (31st December 2020: HK$6,016,000) respectively.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(f) The movements in the impairment allowances for the trade and other receivables during the period/year are as follows:

	HK$'000
At 1st January 2020 – audited	17,179
Reversal of impairment allowances	(167)
At 31st December 2020 and 1st January 2021 – audited	17,012
Impairment allowances provided	453
At 30th June 2021 – unaudited	17,465

As at 30th June 2021 and 31st December 2020, an analysis of the gross amount of trade and other receivables is as follows:

	Stage 1 ***HK$'000***	**Stage 2** ***HK$'000***	**Stage 3** ***HK$'000***	**Simplified approach** ***HK$'000***	**Total** ***HK$'000***
Gross amount as at 30th June 2021 – unaudited					
Trade receivables from clients	**636,274**	**–**	**–**	**10,549**	**646,823**
Margin and other trade-related deposits with brokers and financial institutions	**53,542**	**–**	**–**	**–**	**53,542**
Margin loans arising from securities brokering	**217,703**	**55**	**12,929**	**–**	**230,687**
Trade receivables from clearing houses arising from securities brokering	**44,276**	**–**	**–**	**–**	**44,276**
Deposits	**6,424**	**–**	**–**	**–**	**6,424**
Other receivables	**40,664**	**–**	**82**	**–**	**40,746**
	998,883	**55**	**13,011**	**10,549**	**1,022,498**

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
Gross amount as at 31st December 2020 – audited					
Trade receivables from clients	277,710	–	–	15,625	293,335
Margin and other trade-related deposits with brokers and financial institutions	52,882	–	–	–	52,882
Margin loans arising from securities brokering	175,448	306	12,929	–	188,683
Trade receivables from clearing houses arising from securities brokering	56,477	–	–	–	56,477
Deposits	1,628	–	–	–	1,628
Other receivables	33,239	–	82	–	33,321
	597,384	306	13,011	15,625	626,326

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(f) *(continued)*

	Stage 1 *HK$'000*	**Stage 2** *HK$'000*	**Stage 3** *HK$'000*	**Simplified approach** *HK$'000*	**Total** *HK$'000*
Expected credit losses as at 30th June 2021 – unaudited					
Trade receivables from clients	–	–	–	**(3,373)**	**(3,373)**
Margin and other trade-related deposits with brokers and financial institutions	–	–	–	–	–
Margin loans arising from securities brokering	**(1,080)**	**(1)**	**(12,929)**	–	**(14,010)**
Trade receivables from clearing houses arising from securities brokering	–	–	–	–	–
Deposits	–	–	–	–	–
Other receivables	–	–	**(82)**	–	**(82)**
	(1,080)	**(1)**	**(13,011)**	**(3,373)**	**(17,465)**

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
Expected credit loss as at 31st December 2020 – audited					
Trade receivables from clients	–	–	–	(3,373)	(3,373)
Margin and other trade-related deposits with brokers and financial institutions	–	–	–	–	–
Margin loans arising from securities brokering	(627)	(1)	(12,929)	–	(13,557)
Trade receivables from clearing houses arising from securities brokering	–	–	–	–	–
Deposits	–	–	–	–	–
Other receivables	–	–	(82)	–	(82)
	(627)	(1)	(13,011)	(3,373)	(17,012)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(f) *(continued)*

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
Expected credit losses rate as at 30th June 2021 – unaudited					
Trade receivables from clients	**–**	**–**	**–**	**31.97%**	**0.52%**
Margin loans arising from securities brokering	**0.50%**	**1.82%**	**100.00%**	**–**	**6.07%**
Other receivables	**–**	**–**	**100.00%**	**–**	**0.2%**

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
Expected credit losses rate as at 31st December 2020 –audited					
Trade receivables from clients	–	–	–	21.59%	1.15%
Margin loans arising from securities brokering	0.36%	0.40%	100.00%	–	7.19%
Other receivables	–	–	100.00%	–	0.25%

