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

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

ANNOUNCEMENT OF 2020 INTERIM RESULTS

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 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June 2020 – Unaudited

		Six months ended 30th June	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**113,573**	96,213
Other income	*3*	**28,569**	23,524
Other (losses)/gains, net	*3*	**(1,120)**	1,972
		141,022	121,709
Staff costs	*4(a)*	**51,702**	53,221
Commission expenses		**15,911**	13,378
Other operating expenses	*4(b)*	**33,441**	29,101
Finance costs	*4(c)*	**14,761**	12,048
		115,815	107,748
		25,207	13,961
Share of profits of associates and a joint venture, net		**7,804**	23,310

		Six months ended 30th June	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
Profit before taxation		**33,011**	37,271
Income tax	*5*	**(5,499)**	(8,573)
Profit for the period		**27,512**	28,698
Attributable to:			
Equity holders of the Company		**26,544**	28,105
Non-controlling interests		**968**	593
		27,512	28,698
Basic and diluted earnings per share attributable to equity holders of the Company	*7*	**HK4.14 cents**	HK4.38 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2020 – Unaudited

	Six months ended 30th June	
	2020	2019
	HK$'000	*HK$'000*
Profit for the period	**27,512**	28,698
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	**4,884**	14,437
– Change in impairment allowances charge to profit or loss	**3,902**	(1,726)
– Reclassification adjustments on disposal	**1,801**	1,297
Net movement in investment revaluation reserve	**10,587**	14,008
Share of associates' exchange difference	**(1,846)**	1,026
Exchange differences on translation of:		
– Financial statements of a joint venture	**(153)**	(26)
– Financial statements of foreign operations	**(2,269)**	(942)
Net movement in exchange difference	**(4,268)**	58
Other comprehensive income for the period	**6,319**	14,066
Total comprehensive income for the period	**33,831**	42,764
Total comprehensive income attributable to:		
Equity holders of the Company	**32,791**	42,116
Non-controlling interests	**1,040**	648
	33,831	42,764

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2020 – Unaudited

	Notes	**Unaudited 30th June 2020 *HK$'000***	Audited 31st December 2019 *HK$'000*
Non-current assets			
Intangible assets		**1,439**	1,439
Property and equipment		**7,372**	8,831
Financial assets at fair value through profit or loss	*10*	**9,396**	6,693
Interests in associates and a joint venture	*8*	**381,479**	375,674
Other assets		**15,484**	10,966
Right-of-use assets	*16*	**51,552**	43,188
Deferred tax assets		**91**	192
		466,813	446,983
Current assets			
Loans receivable	*13*	**33,941**	71,546
Debt instruments at fair value through other comprehensive income	*9*	**619,525**	362,718
Financial assets at fair value through profit or loss	*10*	**117,618**	75,185
Trade and other receivables	*11*	**491,659**	454,878
Taxation recoverable		**801**	–
Pledged bank deposits	*12*	**12,134**	12,129
Bank balances and cash	*12*	**578,611**	579,395
		1,854,289	1,555,851

	Notes	**Unaudited 30th June 2020** *HK$'000*	Audited 31st December 2019 *HK$'000*
Current liabilities			
Trade and other payables	*14*	**349,742**	288,221
Borrowings	*15*	**504,522**	272,425
Taxation payable		**6,109**	10,128
Lease liabilities	*16*	**23,276**	19,894
Bonds issued		**10,000**	10,000
		893,649	600,668
Net current assets		**960,640**	955,183
Total assets less current liabilities		**1,427,453**	1,402,166
Capital and reserves			
Share capital		**64,121**	64,121
Other reserves		**460,268**	454,021
Retained earnings		**385,665**	359,121
Total equity attributable to equity holders of the Company		**910,054**	877,263
Non-controlling interests		**8,781**	7,741
TOTAL EQUITY		**918,835**	885,004
Non-current liabilities			
Bonds issued		**42,000**	42,000
Lease liabilities	*16*	**29,418**	24,733
Borrowings	*15*	**437,200**	450,000
Deferred tax liability		**–**	429
		508,618	517,162
		1,427,453	1,402,166

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 27th August 2020.

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 2019, except for the adoption of following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the 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 new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accounts ("**HKICPA**") that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKFRS 16	*Covid-19-Related Rent Concessions (early adopted)*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

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

Amendments to HKFRS 3 *Definition of a Business*

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1st January 2020. The amendments did not have any impact on the financial position and performance of the Group.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 ***Interest Rate Benchmark Reform***

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

Amendments to HKFRS 16 ***Covid-19-Related Rent Concessions (early adopted)***

Amendment to HKFRS 16 provides a 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. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30th June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1st June 2020 with earlier application permitted. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

Amendments to HKAS 1 and HKAS 8 ***Definition of Material***

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

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

	Unaudited Six months ended 30th June	
	2020	2019
	HK$'000	*HK$'000*
Revenue		
Revenue from contracts with customers		
Fees and commission		
– Asset management	**7,527**	13,982
– Sales and trading business	**20,655**	16,246
– Corporate finance	**31,772**	14,055
	59,954	44,283
Underwriting income and placing commission		
– Corporate finance	**12,240**	12,183
	12,240	12,183
Management fee and service fee income		
– Asset management	**28,632**	31,105
	28,632	31,105
	100,826	87,571
Revenue from other sources		
Interest income		
– Asset management	**79**	123
– Sales and trading business	**12,540**	8,346
– Corporate finance	**1**	43
– Others	**127**	130
	12,747	8,642
	113,573	96,213

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 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**

