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

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

INTERIM RESULTS 2016

The board (the "Board") of directors (the "Directors") of Cinda International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") are pleased to announce the unaudited consolidated result of the Group for the six months ended 30th June 2016 as follow:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June 2016 — Unaudited

		Six months ended 30th June	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
Revenue	3	**73,773**	82,071
Other income	3	**18,078**	17,262
Other gains, net	3	**3,883**	18,659
		95,734	117,992
Staff costs	4(a)	**32,362**	35,474
Commission expenses		**8,150**	12,545
Operating leases for land and buildings		**9,000**	8,754
Other operating expenses	4(b)	**12,724**	15,307
Finance costs	4(c)	**5,719**	3,920
		67,955	76,000
		27,779	41,992
Share of (losses)/profits of associates and a joint venture, net	8	**(1,562)**	32,950
Profit before taxation	4	**26,217**	74,942
Income tax	5	**(6,856)**	(5,958)
Profit for the period		**19,361**	68,984
Attributable to:			
Equity holders of the Company		**12,806**	57,094
Non-controlling interests		**6,555**	11,890
		19,361	68,984
Basic and diluted earnings per share attributable to equity holders of the Company	7	**HK2.00 cents**	HK8.90 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2016 — Unaudited

	Six months ended 30th June	
	2016	2015
	HK$'000	*HK$'000*
Profit for the period	**19,361**	68,984
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss		
Change in fair value of available-for-sale financial assets	**9,169**	8,548
Reclassification adjustments for loss included in the condensed consolidated statement of profit or loss — loss on disposal of available-for-sale financial assets	**822**	—
Share of an associate's investment revaluation reserve relating to available-for-sale securities:		
— Change in fair value, net of deferred tax	**(8,210)**	(3,092)
Net movement in investment revaluation reserve	**1,781**	5,456
Share of an associate's exchange difference	**(2,070)**	5,811
Exchange differences on translation of:		
— Financial statements of a joint venture	**(257)**	(15)
— Financial statements of foreign operations	**(1,586)**	(14)
Net movement in exchange difference	**(3,913)**	5,782
Other comprehensive income for the period, net of tax	**(2,132)**	11,238
Total comprehensive income for the period, net of tax	**17,229**	80,222
Total comprehensive income attributable to:		
Equity holders of the Company	**10,773**	68,334
Non-controlling interests	**6,456**	11,888
	17,229	80,222

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2016 — Unaudited

	Notes	Unaudited 30th June 2016 HK$'000	Audited 31st December 2015 HK$'000
Non-current assets			
Intangible assets		**1,439**	1,439
Property and equipment		**6,766**	5,071
Available-for-sale financial assets	9	**81,396**	48,380
Interests in associates and a joint venture	8	**283,310**	294,671
Other assets		**11,107**	7,987
Loans receivable		**46,560**	77,392
		430,578	434,940
Current assets			
Loan receivable		**30,452**	—
Available-for-sale financial assets	9	**344,433**	283,498
Financial assets designated at fair value through profit or loss	10	**78,065**	65,280
Financial instruments held-for-trading	11	**21,412**	16,220
Trade and other receivables	12	**509,702**	296,048
Pledged bank deposits	13	**15,079**	15,074
Bank balances and cash	13	**158,743**	208,678
		1,157,886	884,798
Current liabilities			
Trade and other payables	14	**142,468**	193,805
Borrowings	15	**550,831**	280,672
Taxation payable		**10,761**	8,934
		704,060	483,411
Net current assets		**453,826**	401,387
Total assets less current liabilities		**884,404**	836,327

	Notes	Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Capital and reserves			
Share capital		**64,121**	64,121
Other reserves		**475,828**	477,861
Retained earnings		**167,620**	154,814
Total equity attributable to equity holders of the Company		**707,569**	696,796
Non-controlling interests		**10,520**	61,666
TOTAL EQUITY		**718,089**	758,462
Non-current liabilities			
Bonds issued		**86,000**	76,000
Financial liabilities at fair value through profit or loss	16	**54,646**	—
Borrowings	15	**25,669**	—
Deferred tax liability		**—**	1,865
		166,315	77,865
		884,404	836,327

Notes:

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The unaudited condensed consolidated financial statements were approved by the Board for issue on 30th August 2016.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost convention except for certain available-for-sale financial assets, financial assets designated at fair value through profit or loss, and financial instruments held-for-trading, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December 2015.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements
Annual Improvements to 2012–2014 Cycle	Amendments to a number of HKFRSs

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

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

	Unaudited Six months ended 30th June	
	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Fees and commission	**42,788**	52,207
Interest income	**8,625**	6,934
Underwriting income and placing commission	**1,466**	19,564
Management fee and service fee income	**20,894**	3,366
	73,773	82,071
Other income		
Loan interest income	**3,400**	4,001
Interest income from debt securities classified as:		
— Available-for-sale financial assets	**10,248**	7,362
— Financial assets designated at fair value through profit or loss	**3,697**	3,529
Other income	**733**	2,370
	18,078	17,262
Other gains, net		
Net exchange losses	**(584)**	(150)
Net gains on disposal of financial instruments held-for-trading	**4,291**	—
Net gains/(losses) on disposal of financial assets designated at fair value through profit or loss	**4,920**	(511)
Net losses on disposal of available-for-sale financial assets	**(3,073)**	—
Gain from changes in fair value of financial assets designated at fair value through profit or loss	**65**	5,180
(Loss)/gain from changes in fair value of financial instruments held-for-trading	**(1,690)**	14,140
Loss from changes in fair value of financial liabilities at fair value through profit or loss	**(46)**	—
	3,883	18,659
	95,734	117,992

Note: Certain numbers are regrouped to align with the presentation of segment in December 2015. The revised segment presentation has no impact to the total revenue, other income and other gain.

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 and managing private funds and auxiliary services and other related investment income.

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

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

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 measure used for reporting segment results is earnings before finance costs and taxes ("EBIT"). To arrive at EBIT the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates and a joint venture and other head office or corporate administration costs or other income.

To conform with the latest presentation of the revenue and the results of brokerage segment for the year ended 31st December 2015 as set out in the 2015 Annual Report, the comparative segment information for the six months ended 30th June 2015 has been restated correspondingly.

Six months ended 30th June 2016 — Unaudited

	Asset management *HK$'000*	**Corporate finance** *HK$'000*	**Brokerage** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**24,373**	**12,739**	**31,904**	**69,016**
Revenue from an associate *(Note)*	**4,482**	**—**	**—**	**4,482**
Inter-segment revenue	**—**	**—**	**231**	**231**
Reportable segment revenue	**28,855**	**12,739**	**32,135**	**73,729**
Reportable segment results (EBIT)	**34,691**	**1,698**	**180**	**36,569**

Six months ended 30th June 2015 — Unaudited

	Asset management *HK$'000*	Corporate finance *HK$'000*	Brokerage *HK$'000* (Restated)	Total *HK$'000*
Revenue from external customers	9,681	22,065	45,711	77,457
Revenue from an associate *(Note)*	4,594	—	—	4,594
Inter-segment revenue	—	—	72	72
Reportable segment revenue	14,275	22,065	45,783	82,123
Reportable segment results (EBIT)	38,794	9,363	9,785	57,942

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

As at 30th June 2016 — Unaudited

	Asset management *HK$'000*	**Corporate finance** *HK$'000*	**Brokerage** *HK$'000*	**Total** *HK$'000*
Reportable segment assets	**643,010**	**14,088**	**568,849**	**1,225,947**
Reportable segment liabilities	**420,088**	**2,578**	**271,573**	**694,239**

As at 31st December 2015 — Audited

	Asset management *HK$'000*	Corporate finance *HK$'000*	Brokerage *HK$'000* (Restated)	Total *HK$'000*
Reportable segment assets	573,978	15,072	357,778	946,828
Reportable segment liabilities	315,178	4,913	160,240	480,331

Reconciliations of reportable revenue

	Unaudited	
	Six months ended 30th June	
	2016	2015
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**73,729**	82,123
Elimination of inter-segment revenue	**(231)**	(72)
Unallocated head office and corporate revenue	**275**	20
Consolidated revenue	**73,773**	82,071