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(f) *(continued)*

Analysis of changes in the corresponding balances and ECL allowances of margin loans arising from securities brokering is as follows:

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
Gross amount				
As at 1st January 2020 – audited	235,500	100	12,929	248,529
Other changes (including new assets and derecognised assets)	(60,052)	206	–	(59,846)
As at 31st December 2020 and 1st January 2021 – audited	175,448	306	12,929	188,683
Other changes (including new assets and derecognised assets)	42,255	(251)	–	42,004
As at 30th June 2021 – unaudited	**217,703**	**55**	**12,929**	**230,687**

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
Expected credit losses				
As at 1st January 2020 – audited	(794)	(1)	(12,929)	(13,724)
Other changes (including new assets and derecognised assets)	167	–	–	167
As at 31st December 2020 and 1st January 2021 – audited	(627)	(1)	(12,929)	(13,557)
Other changes (including new assets and derecognised assets)	(453)	–	–	(453)
As at 30th June 2021 – unaudited	**(1,080)**	**(1)**	**(12,929)**	**(14,010)**

No impairment allowance has been provided for remaining trade and other receivables as the related allowances were considered immaterial and there were no credit default history.

(g) Other than the trade receivables from margin loans, the Group does not have any other significant concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, widely dispersed.

14. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	30th June 2021 ***HK$'000*** **(Unaudited)**	31st December 2020 *HK$'000* (Audited)
Cash in hand	**21**	21
Bank balances		
– pledged deposits	**12,138**	12,137
– general accounts	**733,229**	804,450
	745,367	816,587
	745,388	816,608
By maturity:		
Bank balances		
– current and savings accounts	**733,229**	804,450
– fixed deposits (maturing within three months)	**12,138**	12,137
	745,367	816,587

As at 30th June 2021, bank deposits amounting to HK$12,138,000 (31st December 2020: HK$12,137,000) which include principal of HK$12,000,000 (31st December 2020: HK$12,000,000) plus accrued interest that have been pledged to banks as security for the provision of securities brokering facilities for a total amount of HK$200 million (31st December 2020: HK$200 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 2021, segregated trust accounts not dealt with in these condensed consolidated financial statements amounted to HK$2,142,979,000 (31st December 2020: HK$1,213,898,000).

14. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH (CONTINUED)

As at 30th June 2021, the bank balances and deposits bore interest at rates ranging from 0.01% to 0.5% (31st December 2020: 0.01% to 0.5%) per annum.

Cash and cash equivalents

	30th June 2021 *HK$'000* **(Unaudited)**	31st December 2020 *HK$'000* (Audited)
Analysis of balances of cash and cash equivalents		
Cash in hand and at banks (excluding pledged bank deposits)	**733,250**	804,471
Cash and cash equivalents at the end of the period/year	**733,250**	804,471

15. TRADE AND OTHER PAYABLES

	30th June 2021 *HK$'000* **(Unaudited)**	31st December 2020 *HK$'000* (Audited)
Trade payables to margin clients arising from securities brokering	**11,509**	32,423
Trade payables to securities trading clients arising from securities brokering	**202,688**	301,782
Margin and other deposits payable to clients arising from commodity and futures brokering	**37,611**	46,448
Trade payables to brokers arising from securities brokering	**2,696**	5,545
Trade payables to clearing houses arising from securities brokering	**55,258**	19,343
Total trade payables	**309,762**	405,541
Accruals, provision and other payables *(note 1, 2)*	**90,993**	96,797
Deferred revenue	**7,118**	15,358
Total trade and other payables	**407,873**	517,696

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

The settlement terms of payables to clearing houses and securities trading clients from the ordinary course of business of brokering 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, which exceeded the margin maintenance requirement, were repayable on demand.

