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 2017

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 results of the Group for the six months ended 30th June 2017 as follow:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June 2017 – Unaudited

		Six months ended 30th June	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
Revenue	3	**96,758**	73,773
Other income	3	**22,150**	18,078
Other gains, net	3	**5,507**	3,883
		124,415	95,734
Staff costs	4(a)	**40,220**	32,362
Commission expenses		**10,847**	8,150
Operating leases for land and buildings		**9,988**	9,000
Other operating expenses	4(b)	**24,981**	12,724
Finance costs	4(c)	**9,822**	5,719
		95,858	67,955
		28,557	27,779

	Notes	Six months ended 30th June 2017 HK$'000	2016 HK$'000
Share of profits/(losses) of associates and a joint venture, net		**5,682**	(1,562)
Profit before taxation		**34,239**	26,217
Income tax	5	**(7,705)**	(6,856)
Profit for the period		**26,534**	19,361
Attributable to:			
Equity holders of the Company		**25,755**	12,806
Non-controlling interests		**779**	6,555
		26,534	19,361
Basic and diluted earnings per share attributable to equity holders of the Company	7	**HK4.02 cents**	HK2.00 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2017 – Unaudited

	Six months ended 30th June	
	2017	2016
	HK$'000	*HK$'000*
Profit for the period	**26,534**	19,361
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	**(1,895)**	9,169
Reclassification adjustments for (gain)/loss on disposal of available-for-sale financial assets	**(21,510)**	822
Share of an associate's investment revaluation reserve relating to available-for-sale financial assets:		
– Change in fair value, net of deferred tax	**2,086**	(8,210)
Net movement in investment revaluation reserve	**(21,319)**	1,781

	Six months ended 30th June	
	2017	2016
	HK$'000	*HK$'000*
Share of associates' exchange difference	**1,284**	(2,070)
Exchange differences on translation of:		
– Financial statements of a joint venture	**2,777**	(257)
– Financial statements of foreign operations	**5,925**	(1,586)
Net movement in exchange difference	**9,986**	(3,913)
Items that would not be reclassified subsequently to profit or loss		
Share of a joint venture's capital reserve	**1**	–
Net movement in capital reserve	**1**	–
Other comprehensive income for the period	**(11,332)**	(2,132)
Total comprehensive income for the period	**15,202**	17,229
Total comprehensive income attributable to:		
Equity holders of the Company	**14,107**	10,773
Non-controlling interests	**1,095**	6,456
	15,202	17,229

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2017– Unaudited

	Notes	**Unaudited 30th June 2017 HK$'000**	Audited 31st December 2016 HK$'000
Non-current assets			
Intangible assets		**1,439**	1,439
Property and equipment		**6,634**	7,223
Available-for-sale financial assets	9	**57,542**	55,756
Interests in associates and a joint venture	8	**308,377**	312,642
Other assets		**13,093**	10,974
		387,085	388,034
Current assets			
Loans receivable		**196,200**	77,115
Available-for-sale financial assets	9	**410,787**	380,050
Financial assets designated at fair value through profit or loss	10	**–**	85,443
Financial instruments held-for-trading	11	**30,960**	36,360
Trade and other receivables	12	**661,477**	639,126
Pledged bank deposits	13	**15,088**	15,084
Bank balances and cash	13	**197,419**	181,570
		1,511,931	1,414,748
Current liabilities			
Trade and other payables	14	**241,480**	237,272
Borrowings	15	**713,421**	622,613
Taxation payable		**7,880**	7,786
		962,781	867,671
Net current assets		**549,150**	547,077
Total assets less current liabilities		**936,235**	935,111

	Notes	Unaudited 30th June 2017 *HK$'000*	Audited 31st December 2016 *HK$'000*
Capital and reserves			
Share capital		**64,121**	64,121
Other reserves		**482,440**	494,088
Retained earnings		**221,649**	195,894
Total equity attributable to equity holders of the Company		**768,210**	754,103
Non-controlling interests		**11,817**	10,722
TOTAL EQUITY		**780,027**	764,825
Non-current liabilities			
Bonds issued		**86,000**	86,000
Financial liabilities at fair value through profit or loss	16	**70,208**	58,517
Borrowings	15	**–**	24,541
Deferred tax liability		**–**	1,228
		156,208	170,286
		936,235	935,111

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 29th August 2017.