Reconciliations of reportable results

	Unaudited	
	Six months ended 30th June	
	2016	2015
	HK$'000	*HK$'000*
Results		
Reportable segment profit	**36,569**	57,942
Elimination of inter-segment profits	**(84)**	—
	36,485	57,942
Share of (losses)/profits of associates and a joint venture, net	**(1,562)**	32,950
Finance costs	**(5,719)**	(3,920)
Unallocated head office and corporate expenses	**(2,987)**	(12,030)
Consolidated profit before taxation	**26,217**	74,942
Income tax	**(6,856)**	(5,958)
Profit for the period	**19,361**	68,984

Reconciliations of reportable assets and liabilities

	Unaudited At 30 June 2016 HK$'000	Audited At 31 December 2015 HK$'000
Assets		
Reportable segment assets	**1,225,947**	946,828
Elimination of inter-segment receivables	**(479)**	(5,288)
	1,225,468	941,540
Interests in associates and a joint venture	**283,310**	294,671
Unallocated head office and corporate assets	**79,686**	83,527
Consolidated total assets	**1,588,464**	1,319,738
Liabilities		
Reportable segment liabilities	**694,239**	480,331
Elimination of inter-segment payables	**(13,109)**	(24,671)
	681,130	455,660
Unallocated head office and corporate liabilities	**189,245**	105,616
Consolidated total liabilities	**870,375**	561,276

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

(a) Staff costs

	Unaudited Six months ended 30th June 2016 HK$'000	2015 HK$'000
Salaries and allowances	**31,367**	34,670
Defined contribution plans	**995**	804
	32,362	35,474

(b) Other operating expenses

	Unaudited Six months ended 30th June 2016 HK$'000	2015 HK$'000
Depreciation	**1,051**	1,077
Equipment rental expenses	**2,417**	2,380

(c) Finance costs

	Unaudited Six months ended 30th June 2016 *HK$'000*	2015 *HK$'000*
Interest on borrowings — repayable on demand and within one year	**3,811**	2,407
Interest on borrowings — repayable more than one year but not more than two years	**307**	—
Interest on bonds issued — repayable in more than two years but not more than five years	**1,601**	1,513
	5,719	3,920

5. INCOME TAX

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

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the current and prior periods.

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

	Unaudited Six months ended 30th June 2016 *HK$'000*	2015 *HK$'000*
Current taxation:		
— Hong Kong Profits Tax	**3,922**	2,327
— PRC Enterprise Income Tax	**4,799**	443
Deferred taxation:		
— Hong Kong Profits Tax	**(1,865)**	3,188
	6,856	5,958

6. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June 2016 (2015: nil).

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$12,806,000 (2015: HK$57,094,000) and the number of 641,205,600 ordinary shares (2015: 641,205,600 ordinary shares) in issue during the period, calculated as follows:

Earnings attributed to equity holders of the Company

	Unaudited Six months ended 30th June	
	2016	2015
	HK$000	*HK$000*
Earning for the period attributable to equity holders of the Company	**12,806**	57,094

Number of ordinary shares

	Unaudited Six months ended 30th June	
	2016	2015
Issued ordinary shares at 1 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. INTERESTS IN ASSOCIATES AND A JOINT VENTURE

	Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Interest in associates	**262,672**	273,956
Interest in a joint venture	**20,638**	20,715
	283,310	294,671

Interests in associates

	Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Share of net assets at 1st January	**273,956**	297,976
Capital injection in investment in an associate	**3,500**	—
Share of (losses)/profits the period/year, net	**(1,742)**	18,221
Share of other comprehensive income for the period/year	**(10,280)**	(45,607)
Dividend income from investment in an associate	**(2,762)**	—
Gain on share of increase in net assets arising from capital injection of new investors	**—**	3,366
	(11,284)	(24,020)
Share of net assets at 30th June/31st December	**262,672**	273,956

Interest in a joint venture

	Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Share of net assets at 1st January	**20,715**	20,254
Share of profit for the period/year	**180**	1,449
Share of other comprehensive income for the period/year	**(257)**	(988)
	(77)	461
Share of net assets at 30th June/31st December	**20,638**	20,715

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Non-current:		
Unlisted equity investments:		
— equity securities	**1**	3,190
— private equity funds	**7,884**	6,684
Unlisted investment funds	**35,005**	—
Other unlisted investments	**38,506**	38,506
	81,396	48,380
Current:		
Listed debt investment:		
— debt securities with fixed interest	**300,807**	244,680
Unlisted equity investment:		
— an equity fund	**40,476**	38,818
— equity securities	**3,150**	—
	344,433	283,498
	425,829	331,878