Note:

1. Cinda International Securities Limited ("CISL"), an indirectly wholly-owned subsidiary of the Company, as a defendant received a writ of summons on 12th November 2019, through its instructed solicitors, under action number HCA2085/2019 issued in the High Court of Hong Kong by the solicitors acting for a client as a plaintiff. On 25th March 2021, CISL entered into a settlement agreement with the plaintiff. Hence, the plaintiff's claim against CISL in this action has been wholly discontinued. All the excess provision was reversed during the period.

2. The Group has dividend payable attributable to the previous financial year end, approved but not paid during the period of HK$19,236,168.

16. BORROWINGS

	Notes	30th June 2021 HK$'000 (Unaudited)	31st December 2020 HK$'000 (Audited)
NON-CURRENT			
Bank loans	(a)	**548,800**	548,800
CURRENT			
Bank loans	(a)	**555,000**	185,000
Borrowings under repurchase agreements	(b)	**131,890**	209,414
		686,890	394,414
		1,235,690	943,214

Notes:

(a) At 30th June 2021 and 31st December 2020, the bank loans were repayable and carried interest with reference to HIBOR/LIBOR/other relevant measures as follows:

	30th June 2021 HK$'000 (Unaudited)	31st December 2020 HK$'000 (Audited)
Within a period not exceeding one year	**555,000**	185,000
Within a period of more than one year but not exceeding two years	**548,800**	–
Within a period of more than two years but not exceeding five years	**–**	548,800
	1,103,800	733,800

16. BORROWINGS (CONTINUED)

Notes:

(a) *(continued)*

As at 30th June 2021, the Group had total banking facilities of HK$1,954,000,000 (31st December 2020: HK$2,054,000,000).

Among these banking facilities, HK$200,000,000 (31st December 2020: HK$200,000,000) of it was secured by pledged deposits with a principals of HK$12,000,000 (31st December 2020: HK$12,000,000).

Further, HK$1,620,000,000 (31st December 2020: HK$1,720,000,000) was under specific performance obligation on the Company's controlling shareholder which the current controlling shareholder shall hold over 50% (or 51% in one of the facilities) of the entire issued share capital of the Company.

As at 30th June 2021, HK$683,800,000 (31st December 2020: HK$658,800,000) was drawn from the banking facilities under specific performance obligation. Among these banking facilities, US$24,000,000 (equivalent to HK$187,200,000) (31st December 2020: US$24,000,000) was drawn in US dollars.

As at 30th June 2021 and 31st December 2020, the Group has not utilised any of the banking facilities secured by the pledged deposits.

The effective interest rate of the bank loans is also equal to the contracted interest rate.

(b) The Group has entered into several repurchase agreements with financial institutions in which the Group sold a portfolio of debt securities it held to the financial institutions in exchange for a cash consideration of US$16,909,000 (equivalent to HK$131,890,000) (31st December 2020: US$26,848,000 (equivalent to HK$209,414,000)). There are no maturity dates stated in the agreements and the interest is calculated with reference to the LIBOR. The Group is required to repurchase the debt securities at US$16,909,000 (equivalent to HK$131,890,000) (31st December 2020: US$26,848,000 (equivalent to HK$209,414,000)) plus interest at variable rates calculated with reference to the LIBOR upon the termination of the agreements. As at 30th June 2021, the borrowings under repurchase agreements were collateralised by the Group's debt securities with a fair value of HK$185,575,000 (31st December 2020: HK$280,703,000).

17. SHARE CAPITAL

	Issued and fully paid	
	No. of shares	**Nominal value**
	'000	***HK$'000***
Authorised share capital:		
Ordinary shares	1,000,000	100,000
Issued and fully paid:		
Ordinary shares		
At 1st January 2020 and at 31st December 2020 – audited	641,206	64,121
At 30th June 2021 – unaudited	641,206	64,121

Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. In addition, subsidiaries of the Group licensed by the SFC are obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("SF(FR)R") at all times.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures that each of them maintains a liquid capital level adequate to support the activities level with sufficient buffer to accommodate the increase in liquidity requirements arising from potential increases in business activities. SF(FR)R returns are filed to the SFC by the licensed subsidiaries on a monthly or semi-annually basis as required. During the current period and prior financial years, all the licensed subsidiaries complied with the liquid capital requirements under the SF(FR)R.