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 and liabilities 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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December 2016.

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 HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*

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 AND SEGMENT INFORMATION

	Unaudited Six months ended 30th June	
	2017	2016
	HK$'000	*HK$'000*
Revenue		
Fees and commission	**47,301**	42,788
Interest income	**23,624**	8,625
Underwriting income and placing commission	**7,969**	1,466
Management fee and service fee income	**17,864**	20,894
	96,758	73,773
Other income		
Loan interest income	**405**	3,400
Interest income from debt securities classified as:		
– Available-for-sale financial assets	**10,103**	10,248
– Financial assets designated at fair value through profit or loss	**8,847**	3,697
Dividend income	**1,302**	–
Other income	**1,493**	733
	22,150	18,078
Other gains, net		
Net exchange gains/(losses)	**333**	(584)
Net gains on disposal of financial instruments held-for-trading	**–**	4,291
Net (loss)/gains on disposal of financial assets designated at fair value through profit or loss	**(7,443)**	4,920
Net gains/(losses) on disposal of available-for-sale financial assets	**17,985**	(3,073)
Gain from changes in fair value of financial assets designated at fair value through profit or loss	**–**	65
Loss from changes in fair value of financial instruments held-for-trading	**(5,400)**	(1,690)
Gain/(loss) from changes in fair value of financial liabilities at fair value through profit or loss	**32**	(46)
	5,507	3,883
	124,415	95,734

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. 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.

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

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 or losses of associates and a joint venture and other head office or corporate administration costs or other income.

The Group's majority of revenue is related to activities conducted in Hong Kong.

Six months ended 30th June 2017 – Unaudited

	Asset management *HK$'000*	**Brokerage** *HK$'000*	**Corporate finance** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**32,789**	**48,007**	**12,364**	**93,160**
Revenue from an associate *(Note)*	**3,590**	**–**	**–**	**3,590**
Reportable segment revenue	**36,379**	**48,007**	**12,364**	**96,750**
Reportable segment results (EBIT)	**42,645**	**3,460**	**4,312**	**50,417**

Six months ended 30th June 2016 – Unaudited

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

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

	Asset management ***HK$'000***	**Brokerage** ***HK$'000***	**Corporate finance** ***HK$'000***	**Total** ***HK$'000***
As at 30th June 2017 — Unaudited				
Reportable segment assets	**786,142**	**678,529**	**35,070**	**1,499,741**
Reportable segment liabilities	**543,838**	**443,795**	**1,647**	**989,280**

	Asset management *HK$'000*	Brokerage *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
As at 31st December 2016 — Audited				
Reportable segment assets	674,458	727,438	14,409	1,416,305
Reportable segment liabilities	442,756	490,718	1,299	934,773

Reconciliations of reportable revenue

	Unaudited Six months ended 30th June	
	2017 ***HK$'000***	2016 *HK$'000*
Revenue		
Reportable segment revenue	**96,750**	73,729
Elimination of inter-segment revenue	**–**	(231)
Unallocated head office and corporate revenue	**8**	275
Consolidated revenue	**96,758**	73,773

Reconciliations of reportable results

	Unaudited Six months ended 30th June	
	2017	2016
	HK$'000	*HK$'000*
Results		
Reportable segment profit (EBIT)	**50,417**	36,569
Elimination of inter-segment profits (EBIT)	**(2)**	(84)
	50,415	36,485
Share of profits/(losses) of associates and a joint venture, net	**5,682**	(1,562)
Finance costs	**(9,822)**	(5,719)
Unallocated head office and corporate expenses	**(12,036)**	(2,987)
Consolidated profit before taxation	**34,239**	26,217
Income tax	**(7,705)**	(6,856)
Profit for the period	**26,534**	19,361