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

	Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Debt securities	**—**	65,280
Convertible bond	**78,065**	—
	78,065	65,280

11. FINANCIAL INSTRUMENTS HELD -FOR- TRADING

	Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Derivatives — warrants	**—**	16,220
Listed equity securities	**21,412**	—
	21,412	16,220

12. TRADE AND OTHER RECEIVABLES

	Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Trade receivables	**465,911**	209,007
Other receivables	**43,791**	87,041
	509,702	296,048

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

As at 30th June 2016, the aging analysis of the trade receivables arising from corporate finance and underwriting services based on date of invoice at the reporting date was as follows:

	Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Current	**4,589**	30
30-60 days	**71**	1,113
Over 60 days	**2,497**	1,396
	7,157	2,539

Except for the above, the Group's trade receivables from clients arising from securities broking included an overdue balance of HK$6,629,309 (31st December 2015: HK$4,634,623). Majority of them is past due within 30 days. The Group has not provided for impairment loss as the balances are either subsequently settled after the reporting date or fully collateralized by listed securities.

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

The settlement terms of margin and other deposits from brokers and financial institution are at specific agreed terms. The settlement terms of trade receivables from corporate finance clients are usually 30 days from the date of invoice.

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

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

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 collateral available to the Group. 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.

13. BANK BALANCES AND CASH

	Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Cash in hand	**20**	20
Bank balances		
— pledged deposits	**15,079**	15,074
— general accounts	**158,723**	208,658
	173,802	223,732
	173,822	223,752

By maturity

	Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Bank balances		
— Current and savings accounts	**154,723**	205,658
— Fixed deposits (maturing within three months)	**19,079**	15,074
— Fixed deposit (maturing over three months)	**—**	3,000
	173,802	223,732

14. TRADE AND OTHER PAYABLES

	Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Trade and other payables	**142,468**	193,805

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

The settlement terms of payables to clearing houses and securities trading clients from the ordinary course of business of broking in securities range from two to three days after the trade date of those transactions. Margin and other deposits received from clients for their trading of commodities and futures contracts were repayable on demand.

15. BORROWINGS

		Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Non-current			
Bank loan	*Note (a)*	**25,669**	—
Current			
Bank loans	*Note (a)*	**363,000**	106,000
Margin loan from a broker	*Note (b)*	**86,431**	73,272
Borrowing under a securities sale agreement	*Note (c)*	**101,400**	101,400
		550,831	280,672
		576,500	280,672

(a) At 30th June 2016 and 31st December 2015, the bank loans were repayable and carried interest with reference to HIBOR as follows:

	Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Within one year	**363,000**	106,000
More than one year	**25,669**	—
	388,669	106,000

At 30th June 2016, the Company has the bank loan of HK$238,669,000 (31st December 2015: HK$106,000,000) with the aggregate banking facilities of HK$506,000,000 (31st December 2015: HK$306,000,000). An intermediate holding company of the Company ("the Guarantor") provide a corporate guarantee to support these banking facilities of HK$306,000,000 (31st December 2015: HK$306,000,000).

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

In addition, a subsidiary engaging in securities brokering has aggregate banking facilities of HK$320,000,000 (31st December 2015: HK$320,000,000). Amongst these banking facilities of HK$170,000,000 (31st December2015: HK$170,000,000) was secured by pledged deposits with principal of HK$15,000,000 (31st December 2015: HK$15,000,000). As at 30th June 2016, the Group has drawn HK$150,000,000 (31th December 2015: nil) from these banking facilities.

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

(b) At 30th June 2016, the margin loan from a broker was secured by the Group's debt securities of HK$135,909,000 (31st December 2015: HK$81,925,000) with no determined maturity and carried interest with reference to LIBOR.

(c) In 2015, the Group entered into a securities sale agreement with a financial institution in which the Group sold a portfolio of debt securities it held to the financial institution in exchange for a cash consideration of HK$101,400,000. Under the agreement, the Group is required to repurchase the debt securities at HK$101,400,000 plus interest calculated with reference to LIBOR upon maturity in April 2016. The Group has renewed the agreement in 28th April 2016 at a fixed rate of 2.3086% upon its with a new maturity in April 2017. As at 30th June 2016, the borrowing under securities sale agreement was collateralised by the Group's debt securities of HK$164,898,000 (31st December 2015: HK$162,755,000).