The Group defined gearing ratio as net debt-to-adjusted capital ratio. The adjusted net debt is the total debt (which includes interest-bearing borrowings, bonds issued, trade and other payables and lease liabilities), less bank balances and cash. Adjusted capital comprises all components of equity, less unaccrued proposed dividend. The Group's net debt-to-adjusted capital ratio as at 30th June 2021 was 96.85% (31st December 2020: 78.48%).

18. BONDS ISSUED

Bonds issued represented a number of fixed rate coupon bonds at an interest rate of 4% per annum, payable semi-annually and with a principal amount in aggregate of HK$42,000,000 (31st December 2020: HK$52,000,000). The exposure and the contractual maturity dates of the bonds are as follows:

	30th June 2021	31st December 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within a period not exceeding one year	**32,000**	42,000
Within a period of more than one year but not exceeding two years	**10,000**	10,000
	42,000	52,000

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

19. LEASES

The Group as a lessee

The Group has lease contracts for various items of land and buildings used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

Right-of-use assets and lease liabilities

The carrying amounts of the Group's right-of-use assets and lease liabilities and movements during the period/ year are as follows:

	Right-of-use assets Land and buildings ***HK$'000***	**Lease liabilities** ***HK$'000***
As at 1st January 2020 – audited	43,188	44,627
Addition	23,990	23,990
Depreciation expenses	(23,049)	–
Interest expense	–	1,726
Payments	–	(24,216)
Rent concessions from lessor	–	(490)
As at 31st December 2020 and 1st January 2021 – audited	44,129	45,637
Addition	5,607	5,607
Depreciation expenses *(note 4(b))*	(11,872)	–
Interest expense *(note 4(c))*	–	781
Payments	–	(13,145)
As at 30th June 2021– unaudited	37,864	38,880

	30th June 2021 ***HK$'000*** **(Unaudited)**	31st December 2020 *HK$'000* (Audited)
Lease liabilities analysed into:		
Current portion	**24,444**	24,768
Non-current portion	**14,436**	20,869
	38,880	45,637

20. CONTINGENT LIABILITIES

20.1 Outstanding litigation cases

A company named Hantec Investment Limited (the "plaintiff"), 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.

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 case above. Based on the merits of this case, the Directors considered that it was unlikely that any material claim against the Company will crystallise and hence no provision has been made.

20.2 Financial guarantees issued

As at the end of the reporting period, a subsidiary of the Company engaging in securities brokering and providing securities margin financing has secured banking facilities from certain authorised institutions for a total amount of HK$300 million (31st December 2020: HK$300 million). In addition, the Company has issued corporate guarantees for a total principal amount of HK$300 million (31st December 2020: HK$300 million) for these facilities. As at 30th June 2021, HK$25,000,000 (31st December 2020: Nil) was drawn under the banking facilities.

21. CAPITAL AND INVESTMENT COMMITMENTS

(a) Capital commitments

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

	30th June 2021 *HK$'000* **(Unaudited)**	31st December 2020 *HK$'000* (Audited)
Contracted but not provided for	**2,488**	653

(b) Investment commitments

As part of the Group's asset management business, the Group sets up structured entities (for example, investment funds) and generates fees from managing assets on behalf of third party investors. The Group may also co-invest in these structured entities in the capacity as general partners or investment managers of these structured entities. The Group did not control and did not consolidate these structured entities.

As at 30th June 2021, the carrying values of the interests held by the Group in the above unconsolidated structured entities managed by the Group amounted to HK$14,014,000 (31st December 2020: HK$15,557,000), which was recognised in financial assets at fair value through profit or loss. The maximum exposure to loss is the carrying value of the assets held. Other than the invested amounts above, the Group has no significant outstanding capital commitments to these unconsolidated structured entities. Other than the committed capital, the Group has no intention to provide financial or other support to these structured entities.