Reconciliations of reportable assets and liabilities

	Unaudited	Audited
	At 30th June	At 31st December
	2017	2016
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**1,499,741**	1,416,305
Elimination of inter-segment receivables	**(5,430)**	(3,567)
	1,494,311	1,412,738
Interests in associates and a joint venture	**308,377**	312,642
Unallocated head office and corporate assets	**96,328**	77,402
Consolidated total assets	**1,899,016**	1,802,782
Liabilities		
Reportable segment liabilities	**989,280**	934,773
Elimination of inter-segment payables	**(10,397)**	(7,506)
	978,883	927,267
Unallocated head office and corporate liabilities	**140,106**	110,690
Consolidated total liabilities	**1,118,989**	1,037,957

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

(a) Staff costs

	Unaudited Six months ended 30th June	
	2017	2016
	HK$'000	*HK$'000*
Salaries and allowances	**39,220**	31,367
Defined contribution plans	**1,000**	995
	40,220	32,362

(b) Other operating expenses

	Unaudited Six months ended 30th June	
	2017	2016
	HK$'000	*HK$'000*
Depreciation	**1,176**	1,051
Equipment rental expenses	**2,731**	2,417
Impairment loss on trade receivables	**7,730**	–

(c) Finance costs

	Unaudited Six months ended 30th June	
	2017	2016
	HK$'000	*HK$'000*
Interest on borrowings – repayable on demand and within one year	**8,116**	3,811
Interest on borrowings – repayable more than one year but not more than two years	**–**	307
Interest on bonds issued – repayable in more than one year but not more than five years	**1,706**	1,601
	9,822	5,719

5. INCOME TAX

Under the Enterprise Income Tax Law of the People's Republic of China ("PRC"), the Corporate 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	
	2017	2016
	HK$'000	*HK$'000*
Current taxation:		
– Hong Kong Profits Tax	**5,693**	3,922
– PRC Corporate Income Tax	**3,240**	4,799
Deferred taxation:		
– Hong Kong Profits Tax	**(1,228)**	(1,865)
	7,705	6,856

6. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June 2017 (2016: 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$25,755,000 (2016: $12,806,000) and the number of 641,205,600 ordinary shares (2016: 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	
	2017	2016
	HK$'000	*HK$'000*
Earnings for the period attributable to equity holders of the Company	**25,755**	12,806

Number of ordinary shares

	Unaudited Six months ended 30th June	
	2017	2016
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. INTERESTS IN ASSOCIATES AND A JOINT VENTURE

	Unaudited 30th June 2017	Audited 31st December 2016
	HK$'000	*HK$'000*
Interests in associates	**298,079**	292,693
Interest in a joint venture	**10,298**	19,949
	308,377	312,642

Interests in associates

	Unaudited 30th June 2017	Audited 31st December 2016
	HK$'000	*HK$'000*
Share of net assets at 1st January	**292,693**	273,956
Capital injection in investment in associates	**–**	6,320
Share of profit for the period/year, net	**5,052**	12,057
Share of other comprehensive income for the period/year	**3,370**	3,120
Dividend income from investment in an associate	**(3,036)**	(2,760)
	5,386	18,737
Share of net assets at 30th June/31st December	**298,079**	292,693

Interest in a joint venture

	Unaudited 30th June 2017	Audited 31st December 2016
	HK$'000	*HK$'000*
Share of net assets at 1st January	**19,949**	20,715
Share of profit for the period/year	**630**	338
Share of other comprehensive income for the period/year	**1**	68
Translation difference	**2,777**	(1,172)
Repayment of capital	**(13,059)**	–
	(9,651)	(766)
Share of net assets at 30th June/31st December	**10,298**	19,949