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Six months ended 30th June 2019 – Unaudited				
Revenue from contracts with customers				
Brokerage service	–	16,246	–	16,246
Underwriting and placing service	–	–	12,183	12,183
Corporate finance service	–	–	14,055	14,055
Asset management service	45,087	–	–	45,087
	45,087	16,246	26,238	87,571

	Unaudited Six months ended 30th June	
	2020	2019
	HK$'000	*HK$'000*
Other income		
Loan interest income	**4,383**	2,925
Interest income from debt securities classified as:		
– Debt instruments at fair value through other comprehensive income	**17,386**	13,167
– Financial assets at fair value through profit or loss	**2,534**	1,767
Investment income	**2,121**	3,682
Dividend income	**1**	–
Government grants *(Note)*	**451**	–
Others	**1,693**	1,983
	28,569	23,524
Other (losses)/gains, net		
Net exchange (losses)/gains	**(2,777)**	257
Net (losses)/gains on disposal of financial assets at fair value through profit or loss	**(254)**	231
Net losses on disposal of debt instruments at fair value through other comprehensive income	**(3,349)**	(399)
Gains from changes in fair value of financial assets at fair value through profit or loss	**5,260**	1,883
	(1,120)	1,972
	141,022	121,709

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

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 service 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 measure used for reporting segment results is earnings before finance costs and taxes ("**EBIT**"). 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.

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.

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)*	**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 30th June 2020 – Unaudited

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Reportable segment assets	**1,161,561**	**643,562**	**71,557**	**1,876,680**
Additions to/(disposals of) non-current segment assets during the period	**(3)**	**2,582**	**1**	**2,580**
Reportable segment liabilities	**952,210**	**317,636**	**22,290**	**1,292,136**

Six months ended 30th June 2019 – Unaudited

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Revenue from external customers	41,523	24,592	26,281	92,396
Revenue from an associate *(Note)*	3,687	–	–	3,687
Inter-segment revenue	–	20	–	20
Reportable segment revenue	45,210	24,612	26,281	96,103
Reportable segment results (EBIT)	43,750	(7,647)	6,489	42,592
Interest income from bank deposits	123	1,977	32	2,132
Interest expense	(9,137)	(937)	(371)	(10,445)
Depreciation of property and equipment for the period	(289)	(691)	(48)	(1,028)

As at 31st December 2019 – Audited

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Reportable segment assets	993,591	541,817	64,789	1,600,197
Additions to non-current segment assets during the year	110	177	261	548
Reportable segment liabilities	724,954	216,118	39,197	980,269

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

Reconciliations of reportable revenue

	Unaudited Six months ended 30th June	
	2020	2019
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**113,486**	96,103
Elimination of inter-segment revenue	**(40)**	(20)
Unallocated head office and corporate revenue	**127**	130
Consolidated revenue	**113,573**	96,213

Reconciliations of reportable results

	Unaudited Six months ended 30th June	
	2020	2019
	HK$'000	*HK$'000*
Results		
Reportable segment profit (EBIT)	**68,095**	42,592
	68,095	42,592
Share of profits of associates and a joint venture, net	**7,804**	23,310
Finance costs	**(14,761)**	(12,048)
Unallocated head office and corporate expenses	**(28,127)**	(16,583)
Consolidated profit before taxation	**33,011**	37,271
Income tax	**(5,499)**	(8,573)
Profit for the period	**27,512**	28,698

Reconciliations of reportable assets and liabilities

	Unaudited At 30th June 2020 *HK$'000*	Audited At 31st December 2019 *HK$'000*
Assets		
Reportable segment assets	**1,876,680**	1,600,197
Elimination of inter-segment receivables	**(71,240)**	(74,548)
	1,805,440	1,525,649
Interests in associates and a joint venture	**381,479**	375,674
Deferred tax assets	**91**	192
Taxation recoverable	**801**	–
Unallocated head office and corporate assets	**133,291**	101,319
Consolidated total assets	**2,321,102**	2,002,834
Liabilities		
Reportable segment liabilities	**1,292,136**	980,269
Elimination of inter-segment payables	**(28,181)**	(35,597)
	1,263,955	944,672
Taxation payable	**6,109**	10,128
Deferred tax liability	**–**	429
Unallocated head office and corporate liabilities	**132,203**	162,601
Consolidated total liabilities	**1,402,267**	1,117,830

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 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
	2020 *HK$'000*	2019 *HK$'000*	**2020** *HK$'000*	2019 *HK$'000*
Hong Kong	**94,783**	75,733	**129,603**	133,211
Mainland China	**18,790**	20,480	**260,687**	252,733
	113,573	96,213	**390,290**	385,944

4. PROFIT BEFORE TAXATION

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

(a) Staff costs

	Unaudited Six months ended 30th June 2020 HK$'000	2019 HK$'000
Salaries and allowances	**50,918**	51,867
Defined contribution plans	**784**	1,354
	51,702	53,221

(b) Other operating expenses

	Unaudited Six months ended 30th June 2020 HK$'000	2019 HK$'000
Depreciation of right-of-use assets	**10,878**	10,958
Depreciation of property and equipment	**1,859**	2,310
Data service fee	**4,037**	3,723
Impairment allowances charged/(reversed) on:		
– debt instruments at fair value through other comprehensive income	**3,902**	(1,726)
– loans receivable	**(316)**	(601)
– trade and other receivables	**(332)**	(328)
Short-term lease payment not included in the measurement of lease liabilities	**468**	–