	Unaudited 30th June 2016 *HK$'000*	Audited 31st December 2015 *HK$'000*
Within one year	**101,400**	101,400

16. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

As part of the Group's normal course of business, the Group set up an investment fund that issues redeemable units to unrelated third party investors. Pursuant to the relevant offering memorandums, the third party investors can redeem the invested units for cash after the end of commitment period in November 2017 (extendable for further 18 months). As of 30 June 2016, the redeemable units held by third party investors were classified as a financial liability in the condensed consolidated statement of financial position, with changes in fair value recognised in statement of profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Conditions

The global economy was not stable and financial market continued to falter in the first half of 2016. After the US Federal Reserve announced an interest rate rise of 0.25% in mid-December last year, the economic statistics of the United States showed mixed performance especially employment statistics in the second quarter was slowed down. In addition, the Dow Jones Industrial Index could only hovered after it regained at its high of over 18,000 points in the second quarter. It is therefore expected that the pace of US economic recovery and interest rate rise will reduce. The European market saw pessimism. The influx of refugees into Europe threatened public security, coupled with the passing of "Brexit" in its referendum, the market started to worry about the economic shock that may fall on the European Union members or even the disintegration of the European Union, leading to an obvious pressure on the stock market in the second half of June. Amongst the European stock markets, Germany and France recorded a drop of approximately 10% in the first half of the year. The Euro continued to be weak in its exchange rate. Pound Sterling slipped to a 30-year low against the US dollar, recording an accumulated decline in the first half of the year of approximately 10%.

In China, following the economic restructuring, the economic growth of the first quarter of the year was within the range anticipated by the central government. However, as affected by various uncertainties, investment sentiment turned sour. As a result, the SSE Composite Index bottomed at 2,638 points in February. During the "two sessions", mainland finance officers all made it clear that China Securities Finance Corporation Limited would not withdraw from the market in the short term. With the market expecting A shares to be included in the MSCI Emerging Market Index, and the "Shenzhen-Hong Kong Stock Connect" expected to be launched in the first half of the year, market risk appetite was boosted up, bringing both Shanghai and Shenzhen stock markets to bounce back. Nevertheless, the SSE Composite Index dropped by as much as 15%, whereas the SZSE ChiNext Price Index dropped by 17% in the first half of the year. The People's Bank of China maintained the stability of the RMB exchange rate through various means in the year. With the slight economic recovery in the first quarter, the exchange rate of RMB against US dollar surpassed 6.5, but fell back because of the unstable overseas market conditions. In the first half of the year, CNY and CNH accumulatively depreciated by 2.4% and by approximately 1.6% against the US dollar respectively, with market consensus for a higher downward pressure in economic performance of the year.

Turning to Hong Kong, the first half of the year was influenced by various uncertainties, the Hang Seng Index only picked up after bottomed at 18,279. It was closed at 20,794, represented a 5% decrease in the first half of the year. The daily average market turnover recorded a 46% decrease from HK$125.3 billion for the first six months of 2015 to HK$67.5 billion for the same period this year. Initial public offering ("IPO") plummeted in both the number and the amount of proceeds raised. The first half of the year saw only 40 IPOs, raising HK$43.5 billion, decreased by 22% and 66% respectively year-on-year. The market also lacked large scale IPO. There was only one IPO that raised fund exceeding HK$10 billion.

Overall Performance

With no improvement in market sentiment in the first half of 2016, the Hong Kong stock market turnover declined significantly and the performance of the IPO market was also undesirable, running of the business was challenging. The total income of the Group in the first half of the year was HK$95.73 million (2015: HK$117.99 million), compared with last corresponding period decrease was only 19%, amongst which revenue was HK$73.77 million (2015: HK$82.07 million), decreased by only 10% as compared with last corresponding period, and other income and gains was HK$21.96 million (2015: HK$35.92 million), decreased by 39% as compared with last corresponding period. Such declines were mainly due to the shrinking brokerage and corporate finance businesses, but the asset management business continued to record growth. On the expenses side, the operation costs (excluding commission expenses) went down by 6% as compared with the last corresponding period due to effective cost control. Share of loss from associates and a joint venture was HK$1.56 million (2015: profit of HK$32.95 million), largely due to the fair value impairment of some financial assets. In the first half of the year, the profit was HK$19.36 million (2015: HK$68.98 million), and profit attributable to equity holders was HK$12.81 million (2015: HK$57.09 million).