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited 30th June 2017 *HK$'000*	Audited 31st December 2016 *HK$'000*
Non-current:		
Unlisted equity investments:		
– equity securities	**1**	1
– private equity funds	**8,473**	7,422
Unlisted investment funds	**23,045**	22,310
Other unlisted investments	**26,023**	26,023
	57,542	55,756
Current:		
Listed debt investment:		
– debt securities with fixed interest	**376,220**	282,255
Unlisted equity investment:		
– an equity fund	**–**	50,163
– equity securities	**–**	3,012
Unlisted investment funds	**34,567**	44,620
	410,787	380,050
	468,329	435,806

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

	Unaudited 30th June 2017 *HK$'000*	Audited 31st December 2016 *HK$'000*
Convertible bond	**–**	85,443
	–	85,443

The convertible bond was subscribed in May 2016 with principal amount of HK$78,000,000 and bore fixed interest rate of 8% per annum payable semi-annually. Upon the closing date, the Group can either redeem the bond or exercise the right to subscribe equity securities from the issuers. During the current period, the convertible bond was redeemed at a cash consideration of HK$78,000,000.

11. FINANCIAL INSTRUMENTS HELD-FOR-TRADING

	Unaudited 30th June 2017	Audited 31st December 2016
	HK$'000	*HK$'000*
Listed equity securities	**30,960**	36,360

12. TRADE AND OTHER RECEIVABLES

	Unaudited 30th June 2017	Audited 31st December 2016
	HK$'000	*HK$'000*
Trade and other receivables	**669,789**	639,708
Less: Impairment allowance for trade and other receivables	**(8,312)**	(582)
	661,477	639,126

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

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

	Unaudited 30th June 2017	Audited 31st December 2016
	HK$'000	*HK$'000*
At 1st January	**582**	582
Provision of impairment loss	**7,730**	–
At 30th June/31st December	**8,312**	582

Impairment allowance of HK$2,023,000 was provided for the trade receivables arising from corporate finance for the current period. The relevant aging analysis based on date of invoice at the reporting date was as follows:

	Unaudited 30th June 2017 *HK$'000*	Audited 31st December 2016 *HK$'000*
Current	**2,970**	–
30–60 days	**–**	430
Over 60 days	**3,412**	3,249
	6,382	3,679

For trade receivables related to margin clients of HK$413,419,000, individual impairment of HK$5,707,000 was provided for the current period. No aging analysis is disclosed as in the opinion of Directors, the aging analysis does not give additional value in view of the nature of securities dealing business.

Other than the above, the Group's trade and other receivables included overdue balances of HK$5,300,681 (31st December 2016: HK$6,128,865). The majority of these overdue balances were past due within 60 days. The Group has not provided for impairment loss as the balances are either subsequently settled after the reporting date or fully collateralised 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 institutions 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. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	Unaudited 30th June 2017 *HK$'000*	Audited 31st December 2016 *HK$'000*
Cash in hand	**21**	20
Bank balances		
– pledged deposits	**15,088**	15,084
– general accounts	**197,398**	181,550
	212,486	196,634
	212,507	196,654
By maturity		
Bank balances		
– Current and savings accounts	**193,398**	177,550
– Fixed deposits (maturing within three months)	**19,088**	19,084
	212,486	196,634

14. TRADE AND OTHER PAYABLES

	Unaudited 30th June 2017 *HK$'000*	Audited 31st December 2016 *HK$'000*
Trade and other payables	**241,480**	237,272

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 2017 *HK$'000*	Audited 31st December 2016 *HK$'000*
Non-current			
Bank loan	*Note (a)*	**–**	24,541
Current			
Bank loans	*Note (a)*	**560,349**	497,000
Margin loan from a broker	*Note (b)*	**–**	13,058
Borrowings under securities sale agreements	*Note (c)*	**153,072**	101,400
Amount due to a fellow subsidiary	*Note (d)*	**–**	11,155
		713,421	622,613
		713,421	647,154