(c) Finance costs

	Unaudited Six months ended 30th June 2020 HK$'000	2019 HK$'000
Interest on borrowings – repayable on demand and within one year	**7,251**	3,064
Interest on borrowings – repayable in more than one year but not more than five years	**5,732**	7,493
Interest on bonds issued – repayable within one year	**198**	869
Interest on bonds issued – repayable in more than one year but not more than five years	**835**	397
Interest on lease liabilities *(note 16)*	**745**	225
	14,761	12,048

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:

	Unaudited Six months ended 30th June	
	2020	2019
	HK$'000	*HK$'000*
Current taxation:		
– Hong Kong Profits Tax	**1,735**	2,593
– PRC Corporate Income Tax	**4,092**	5,820
Deferred taxation		
– Hong Kong	**(328)**	160
	5,499	8,573

6. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30th June 2020 (2019: 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$26,544,000 (2019: HK$28,105,000) and the number of 641,205,600 ordinary shares (2019: 641,205,600 ordinary shares) in issue during the period. The calculation is as follows:

Earnings attributed to equity holders of the Company

	Unaudited Six months ended 30th June	
	2020	2019
	HK$'000	*HK$'000*
Earnings for the period attributable to equity holders of the Company	**26,544**	28,105

Number of ordinary shares

	Unaudited Six months ended 30th June	
	2020	2019
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 2020 *HK$'000*	Audited 31st December 2019 *HK$'000*
Interests in associates	**371,846**	366,721
Interest in a joint venture	**9,633**	8,953
	381,479	375,674

Interests in associates

	Unaudited 30th June 2020 *HK$'000*	Audited 31st December 2019 *HK$'000*
Share of net assets at 1st January	**366,721**	343,003
Share of profits for the period/year, net	**6,971**	36,021
Share of other comprehensive income for the period/year	**(1,846)**	(2,332)
Dividend income from an associate	**–**	(9,971)
	5,125	23,718
Share of net assets at 30th June/31st December	**371,846**	366,721

Interest in a joint venture

	Unaudited 30th June 2020 *HK$'000*	Audited 31st December 2019 *HK$'000*
Share of net assets at 1st January	**8,953**	8,311
Share of profit for the period/year	**833**	750
Share of other comprehensive income for the period/year	**–**	83
Translation difference	**(153)**	(191)
	680	642
Share of net assets at 30th June/31st December	**9,633**	8,953

9. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unaudited 30th June 2020 *HK$'000*	Audited 31st December 2019 *HK$'000*
Listed debt investment – debt securities with fixed interest	**619,525**	362,718

As at 30th June 2020 and 31st December 2019, an analysis of the ending balance of the carrying amount in debt instruments at fair value through other comprehensive income 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 2020 – unaudited	**619,525**	**–**	**–**	**619,525**
Fair value as at 31st December 2019 – audited	362,718	–	–	362,718

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

	Within 1 year *HK$'000*	Between 1 to 2 years *HK$'000*	Between 2 to 5 years *HK$'000*	Over 5 years *HK$'000*	Indefinite *HK$'000*	Total *HK$'000*
30th June 2020 – unaudited	**226,805**	**226,556**	**164,546**	**1,618**	**–**	**619,525**
31st December 2019 – audited	147,110	103,027	110,973	1,608	–	362,718

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30th June 2020 ***HK$'000***	Audited 31st December 2019 *HK$'000*
Non-current:		
Unlisted private equity funds	**9,396**	6,693
	9,396	6,693
Current:		
Unlisted private equity funds	**–**	2,891
Listed debt securities *(note)*	**112,870**	72,293
Listed equity securities	**4,747**	–
Unlisted equity securities	**1**	1
	117,618	75,185
	127,014	81,878

Note: As at 30th June 2020, the debt securities with fair value of HK$112,870,000 (31st December 2019: HK$72,293,000) were listed perpetual bonds.

11. TRADE AND OTHER RECEIVABLES

	Unaudited 30th June 2020 ***HK$'000***	Audited 31st December 2019 *HK$'000*
Trade and other receivables	**508,506**	472,057
Less: impairment allowances for trade and other receivables	**(16,847)**	(17,179)
Total trade and other receivables	**491,659**	454,878

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 broking, are expected to be recovered or realised within one year.

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

	HK$'000
At 1st January 2019 – audited	17,388
Reversal of impairment allowances	(209)
At 31st December 2019 and 1st January 2020 – audited	17,179
Reversal of impairment allowances	(332)
At 30th June 2020 – unaudited	16,847

As at 30th June 2020 and 31st December 2019, 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 2020 – unaudited	**482,387**	**194**	**13,011**	**12,914**	**508,506**
Expected credit losses	**(462)**	**(1)**	**(13,011)**	**(3,373)**	**(16,847)**
	481,925	**193**	**–**	**9,541**	**491,659**

	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 2019 – audited	446,261	100	13,011	12,685	472,057
Expected credit losses	(794)	(1)	(13,011)	(3,373)	(17,179)
	445,467	99	–	9,312	454,878

For trade receivables related to margin loans arising from securities broking amounting to HK$185,725,000 (31st December 2019: HK$248,529,000), during the period, impairment allowances of HK$332,000 were reversed. As at 30th June 2020, impairment allowances of HK$13,392,000 (31st December 2019: HK$13,724,000) for the receivables from margin clients was provided. The margin clients of securities broking business are required to pledge their shares to the Group for credit facilities for securities trading. 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 loan.