As at the date of this report, the Group has no plan for material investments or purchases of capital assets.

22. FINANCIAL RISK MANAGEMENT

22.1 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.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

22.1 Financial risk factors (continued)

(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 its financial assets and financial liabilities denominated in foreign currencies. 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

At 30th June 2021 and 31st December 2020, the Group was exposed to equity price changes arising from financial assets at fair value through profit or loss (note 12).

Interest rate risk

Cash flow interest rate risk

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

Fair value interest rate risk

At 30th June 2021 and 31st December 2020, the Group is also exposed to fair value interest rate risk in relation to debt securities with fixed interest classified as debt instruments at fair value through other comprehensive income (note 11) and financial assets at fair value through profit or loss (note 12). The Group does not have a fair value interest rate hedging policy. However, management is closely monitoring the Group's exposure arising from debt securities investments by regularly performing quantitative analysis, including periodic sensitivity analysis.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

22.1 Financial risk factors (continued)

(b) Credit risk

The Group's credit risk is primarily attributable to its debt instruments at fair value through other comprehensive income, pledged bank deposits, bank balances and cash, loans receivable, trade and other receivables (including margin loans arising from securities brokering) and financial assets 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 trade receivables arising from securities brokering, 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 fulfil any margin call.

Further quantitative data in respect of the Group's exposure to credit risk for margin loans arising from securities brokering is disclosed in note 13(d). The margin clients' listed securities can be sold at the Group's discretion upon margin shortfall situation to fulfil any margin call. For trade receivables arising from securities brokering except for margin loans, credits are granted to a large population of clients and hence there is no significant concentration risk.

For commodities and futures brokering, an initial margin will be collected before the opening of trading positions. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions and only brokers having sound credit rating will be accepted.

The open positions of the margin clients of the 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 is considered to be manageable.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

22.1 Financial risk factors (continued)

(b) Credit risk (continued)

For debt securities in financial assets 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. As at 30th June 2021 and 31st December 2020, 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 and exceeded the carrying amount of the fair value through profit or loss debt securities as at 30th June 2021 and 31st December 2020.

Debt instruments at fair value through other comprehensive income 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 2021, over 67% (31st December 2020: over 69%) of the debt securities invested by the Company were B+ or above; 28% (31st December 2020: 24%) were B or below; and 5% (31st December 2020: 7%) were non-rated. The management of the Group reviews the portfolio of debt securities on a regular basis to ensure that there is no significant concentration risk. In this regard, the management of the Group considers that the credit risk relating to investments in debt securities is closely monitored.

The Group has maintained relationship with various financial institutions, and has policies to limit the amount of credit exposure to any financial institution. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 13.

The maximum credit exposure is the worst case scenario of exposure to the Group without taking into account any collateral held or other credit enhancements. For on-balance sheet assets, the maximum exposure to credit risk equals their carrying amount. For loan commitments and other credit related liabilities, the maximum exposure to credit risk is the full amount of the committed facilities.

For debt investments at fair value through other comprehensive income, the Group also monitors them by using external credit ratings. The amounts presented in note 11 are gross carrying amounts for financial assets.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

22.1 Financial risk factors (continued)

(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 Group's policy is to regularly monitor its liquidity requirements including borrowings from fellow 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.

22.2 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. For investment funds, the categorisation will depend on the valuation techniques used by the investment funds to derive its net asset value.

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).