(a) At 30th June 2017 and 31st December 2016, the bank loans carry interest with reference to HIBOR and are repayable as follows:

	Unaudited 30th June 2017 *HK$'000*	Audited 31st December 2016 *HK$'000*
Within one year	**560,349**	497,000
More than one year	**–**	24,541
	560,349	521,541

At 30th June 2017, the bank loans of HK$500,349,000 (31st December 2016: HK$401,541,000) were drawn by the Company under the aggregate banking facilities of HK$1,050,000,000 (31st December 2016: HK$1,010,000,000). An intermediate holding company of the Company ("the Guarantor") provide a corporate guarantee to support the banking facility of HK$360,000,000 (31st December 2016: HK$510,000,000).

The banking facilities are subject to the fulfilment of covenants relating to certain of the Guarantor'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$470,000,000 (31st December 2016: HK$420,000,000). Amongst these banking facilities, HK$220,000,000 (31st December 2016: HK$170,000,000) was secured by pledged deposits with principal of HK$15,000,000 (31st December 2016: HK$15,000,000), of which the Group has not drawn any balance from these banking facilities as at 30th June 2017 and 31st December 2016.

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

(b) At 30th June 2017, the Group has no margin loan from a broker secured by debt securities. At 31st December 2016, the margin loan from a broker was secured by the Group's debt securities of HK$115,728,000, with no determined maturity and at interest with reference to LIBOR.

(c) On 28th April 2016, 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 at a fixed rate of 2.3086% upon its maturity in April 2017. The Group has renewed the agreement on 28th April 2017 at a fixed rate of 3.016% with a new maturity in April 2018.

On 19th June 2017, the Group entered into another 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$51,672,000. Under the agreement, the Group is required to repurchase the debt securities at HK$51,672,000 plus interest calculated with reference to LIBOR upon its maturity in June 2018.

As at 30th June 2017, the borrowings under securities sale agreements of HK$153,072,000 (31st December 2016: HK$101,400,000) was collateralised by the Group's debt securities of HK$237,886,000 (31st December 2016: HK$166,527,000).

(d) As at 31st December 2016, amount due to a fellow subsidiary is unsecured, interest bearing at a fixed rate per annum and repayable within one year.

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. As of 30th June 2017 and 31st December 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 condensed consolidated statement of profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Conditions

The global financial market generally rallied in the first half of 2017. The market expected certain financial policies such as tax reduction to be launched upon the inauguration of the new American President to stimulate the economy. The three major indices of US stocks attained new highs, among which the growth of Dow Jones Index in the first half of the year was 7.3%. As anticipated in the market, the Federal Reserve announced rate hikes for two times for a total of 50 basis points in the first half of the year, and expressed that it would maintain the rate hikes with a step-by-step pace. Meanwhile, it was announced that the balance sheet shrinking plan would commence as early as the end of this year, but the market generally considered that the pace will not be fast, leading to a drop of United States Dollar index to plunge below 100, with an accumulative decrease of 4.7% within the quarter. The yield of ten-year US treasury bond once decreased to 2.20 percent from 2.40 percent in the first quarter. A decrease of 9 basis points was recorded within the second quarter. Hence, the US dollars recorded a decrease of 0.6% against major currencies in emerging market, as a result of the weaken US Dollars. Bulk commodity price varied, among which the gold price increased to approximately USD1,300 per ounce. As the market was concerned about the actual effectiveness of production reduction of oil production countries together with continuous increase in production volume of oil in the US, the crude oil price recorded a drastic decrease of 9% in the second quarter.

In Europe, major economies in the region remained stable and the European Central Bank was still deciding whether to declare to raise the interest rates before or after the completion of bond purchase programme. In addition, the risk of France exiting from the Eurozone decreased as Black Swan Events did not occur during the presidential election in France. The exchange rate of Euro against the US dollar rebounded to the level of over 1.10 and the stock market movement in UK, Germany and France remained stable in the second quarter. Besides, following the improvement of the economic growth of the Eurozone as well as the rise in inflation, the pressure of the European Central Bank in scaling down of bond purchase is increasing continuously. Germany, however, will hold its general election later in the second half of this year and the European Central Bank may adopt certain measures after the German election, thereby elevating the market expectation for the raise of interest rates by the European Central Bank at the end of the year.