For trade receivables related to corporate finance of HK$12,914,000 (31st December 2019: HK$12,685,000), no additional impairment allowance was provided for the current period (30th June 2019: Nil). As at 30th June 2020, impairment allowances HK$3,373,000 (31st December 2019: HK$3,373,000) was 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:

	Unaudited 30th June 2020 ***HK$'000***	Audited 31st December 2019 *HK$'000*
Current	**3,427**	4,169
30–60 days	**439**	185
Over 60 days	**9,048**	8,331
	12,914	12,685
Less: impairment allowances	**(3,373)**	(3,373)
	9,541	9,312

For trade receivables from clients arising from securities broking amounting to HK$229,313,000 (31st December 2019: HK$113,956,000). The amounts represent outstanding unsettled trades due from clients as of period ended. It normally takes two to three days to settle after the trade date of those transactions. As at 30th June 2020, it included overdue balances of HK$9,405,000 (31st December 2019: HK$3,745,000). 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 there was a significant change in credit quality of the balance. No impairment allowances has been provided.

The trade receivables from clearing houses arising from securities broking of HK$4,215,000 (31st December 2019: HK$37,654,000), the settlement terms of trade receivables from clearing houses are usually one to two days after the trade date.

The remaining trade receivables represent the margin and other deposits from brokers and financial institutions with specific agreed terms, no impairment allowances has been provided as the related allowances were considered to be immaterial and there was no credit default history.

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.

12. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	Unaudited 30th June 2020	Audited 31st December 2019
	HK$'000	*HK$'000*
Cash in hand	**20**	21
Bank balances		
– pledged deposits	**12,134**	12,129
– general accounts	**578,591**	579,374
	590,725	591,503
	590,745	591,524
By maturity:		
Bank balances		
– current and savings accounts	**578,591**	579,374
– fixed deposits (maturing within three months)	**12,134**	12,129
	590,725	591,503

13. LOANS RECEIVABLE

As at 31st December 2019, the Group has two unsecured, interest bearing loans with principal of HK$44,620,000 and HK$27,300,000 at the rates of 10% and 7% per annum with maturity dates in July 2020 and June 2020, respectively. The loan with principal of HK$27,300,000 with interest was repaid in June 2020. The loan with principal of HK$44,620,000 was partly repaid as at 30th June 2020 and the remaining principal was repaid in July 2020 together with all accrued interest.

As at 30th June 2020 and 31st December 2019, the loans are not overdue.

As at 30th June 2020 and 31st December 2019, an analysis of the gross amount of loans receivable is as follows:

	12-month ECL	**Lifetime ECL**		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Gross carrying amount as at 30th June 2020	**33,999**	**–**	**–**	**33,999**
Expected credit losses	**(58)**	**–**	**–**	**(58)**
Net carrying amount as at 30th June 2020 – unaudited	**33,941**	**–**	**–**	**33,941**
Gross carrying amount as at 31st December 2019	71,920	–	–	71,920
Expected credit losses	(374)	–	–	(374)
Net carrying amount as at 31st December 2019 – audited	71,546	–	–	71,546

The movements in the impairment allowances for the loans receivable during the period/year are as follows:

	HK$'000
At 1st January 2019 – audited	608
Reversal of impairment allowances – audited	(234)
At 31st December 2019 and 1st January 2020 – audited	374
Reversal of impairment allowances – unaudited	(316)
At 30th June 2020 – unaudited	58

14. TRADE AND OTHER PAYABLES

	Unaudited 30th June 2020 *HK$'000*	Audited 31st December 2019 *HK$'000*
Trade payables	**271,489**	171,029
Accruals, provision and other payables *(Note)*	**59,925**	83,172
Deferred revenue	**18,328**	34,020
Total trade and other payables	**349,742**	288,221

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: Cinda International Securities Limited, 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 HCA 2085 issued in the High Court of Hong Kong by the solicitors acting for a client as a plaintiff. The Company has started a defense and sufficient litigation provision has been provided.

15. BORROWINGS

		Unaudited 30th June 2020 *HK$'000*	Audited 31st December 2019 *HK$'000*
Non-current			
Bank loans	*Note (a)*	**437,200**	450,000
Current			
Bank loans	*Note (a)*	**402,800**	30,000
Borrowings under repurchase agreements	*Note (b)*	**101,722**	242,425
		504,522	272,425
		941,722	722,425

Notes:

(a) At 30th June 2020 and 31st December 2019, the bank loans were repayable and carried interest with reference to HIBOR as follows:

	Unaudited 30th June 2020 ***HK$'000***	Audited 31st December 2019 *HK$'000*
Within one year	**402,800**	30,000
More than one year	**437,200**	450,000
	840,000	480,000

As at 30th June 2020, the Group had total banking facilities of HK$2,034,000,000 (31st December 2019: HK$1,500,000,000).

Among these banking facilities, HK$200,000,000 (31st December 2019: HK$200,000,000) of it was secured by pledged deposits with principals of HK$12,000,000 (31st December 2019: HK$12,000,000).

Further, HK$1,700,000,000 (31st December 2019: HK$1,400,000,000) 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 2020, HK$840,000,000 (31st December 2019: HK$480,000,000) was drawn from the banking facilities under specific performance obligation.

As at 30th June 2020 and 31st December 2019, the Group has not utilised any of the banking facilities secured by the pledged deposits.

The effective interest rate on 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 cash considerations of HK$101,722,000 (31st December 2019: HK$242,425,000). There are no maturity dates stated in the agreements and the interests are calculated with reference to LIBOR. The Group is required to repurchase the debt securities at HK$101,722,000 (31st December 2019: HK$242,425,000) plus interest at variable rates calculated with reference to LIBOR upon the termination of the agreements. As at 30th June 2020, the borrowings under repurchase agreements were collateralised by the Group's debt securities with a fair value of HK$133,567,000 (31st December 2019: HK$300,713,000).