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

22.2 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)

Financial instruments	Fair value as at 30th June 2021	Fair value as at 31st December 2020	Fair value hierarchy	Valuation technique(s) key input(s)
	HK$'000 **(Unaudited)**	*HK$'000* (Audited)		
(a) Financial assets at fair value through profit or loss				
Listed debt securities fund	**23,853**	–	Level 1	Quoted prices in an active market
Unlisted private equity funds *(note (i))*	**14,014**	15,557	Level 3	Adjusted Net Asset Value ("NAV") of private equity fund
Unlisted equity securities	**1**	1	Level 2	Adjusted Net Asset Value ("NAV") of equity security
(b) Debt investments at fair value through other comprehensive income				
Listed debt investments	**444,495**	621,861	Level 1	Quoted prices in an active market

Note:

(i) Financial assets at fair value through profit or loss – unlisted private equity fund

The fair values of unlisted equity funds are determined with reference to its net asset value. Accordingly, no sensitivity analysis was prepared.

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets in current period (for the six months ended 30th June 2020: nil).

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

22.2 Fair values measurements of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial instruments

	Financial assets at fair value through profit or loss
	HK'000
At 1st January 2020 – audited	9,584
Additions	10,799
Exchange difference	370
Disposal	(5,196)
At 31st December 2020 and 1st January 2021 – audited	15,557
Additions	120
Exchange difference	147
Disposal	(1,810)
At 30th June 2021 – unaudited	14,014

Fair value measurement and valuation process

The management is responsible for 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 maximize its use of other observable market data relevant to the assets or the liabilities. For example, the Group estimates the fair value with reference to the net asset value report of the investment funds as provided by the fund manager.

23. MATERIAL RELATED PARTY TRANSACTIONS

23.1 Material related party transactions

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

	Six months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Brokering commission for securities dealing *(note (a))*	**3,093**	2,174
Service fee income *(note (b))*	**3,267**	5,339
Placing commission *(note (c))*	**1,599**	2,718
Fund management fee and advisory fee income *(note (d))*	**29,177**	24,679
Bank interest income *(note (e))*	**126**	537
Payment of lease liabilities *(note (f))*	**(77)**	(211)
Service fee expenses *(note (g))*	**–**	(300)
Interest income *(note (h))*	**–**	24
Advisory fee expense *(note (i))*	**(1,855)**	(3,857)
Corporate finance service income *(note (j))*	**–**	760

Notes:

(a) In 2021 and 2020, the Group received commission income from its directors and fellow subsidiaries for providing securities brokerage services.

(b) In 2021 and 2020, the Group received service fee income from an associate and its fellow subsidiaries for providing administrative supporting and consulting services.

23. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

23.1 Material related party transactions (continued)

Notes: (continued)

(c) In 2021 and 2020, the Group received placing commission from its fellow subsidiary for placing securities.

(d) In 2021 and 2020, the Group received management fee income from its connected persons for providing asset management services. The total amount represented continuing connected transactions.

(e) In 2021 and 2020, the Group received bank interest income from its fellow subsidiary.

(f) In 2021 and 2020, the Group paid rental expenses to its fellow subsidiaries and an intermediate holding company for the use of office premises.

(g) In 2020, the Group paid a service fee to its fellow subsidiary.

(h) In 2020, the Group received interest income from the unlisted investment funds which were also owned by its fellow subsidiaries and a joint venture.

(i) In 2021 and 2020, the Group paid an advisory fee expense to an associate for obtaining consulting services.

(j) In 2020, the Group received corporate finance service income from a fellow subsidiary for providing advisory services.

(k) 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”). The MOF is the major shareholder of China Cinda as at 30th June 2021 and 31st December 2020. For the current period and prior years, 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.

(l) Compensation of key management personnel is disclosed in note 23.2.

23. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

23.2 Key management personnel's emoluments

Key management personnel are those persons have authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including executive directors, executive officers, non-executive directors and independent non-executive directors.

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

	Six months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Basic salaries, discretionary bonus, housing allowances and benefits in kind	**8,330**	8,537
Defined contribution plans	**49**	45
	8,379	8,582

24. EVENTS AFTER THE REPORTING PERIOD

On 9th July 2021, the Group paid final dividend of HK$0.03 per ordinary share for the year ended 31st December 2020 of HK$19,236,168.