The recovery momentum of the economy in mainland China in the second half of 2016 extended to the first half of 2017, and the bond market in the Mainland China continued to fluctuate. Coupled with the reinforcement on the slight adjustment to the Central Government's policy in relation to the real estate market aiming to suppress speculation. The People's Bank of China ("**PBOC**"), at the same time, maintained the neutral and stable monetary policies and made upward adjustment to the rates of medium-term lending facility ("**MLF**") and standing leading facility ("**SLF**") twice during the second quarter, showing that risk prevention and deleveraging have become the major concern of the monetary policies under the background of gradual stability in macro-economy. The monetary policies affected the investment sentiment of A shares, resulting in a decrease of nearly 1% of Shanghai Stock Exchange Composite Index during the period. The yield of ten-year treasury bonds in the PRC rose to 3.70% during the second quarter and subsequently recorded a slight decrease, but it was still recorded an accumulative increase of 28 basis points in the second quarter. The PBOC continued to adopt various measures to stabilize the exchange rate of RMB, and the CNY and CNH against US dollar appreciated by approximately 1.5% and 1.3% respectively, in the first half of the year. As "Counter-cyclical adjustment factor" was introduced in determination of the middle rate of RMB, the PBOC increased its control over the middle rate, and therefore, the market generally expected that the depreciation pressure of RMB would be mitigated.

In Hong Kong, because the Federal Reserve continued to maintain gradually increasing pace of rate hikes, the market's concern about the possibility of acceleration of rate hike in the US was released. Funding in the market was abundant and risk appetite was boosted up. Driven by continuous acceleration of influx of mainland funds and the expectation of A shares to be included in the MSCI Emerging Market Index, Hang Seng Index climbed from 22,000 points at the beginning of the year to over 26,000 points in June for two times, and subsequently consolidated at a range from 25,500 points to 26,000 points, recording an accumulate growth of 18% in the first half of the year. Although the market atmosphere improved in the first half of the year, the total market turnover only increased by 9.7% year-on-year, and the daily average market turnover increased from HK$67.5 billion for the first half of last year to HK$76 billion for the first half of this year, representing a year-on-year increase of 13%. In respect of the USD bond market, as Hong Kong has been the Asian financial center for years, quite a number of PRC enterprises issued USD bonds in Hong Kong in the first half of 2017. Because US bond has been featured as overseas assets under fixed income category and has been familiar with and recognized by Asian investors, USD bonds issued by PRC enterprises in the first half of 2017 remained popular with the support of affluent market liquidity. Therefore, the total amount of USD bonds issued by PRC enterprises amounted to approximately USD168.2 billion, being approximately three times as compared with 2016.

Overall Performance

Due to the improvement of the market atmosphere in the first half of the year and the dedication of the Group to its three core businesses, the total income of the Group for the first half of the year was HK$124.42 million (2016: HK$95.73 million), representing an increase of 30% as compared with that of the same period of last year, amongst which revenue was HK$96.76 million (2016: HK$73.77 million), representing an increase of 31% as compared with that of the last year, and other income and gains was HK$27.66 million (2016: HK$21.96 million), representing an increase of 26% as compared with that of the last year. In respect of expenses, as staff and other operating costs constantly increased due to the ongoing inflationary pressure in Hong Kong and the Group's business growth, operating costs (excluding commission expenses) amounted to HK$85.01 million (2016: HK$59.81 million). Share of profit from associates and a joint venture was HK$5.68 million (2016: loss of HK$1.56 million), mainly due to an increase in profit contribution from two associates. Therefore, in the first half of the year, the profit of the Group amounted to HK$26.53 million (2016: HK$19.36 million), and the profit attributable to equity holders amounted to HK$25.76 million (2016: HK$12.81 million), representing an increase of 101% as compared with last year.