16. 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 Groups 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 2019 – audited	65,940	65,940
Depreciation expenses	(22,752)	–
Interest expense	–	1,189
Payments	–	(22,502)
At 31st December 2019 and 1st January 2020 – audited	43,188	44,627
Addition	19,242	19,242
Depreciation expenses	(10,878)	–
Interest expense *(note (4(c))*	–	745
Payments	–	(11,920)
At 30th June 2020 – unaudited	51,552	52,694

	Unaudited 30th June 2020 *HK$'000*	Audited 31st December 2019 *HK$'000*
Lease liabilities analysed into:		
Current portion	**23,276**	19,894
Non-current portion	**29,418**	24,733
	52,694	44,627

MANAGEMENT DISCUSSION AND ANALYSIS

Market Conditions

The worldwide spread of the COVID-19 pandemic in 2020 has led to the suspension of economic activities and concern for the rapid decline in economic growth. The large-scale suspension of economic activities has put many companies at risk of rupture in their cash flow, resulting in tight United States of America ("**US**") dollar liquidity and panic selling of risk assets in the market. The global financial market fluctuated considerably in the first half of 2020. In particular, the VIX index surged by 1.2 times as compared to its closing at the end of last year. The three major US stock indexes triggered the circuit breaker mechanism for several times in the first quarter, and once fell more than 20% in total, entering a technical bear market. Emerging market stocks and exchange rate indexes fell by 10%. In April, the price of New York oil futures fell sharply to historical negative value due to the reason that local crude oil inventories in the US was close to saturation. As market volatility increased, funds flowed into the US dollar, US debt and gold as safe haven. The US dollar index hit a three-year high of 102.99.

The central banks of major countries have successively introduced large-scale monetary stimulus policies since March, including substantial cuts of interest rate and re-introduction of quantitative easing. In particular, the US Federal Reserve launched unlimited quantitative easing and bought junk bonds in the secondary market for the first time in its history. US dollar liquidity eased in the second quarter. European and US stock markets and commodity prices bottomed out. In the first half of the year, the Dow Jones Industrial Average Index still fell by nearly 10% while the technology stocks led Nasdaq index rose by 12%. The three major European indexes fell by an average of 14%, international oil prices fell by 30%, and spot gold rose by 17%. After the turbulence in March, the bond market began to rebound in the second quarter. The Markit iBoxx Asian Chinese US Dollar Bond Index rebounded by 18% from its low in March and rose by 3.7% in the first half of the year. The MSCI Emerging Market Bond Index rebounded by 13% from its low in early April.

In the Mainland, due to the outbreak of COVID-19 pandemic in the first quarter, many provinces and cities had announced lockdown and suspended work and production since late January. This caused a serious impact on economic activities and dragged down the first quarter's gross domestic product ("**GDP**") to shrink by 6.8% year-on-year, more serious than market expectation of 6.0%. With the pandemic basically under control, various economic indicators in the Mainland have improved since March, driving economic growth to restore in the Mainland. In the second quarter, GDP grew by 3.2% year-on-year, higher than market expectation of 2.4%; GDP grew by 11.5% quarter-on-quarter, higher than market expectation of 9.6%. For Renminbi ("**RMB**") exchange rate, under the impact of the pandemic, the RMB exchange rate weakened in the first half of 2020. Both onshore RMB ("**CNY**") and offshore RMB ("**CNH**") fell by approximately 1.5% against the US dollar. In the second quarter, CNY and CNH both rebounded by approximately 0.3% against the US dollar, which was mainly due to the US Federal Reserve's significant cut in interest rate in March and the introduction of unlimited quantitative easing. After alleviating the US dollar shortage, the US dollar's upward momentum faded.

Since mid-February, the pandemic has escalated overseas, and major stock markets in many countries have continued to plummet. Overseas institutions faced redemption pressure which led to outflow of fund from A shares. The Shanghai – Shenzhen Stock Connect (Northbound) recorded a net capital outflow of approximately RMB67.9 billion in March, and the Shanghai Composite Index once fell to 2,647 points in March. As soon as the pandemic peaked in China, overseas stock markets became stable, and funds flowed into A shares again, leading to a rebound of A shares. The Shanghai Composite Index reached a peak of 2,991 points and closed at 2,984 points in the second quarter. The Shanghai Composite Index rose by 8.5% during the quarter but fell by approximately 2.1% in the first half of the year. In addition, the trading volume of the Shanghai and Shenzhen stock markets also rebounded from a low level to an average daily trading volume of RMB761.7 billion in the first half of the year.

In Hong Kong, the economy has not improved since 2020. The economic recession intensified this year as the spread of the COVID-19 and the required pandemic prevention and control measures exerted severe impact on Hong Kong's extensive economic activities and supply chains in the region. Hong Kong's economy contracted for four consecutive quarters as at the second quarter of this year. GDP dropped by 9.0% year-on-year in the second quarter. The unemployment rate rose sharply from 3.3% at the end of 2019 to 6.2% by June 2020, setting a record high over 15 years. The underemployment rate rose to 3.7% from 3.5%, a new record high in 17 years, of which the combined unemployment rate in relation to the consumption and tourism industries, including retail, accommodation and catering service industries, rose to 10.7%, setting at a record high since the outbreak of SARS in 2003.