Asset Management

After several years' effort and input, despite the negative sentiment in the investment market, the asset management segment recorded improvement in its result. The Group has successfully enlarged the assets under management, and focused on managing private equity funds with special features to provide investor with alternative opportunities. In the first half of 2016, we set up several private equity funds investing in different industries. Cooperating with an "institution", we founded a special opportunity investment fund management company specializing non-performing assets. Moreover, the seed money injected in the fixed income fund saw satisfactory growth. On the funds currently under the Group's management, the retail fund, in which the Group had invested a certain amount of capital, performed well, recovering the principal of investment amount on schedule in the first half of the year, and obtaining excellent investment return and comprehensive service fee income. Assets managed by the Group's Fujian subsidiary are now maturing after years of investment, some of which may be settled with returns accounted for in the following accounting period.

The asset management segment recorded a revenue of HK$28.86 million (2015: HK$14.30 million), up by 102% year-on-year. The revenue was mainly derived from management fee, and the advisory fee received from an associate engaged in managing private funds. Coupled with return from seed money and other sources of income, the result of the segment was HK$34.69 million (2015: HK$38.79 million).

Profits from associates were also deeply affected by unfavorable market environment. The decrease in fair value of certain financial assets held by an associate led to impairment provision. In addition, the absolute return fund the Group invested recorded losses due to poor market environment. In conclusion, the Group's share of losses from associates in the first half of the year amounted HK$1.74 million (2015: profits of HK$32.82 million).

Corporate Finance

The proceeds raised in the Hong Kong IPO market significantly declined because of various uncertainties. The performance of corporate finance segment was also adversely affected. In the first half of the year, the focus was mainly on the follow up of IPO projects in process, and meanwhile recruiting new projects as reserve. Coupled with other financial advisory and securities placing projects, the segment recorded a revenue of HK$12.74 million in the first half of 2016 (2015: HK$22.07 million), decreased by 42% as compared with the last corresponding period, and the profit of the segment was HK$1.7 million (2015:HK$9.36 million).

Brokerage

Though market turnover decreased significantly by nearly 50% in the first half of 2016, revenue from brokerage segment only decreased by 30% to HK$32.14 million (2015: HK$45.78 million). It was because of the expansion of margin financing business under prudent risk control. The balance of margin loan as at the end of June substantially increased by 2.4 times as compared with last year end date, resulting margin interest income in the first six months increased by 22% as compared with corresponding period of last year. Moreover, commission income from futures brokerage business increased by 70% as compared to corresponding period last year. However, competition in brokerage business remains fierce. Despite commission fee had reached a relatively lower level, new entrants kept on tapping into this market. In response to the market competition the Group enhanced its customer service, including launching a new corporate website for facilitating business and consolidating customer service requirements. Meanwhile, the Group optimized its process of customer service, and prepared itself for the forthcoming "Shenzhen-Hong Kong Stock Connect" in order to attract clients. Finally, the Group recorded segment profits of HK$0.18 million (2015: HK$9.79 million) in the first half of this year.

Looking Forward

In spite of the negative factors in the local and international markets and the high operation costs, the Group is well prepared for the uncertain business environment. As China Cinda Group further taps into the international market, and with the strategy to strengthen and expand initiatives in the financial sector after acquiring the Nanyang Commercial Bank, the Group will further speed up its cooperation with China Cinda Group in a wider range of areas, so as to strengthen the Group's role as the overseas investment banking platform of China Cinda Group.

The Group will continue to expand its three core businesses — asset management, brokerage and corporate finance businesses. The major growth will focus on the asset management as we continue to enlarge the business scale of asset management. The Group successfully obtained the Qualified Foreign Limited Partner ("QFLP") qualification, and going forward we will apply for the Qualified Domestic Investment Enterprise ("QDIE") qualification to connect the capital channels between Hong Kong and mainland China to pave the way for our businesses. To facilitate the rapid development of our businesses, the Group will step up the recruitment of high calibre personnel and consider cooperating with other asset management companies to speed up our business development.