Asset Management

Building on effort and input over the past years, the Group strived to push forward its asset management business and achieved growth in segment revenue. The Group continued to expand the scale of assets under management, and focused on managing private equity funds providing unique alternate opportunities to investors. The Group established several structured private equity funds targeting different sectors and also formed a special opportunity investment management company focusing on non-performing assets with a partner. Moreover, the seed money injected in the fixed income fund saw satisfactory growth, which included debt investments and investments in other structured products. One of the funds that the Group invested performed well, the principal of investment amount was repaid on schedule in the first half of the year, and the Group obtained desirable investment return.

The asset management segment recorded a revenue of HK$36.38 million for the first half of the year (2016: HK$28.86 million), up by 26% year-on-year. The revenue was mainly derived from management fee, performance fee and the advisory fee received from an associate engaged in managing private funds. Coupled with return from seed money funds and other sources of income, the segment recorded a profit of HK$42.65 million (2016: HK$34.69 million), up by 23% year-on-year.

The Group recorded share of profit from associates and a joint venture amounted to HK$5.68 million (2016: loss of HK$1.56 million) for the first half of the year. An associate contributed a profit of HK$2.78 million (2016: HK$0.50 million) to the Group, and the increase of the profit was mainly due to the investment return generated from its private equity investments and the service income for managing the funds. Another associate turned losses into gains, from which we recorded share of profit of HK$1.76 million (2016: loss of HK$2.95 million).

Brokerage

Though the overall market trading volume increased by approximately 9.7% in the first half of 2017, the trading volume of the Group increased by 50%, of which the brokerage commission and underwriting income increased by 60% year-on-year, and the margin interest income increased by 142% year-on-year. Competition in brokerage business remained intense, but new entrants kept on tapping into this market. In response to the market competition, the Group continuously optimised its customer service process so as to attract more clients with quality services. In addition, the Group improved the scope and extent of the underwriting of securities and the synergy with China Cinda Group, resulting in a record of revenue of the brokerage for the first half of the year amounting to HK$48.01 million (2016: HK$32.14 million), representing a year-on-year increase of 49%. The brokerage business segment recorded a profit for the first half of the year was HK$3.46 million (2016: HK$0.18 million), representing a significant increase of 1,822% year-on-year.

Corporate Finance

The corporate finance segment has gone through restructuring in the first half of 2017, and the team has been proactively exploring new customers for its reserves of IPO projects. Apart from equity corporate finance business, the Group also established a financial product division to expand businesses on issuance, underwriting and financing of bonds and successfully completed two bonds issuance projects in the first half of the year. Therefore, the segment recorded a revenue of HK$12.36 million (2016: HK$12.74 million) in the first half of the year, representing a slight decrease of 3% year-on-year, and the segment profit was HK$4.31 million (2016: HK$1.70 million), representing a year-on-year increase of 154%.

Looking Forward

It is expected that there will be uncertainties in the international and local markets in the second half of the year. The US is entering into an interest rate hike cycle, and its pace will continue to influence the market sentiment. The Group is still encountering uncertain business environment and will get well-prepared to deal with the situation. As China Cinda Group further penetrate into the international market, and in view of the strategy to expand business in the financial sector after acquiring Nanyang Commercial Bank, the Group will further enhance its business cooperation with China Cinda Group by exploring business in both domestic and overseas capital markets, so as to achieve further synergy. In addition, the Group will also participate in the financing activities within China Cinda Group in the capital market. Leveraging on our relationship and the internationalization strategy of China Cinda Group, we will further reinforce the role of the Group as the overseas financial platform of China Cinda Group.