As to Hong Kong stock market, the Hang Seng Index rose and then fell in the first half of 2020. As a result of the heavy selling of financial assets arising from the rapid spread of COVID-19 pandemic around the world and coupled with a period of tight US dollar liquidity, after reaching a high of 29,175 points in January, Hang Seng Index dipped to the lowest level of 21,139 points in March, the lowest level since August 2016 and a 27.5% decline over the period. The Hong Kong stock market has entered a technical bear market, of which slumped nearly 5,000 points or 19% in March alone. As the pandemic retreated from its peak in China and Europe, the market expected that economic recovery would drive the economy to bottom out in the second half of the year. Coupled with the quantitative easing policies implemented by the central banks of various countries, the European and US stock markets have rebounded significantly from the low levels. In addition, the Hong Kong dollar exchange rate has been strong again since June and has repeatedly hit the strong-side Convertibility Undertaking offered by the Hong Kong Monetary Authority, along with Hong Kong stock market recovered some of its lost as well. The Hang Seng Index had a slight rebound in the second quarter and once returned to the barrier of 25,000 points. In the second quarter alone, it rebounded 824 points or 3.5%. However, in the first half of the year, the Hang Seng Index closed at 24,427 points, fell by 3,763 points or by 13.3% accumulatively. Despite a poor performance in the first half of the year in Hong Kong stock market, the market's average daily turnover reached HK$117.5 billion, rose by 20% year-on-year. Moreover, the new issue market was booming, 59 new share listings were recorded during the period, raising a total of approximately HK$87.3 billion, up 22% year-on-year, which was mainly due to the return of China concept stocks that boosted the investment atmosphere of Hong Kong stocks. Following the secondary listing of Alibaba (9988) in Hong Kong last year, NetEase (9999) and JD.com (9618) were also listed in Hong Kong in June successively. It is expected that the listing of China concept stocks and leading new-economy companies in Hong Kong will diversify companies listed in Hong Kong.

As to bonds, affected by US dollar liquidity, the market of the US dollar bonds issued by Chinese enterprises fluctuated in the period. In January 2020, Chinese enterprises issued a substantial amount of US dollar bonds, with an issuing amount of US$25.1 billion in a single month. However, affected by the US dollar liquidity risk, the amount of US dollar bonds issued by Chinese enterprises in April and May dropped sharply, with an issuing amount of only US$4.86 billion and US$6.61 billion in a single month, respectively. In June, because of the easing of the US dollar liquidity, the amount of US$ bonds issued by Chinese enterprises rebounded, with an issuing amount of US$26.16 billion in a single month. To sum up, the total amount of US dollar bonds issued by Chinese enterprises in the first half of the year was US$92.81 billion, with net proceeds amounting to US$23.82 billion, representing a significant decline as compared with that of US$106.55 billion and US$55.52 billion in the first half of last year respectively.

Overall Performance

In the first half of 2020, despite the continuous impact of the social events and the spread and recurrence of the COVID-19 pandemic in Hong Kong, the Group adhered to the operation strategy of "three economic drivers" formulated years ago and masterminded integrated financial services available for both domestic and overseas markets together with Cinda Securities Co., Ltd. ("**Cinda Securities**"), the parent company. While closely following the main business of distressed assets of China Cinda Asset Management Co., Ltd. (together with its associates, the "**China Cinda Group**") as the head office's asset management centre overseas, the Group proactively strengthened its traditional business and 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 worked hard to minimize the market impact and thus the decrease in results was less than expected. The total revenue in the first half of the year amounted to HK$141.02 million (2019: HK$121.71 million), representing an increase of 16% year-on-year, among which, the turnover was HK$113.57 million (2019: HK$96.21 million), representing an increase of 18% year-on-year. Other income and gains amounted to HK$27.45 million (2019:

HK$25.50 million), representing an increase of 8% year-on-year. As to expenses, the Group endeavored to control costs, and human resources expenses remained stable, while other expenses slightly increased. Operating expenses (excluding commission expenses and finance costs) amounted to HK$85.14 million (2019: HK$82.32 million), representing an increase of 3% year-on-year, mainly due to the increase in the rental in the period. In addition, the finance costs also rose by 23% year-on-year, mainly due to the increase in the borrowing size. The Group recorded a profit before taxation of HK$25.21 million (2019: HK$13.96 million) before accounting for the results of associates and a joint venture, representing an increase of 81% year-on-year, mainly due to the satisfactory performance from corporate finance and sales and trading business.

The Group recorded a share of profits from associates and a joint venture amounting to HK$7.80 million (2019: HK$23.31 million), representing a decrease of 67% year-on-year, which was mainly contributed by an absolute return fund the Group invested in and an associate engaged in private equity investment. As a result, the Group's profit before tax for the first half of the year amounted to HK$33.01 million (2019: HK$37.27 million). Profit after tax attributable to equity holders amounted to HK$26.54 million (2019: HK$28.11 million), representing a decrease of 6% year-on-year.

Asset Management

In the first half of 2020, the asset management segment was the Group's most important business segment and operations continued to be stable. The segment results for the first half of the year were HK$43.57 million (2019: HK$43.75 million), leveled year-on-year. Currently, the Group operates under light-asset strategy and remains the service centre of China Cinda Group's overseas asset management. 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 its business operations. Against the severe situations, the Group, in collaboration with the parent company, focused on developing products such as the offshore troubled asset merger and acquisition ("**M&A**") fund and onshore distressed asset M&A fund so as to provide supporting asset management services to the main business of China Cinda Group and expand the size of assets under management. Moreover, debt investments and investments in other structured products for the period increased and recorded good return under prudent investment. As the size of management business of structured products developed by the Group and an associate during the period decreased, the asset management segment recorded revenue from external customers of HK$36.24 million (2019: HK$45.21 million), down by 20% year-on-year.