In brokerage business, we will continue to focus on the securities institutional sales, embrace the positive effects brought by the launch of the Shenzhen-Hong Kong Stock Connect in the future, and actively recruit experienced brokerage teams to increase business volume, market share and margin loans. In the corporate finance segment, we will strive to finish all the IPO projects on hand. Moreover, we will proactively secure new projects as reserve to maintain a steady number of IPO projects that we are going to complete every year. The Group will also explore more acquisitions and mergers business to diversify our businesses. Leveraging on foundation we built, we hope to further enhance our results in the coming years.

Financial Resources

The Group has maintained sound financial strength during the year, with all subsidiaries licensed by the Securities and Futures Commission ("SFC") holding liquid capital in excess of regulatory requirements. The Group is aware of the need to use capital for further business expansion, continuously seeking various means of financing. Among the credit facilities from authorized institutions of HK$830 million made available to the Group, HK$306 million was secured by the guarantee given by our holding company. As at 30th June 2016, HK$390 million was drawn by the Group. Furthermore, the aggregate principal amount of the outstanding fixed-rate medium-term bonds of the Group as at the end of the first half of the year was HK$86 million.

Contingent Liabilities

The Group continues to provide corporate guarantees to its subsidiaries to secure banking and trade facilities. As at 30th June 2016, it is unlikely that any material claims would arise. Outstanding litigation cases and indemnity given by the Group will be considered case-by-case. In case of economic outflows, the Group will make impairment.

Fluctuation in foreign exchange rates

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

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June 2016 (2015: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30th June 2016. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30th June 2016.

CORPORATE GOVERNANCE

The Company has always strived to enhance its corporate governance and transparency by adopting and implementing appropriate corporate governance practices. The Company has also complied with all the code provisions set out in the Corporate Governance Code ("CG Code") under Appendix 14 of the Listing Rules during the period from 1st January 2016 to 30th June 2016 save for the deviations from code provisions specified below:

Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Wang Tongsan and Mr. Chen Gongmeng, the independent non-executive Directors, were unable to attend the annual general meeting and the special general meeting of the Company both held on 26th May 2016 as they have other engagements.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct for Directors' dealing in its shares. All Directors confirmed that they had complied with the required standards at all times throughout the six months ended 30th June 2016.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management, and discussed internal controls and financial reporting matters with the Directors, including a review of the unaudited interim condensed financial statements for the six months ended 30th June 2016. The Group's external auditors have carried out a review of the unaudited interim condensed financial statements in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

This announcement is published on the website of The Stock Exchange of Hong Kong Limited at http://www.hkex.com.hk and the Company's website at http://www.cinda.com.hk. The 2016 Interim Report of the Company will be published on the same websites and dispatched to the shareholders of the Company in due course.

UPDATE INFORMATION REGARDING THE DIRECTORS' EMOLUMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015

As mentioned in the Company's 2015 Annual Report, the emolument of certain Directors has yet to be finalized. The Remuneration Committee of the Company finalized directors' emoluments by approving the bonuses for two executive Directors, Zhao Hongwei and Gong Zhijian for an amount/additional amount of HK$690,800 and HK$533,800 respectively in its meeting held on 30th August 2016. The bonuses were paid to Zhao Hongwei and Gong Zhijian on 30th August 2016.

For the avoidance of doubt, the bonuses paid to Zhao Hongwei and Gong Zhijian on 30th August 2016 were for the year ended 31st December 2015 and were already provided for in the year concerned and had no impact on the results of 2016.

By Order of the Board
Cinda International Holdings Limited
Zhao Hongwei
Chairman

Hong Kong, 30th August 2016

At the date of this announcement, the Board comprises of the following Directors:

Executive Directors:	Mr. Zhao Hongwei	*(Chairman)*
	Mr. Gong Zhijian	*(Managing Director)*
	Mr. Lau Mun Chung	
Non-executive Directors:	Mr. Chow Kwok Wai	
	Ms. Zheng Yi	
Independent Non-executive Directors:	Mr. Hung Muk Ming	
	Mr. Xia Zhidong	
	Mr. Liu Xiaofeng	

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