The Group will continue to expand its three core businesses – asset management, brokerage and corporate finance businesses. The focus of growth is the asset management business. We continue to capture opportunities in special opportunities investments and set up special opportunities funds, acting as the asset manager of different overseas projects. Meanwhile, the Group will make full use of the platform and information advantages of China Cinda Group to further expand and develop new products, such as cross-border merger and acquisition funds, bond funds, non-performing assets funds, structured funds and asset securitisation funds, with a view to vigorously growing our customer base of institutional clients and high-net-worth clients.

In respect of the brokerage business, the Group will continue to proactively develop institutional clients and high-net-worth clients and build up synergy among clients. We will utilize the client resources of different platforms within the China Cinda Group to collaborate with the members of the Group in Mainland. We will use margin and underwriting services to drive the growth of the entire brokerage business so as to enhance the overall income and with a hope to step up to a higher level in the industry. For corporate finance, based on the foundation we already built on IPO business, we strive to set up an all-round bond-related business by building the financial product division to cover both the primary issuance and secondary dealing. Leveraging on the foundation already established by the Group, we look forward to boosting our results in the second half of the year.

Financial Resources

The Group has maintained sound financial strength during the year, and all subsidiaries licensed by the Securities and Futures Commission ("SFC") has kept liquid capital in excess of regulatory requirements. The Group is aware of the need to use the capital for further business expansion, continuously seeking various means of financing. Among the credit facilities from authorized institutions of HK$1.52 billion made available to the Group, of which HK$470 million was secured by the guarantee given by the holding company of the Group. As at 30th June 2017, a total amount of HK$560 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 2017, it is unlikely that any material claims would arise. Outstanding litigation cases and indemnity secured by the Group will be considered case-by-case. In case of economic outflows, the Group will make proper provision.

Fluctuation in foreign exchange rates

A significant portion of assets and liabilities of the Group 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 part of its revenue generated in the PRC and holding of certain financial assets denominated in RMB. No hedging has been made against the fluctuation in the exchange rate 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 2017 (2016: nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30th June 2017. 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 2017.

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 2017 to 30th June 2017 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. Ms. Zheng Yi, the non-executive Director, Mr. Xia Zhidong and Mr. Liu Xiaofeng, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 25th May 2017 as they have other engagements.

– Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Gong Zhijian, the Managing Director, serves as the acting Chairman since 29th November 2016 following the resignation of Mr. Zhao Hongwei. The Board considers that this arrangement, however, will not impair the balance of power and authority between the Board and the management of the Company as a majority of the Board members are represented by the non-executive Directors and independent non-executive Directors and the Board meets regularly to consider major matters affecting the business and operation of the Group and all directors are properly and promptly briefed on such matters with adequate, complete and reliable information. The Board will seek to identify a suitable candidate to the position of the Chairman.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct for Directors, dealing in its shares. All Directors confirmed that they had complied with the required standards at all times throughout the six months ended 30th June 2017.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management, and discussed the internal controls and financial reporting matters with the Directors, including a review of the unaudited interim condensed consolidated financial statements for the six months ended 30th June 2017. The Group's external auditors have carried out a review of the unaudited interim condensed consolidated financial statements in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants.

UPDATE INFORMATION REGARDING THE DIRECTORS' EMOLUMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

As mentioned in the Company's 2016 Annual Report, the emolument of certain Directors has yet to be finalized. The Remuneration Committee of the Company finalized directors' emoluments by approving the bonus for the executive Director, Gong Zhijian for an amount of HK$1,114,000 in its meeting held on 29th August 2017.

For the avoidance of doubt, the bonus for the year ended 31st December 2016 to be paid to Gong Zhijian was approved on 29th August 2017 and was already provided for in the year concerned and had no impact on the results of 2017.

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 2017 Interim Report of the Company will be published on the same websites and dispatched to the shareholders of the Company in due course.

By Order of the Board
Cinda International Holdings Limited
Gong Zhijian
Chairman

Hong Kong, 29th August 2017

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

Executive Directors:	Mr. Gong Zhijian *(Chairman and 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