The Group proactively cooperated with associates and joint ventures in development of diversified businesses. However, as the profit from associates was affected by the recession of capital market, the Group recorded a share of profits from associates and a joint venture amounting to HK$7.80 million (2019: HK$23.31 million) during the period. An associate of the Group engaging in private equity investment business, Sino-Rock Investment Management Company Limited, recorded a decrease in the growth rate of fair value of its certain financial assets held for investment year-on-year. In addition, an absolute return fund invested by the Group also underperformed as impacted by the market environment.

Corporate Finance

The corporate finance business delivered a satisfactory performance in the first half of 2020, with operating revenue increased by 67% to HK$44.01 million from HK$26.28 million in the first half of 2019, and segment profit amounted to HK$22.48 million (2019: HK$6.49 million). In the first half of the year, the segment 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 three companies which successfully listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). At the same time, the segment completed a financial advisor project on M&A during the period. In addition, the segment has been appointed as sole sponsor by a number of companies seeking listing on the Stock Exchange and as financial advisor of these companies. The Group maintains sufficient project reserves for business development in the upcoming years. With respect to debt issuance business, the Group successfully completed two Chinese enterprises offshore US dollar bond issuance projects in the first half of the year, totalling US$2.3 billion. The Group served as the joint global coordinator in these two projects.

Sales and Trading Business

Although the global stock market was very volatile in the first half of the year, the trading volume did not fall but rose. The Group benefited from the increase in stock trading volume and the expansion of its own business scale, and welcomed an increase in its market share. As a result, the operating revenue increased by 35% to HK$33.24 million during the period from HK$24.61 million in the first half of 2019, of which the Group recorded commission of HK$20.66 million (2019: HK$16.25 million) and interest income from securities financing and other interest income of HK$12.54 million (2019: HK$8.35 million). In view of the continuing uncertainty in the market, the Group prudently maintained margin loans and focused on improving the quality of loans through strict risk control, with no bad or doubtful debts occurred throughout the period. In addition, the securities business competition in Hong Kong was still extremely fierce in the year. According to the information from the Stock Exchange, there were still 646 Stock Exchange participants as at 30th June 2020. The peers who provide online trading platforms continuously lowered their brokerage commission rate and some of them even do not charge commission resulting in fiercer competition among peers. As a result, for the first half of the year, the Group recorded segment profit of HK$2.05 million (2019: loss of HK$7.65 million).

Looking Forward

The external environment will remain complex and uncertain in the second half of 2020. Recent rising tensions between China and the US and the impending US Presidential election in November have raised concern that the US may take further steps to damage the relationship between both parties, causing market turmoil. Moreover, as an outpost of Sino-US rivalry, Hong Kong may face an even bigger shock. In addition, after many countries worldwide gradually attempted to resume the economy since the end of the second quarter, economic activities picked up slightly on the back of compensatory demand. However, the resurgence of COVID-19 pandemic is expected to continue to affect the recovery of major economies in the second half of the year and cast a gloom over global economic growth. The International Monetary Fund has lowered again its forecast for global economic growth this year, from a contraction of 3.0% in April to a contraction of 4.9%. The outbreak of the pandemic once again in July in Hong Kong is expected to further hit various industries and cause the unemployment rate to rise further. The economy will continue to face considerable downward pressure in the second half of the year. In response, the market has lowered its forecast for full-year economic growth, with the annual contraction of -6.7% from -1.6% at the beginning of 2020. Under the influence of external uncertainties and the pandemic, the financial industry will face severer challenges this year, and the integration of Hong Kong's securities industry is expected to accelerate.

In Europe and the US, after gradual resumption of the economy since the end of the second quarter, the outbreak of COVID-19 pandemic rebounded again and the labor market continued to remain weak in the US, which in turn depress the local wage and consumption growth continuously. Despite the recent depreciation of the US dollar, which had been favorable for export activities, external demand had not recovered significantly. To make it worse, the renewed tension between China and the US led to an unchanged negative sentiment in local foreign trade. The road to recovery of the US economy is still full of challenges. In addition, the Euro zone economy is expected to continue to be in lack of momentum to drive growth, with unemployment rate remaining at a high level, and the decline in consumption desires hindered business investment. After its formal exit from the European Union ("**EU**") at the end of January 2020, the United Kingdom ("**UK**") continued to conduct trade negotiations with the EU. In the second half of 2020, the UK will still face a series of uncertainties, which may cause the trade situation to remain depressed.

In China, the outbreak of the pandemic in the Mainland has been under control, and economic activities have gradually returned to normal. As a result, the economic growth rate reached 3.2% in the last quarter, beating market expectations. The Central Government recently set the tone that current economic situation remains complex and severe, with considerable instability and uncertainty. A meeting of the political bureau of the Communist Party of China central committee pointed out that in order to coordinate and carry out the economic work well in the second half of the year, we must follow the general principle of making progress while working to maintain stable performance, carefully carry out “six-stability” tasks and fully implement “six-security” missions, namely, ensuring effective macro policy implementation, fiscal policy proactiveness, monetary policy flexibility and accuracy, money supply and growth of social financing reasonableness, significant comprehensive financing cost reduction and new financing flows to manufacturing industry, small and medium-sized enterprises. At the same time, the Central Government put forward long-term economic development ideas as well by proposing, for the first time, to deal with multiple risks facing the economy on the basis of acceleration of the formation of “a large domestic cycle” and mutual promotion of “domestic and international double cycles”. The long-term development of the new economy, such as medical equipment, medicine, 5G network and industrial internet, will be driven by domestic demand and investment through supply-side reform as a major means. The follow-up policy guidance will cover the whole “14th Five-Year Plan”.

The Group will strengthen its comprehensive integration with Cinda Securities and further build a business structure of “three economic drivers”. Firstly, the Group will continue to act as the overseas asset management centre of China Cinda Group with focus on main business of distressed assets of China Cinda Group based on the summary of previous experience. The Group will fully open up businesses of distressed asset and asset management, extend its main business chain and collaborate with the head office and its branches and subsidiaries for their offshore cross-border professional services. Secondly, the Group will expand local traditional main business in Hong Kong, focus on the three major areas of asset management, corporate finance, and sales and trading businesses, seize the development opportunity of the return of China concept stocks, and actively explore projects listed overseas. Thirdly, the Group will comprehensively enhance the collaborative integration with Cinda Securities, and jointly mastermind and open up domestic and foreign integrated financial services, and become an overseas business platform of Cinda Securities. Meanwhile, we will actively explore business opportunities brought by Greater Bay Area Initiative. Specifically, we will focus on the investment banking business including overseas issuance of US dollar bonds by domestic institutions, IPO of domestic companies in Hong Kong and restructuring of the listed major assets of the H shares companies, the offshore brokerage business on the full circulation of H shares in China, the creation of cross-border asset management products, and the establishment of mechanism in which research departments of the two institutions to share their research resources.

The Group will continue to promote the development of the three core business segments. On one hand, we will stimulate the internal synergy among the three core business segments to boost resource sharing, refine management and enhance efficiency as well as maintain stable and compliant operation. On the other hand, externally we will deepen the cooperation with China Cinda Group in a bid to achieve win-win results. In terms of asset management, we will focus on capitalising on market opportunities, especially the occasion for supporting China Cinda Group in handling troubled assets by emphatically setting up asset management products with different characteristics such as the troubled asset fund, M&A fund and special opportunity fund for the strategy of developing the Guangdong-Hong Kong-Macau Greater Bay Area. As for corporate finance, we will maintain the parallel development of both equity and debt businesses. For the equity-related business, we will energetically provide sponsor and underwriting services and expand M&A businesses. As to debt-related business, the Group will explore demands for debt issuance of the domestic and Hong Kong customers of China Cinda Group and provide tailor-made issuance plans and services to such customers to catch issuing windows. In respect of the sales and trading business, we will make greater efforts to explore corporate and institutional customers leveraging on our relationship with the parent company and strive to enrich the Group's product mix covering stocks, futures, bonds as well as products on wealth management, asset management and insurance so as to satisfy the customers' need on asset allocation. In addition, the Group believes that for the rest of the year, the pandemic will ease and the market will stabilize, and contributions to the Group's earnings by the associates of the Group will increase. Therefore, although the second half of 2020 will still be full of difficulties, the Group would endeavor to overcome various disadvantages to improve the results during the second half of 2020 and bring satisfactory returns to our shareholders through different measures by virtue of the solid foundations the Group has laid so far.

Financial Resources

The Group maintained sound financial strength during the period, and all subsidiaries licensed by the Securities and Futures Commission had liquid capital in excess of regulatory requirements. Meanwhile, the Group also improved its financing strategies to ensure liquidity. During the period, we obtained a floating rate term loan facility from a bank with duration of three years totalling HK$300 million (or US dollar equivalent) and obtained another bank's extension agreement for a floating rate term loan with duration of three years totalling HK$250 million to the end of June 2023 in advance to provide long-term funding for the purpose of development of the Group, which in turn strengthened the Group's current ratio. As of 30th June 2020, the Group had term loan facility of HK$750 million from banks, of which, a total of HK$640 million were utilised. In addition, as of 30th June 2020, the Group had revolving bank loans and overdrafts facilities of HK$1,280 million, of which, a total of HK$200 million were utilised. In addition, the Group had outstanding fixed-rate medium-term bonds in the principal amount of HK$52 million as at the period end. The Group did not issue any bond during the interim period.

Fluctuation in foreign exchange rates

A majority of assets and liabilities of the Group are denominated in HK$ and US$ to which HK$ 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 middle of the year, the exchange rate of RMB against US$ declined as affected by the Sino-US frictions. However, taking into account 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 slight decline of exchange rate of RMB would be of short-term within the year, and hedging was not carried out for such fluctuation in the exchange rate of RMB, let alone the mean cost-effectiveness of hedging.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June 2020 (2019: nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company had not redeemed any of its shares during the six months ended 30th June 2020. 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 2020.

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 2020 to 30th June 2020.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as 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 2020.

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 2020. 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.

PUBLICATION OF INFORMATION ON THE HKEXNEWS WEBSITE

This announcement is published on the HKEXnews website at http://www.hkexnews.hk and the Company's website at http://www.cinda.com.hk. The 2020 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
Yu Fan
Chairman

Hong Kong, 27th August 2020

As at the date hereof, the Board comprises:

Executive Directors:	Mr. Yu Fan *(Chairman)* Mr. Gong Zhijian *(Deputy Chairman and Chief Executive Officer)* Mr. Lau Mun Chung *(Deputy Chief Executive Officer)*
Non-executive Directors:	Mr. Chow Kwok Wai Mr. Zhang Yi
Independent Non-executive Directors:	Mr. Hung Muk Ming Mr. Xia Zhidong Mr. Liu Xiaofeng

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