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

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

2023
Interim Report

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

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MANAGEMENT DISCUSSION AND ANALYSIS

MARKET CONDITIONS

The year 2023 saw a global easing of the COVID-19 pandemic, with countries reopening their economies; however, as the Russia-Ukraine conflict continued, sanctions against Russia imposed by European and American countries have stricken the global supply chains causing a sluggish recovery progress in economic activities and striking inflation; and in the first quarter of 2023, the United States of America (the "U.S.") witnessed a series of regional-bank failures, with Silicon Valley Bank (SVB) being the second largest bank failure in the history of the U.S., caused liquidity to tighten as the market was concerned about risk spillovers, which triggered a short-term turbulence in the global financial markets, leading to the banking liquidity crisis even spreading to Europe; with these banks being rescued one after another, the banking liquidity loosened up, while the U.S. inflation remained high and the employment market stayed strong, so the Federal Reserve of the U.S. (the "Fed") keep raising interest rates in order to combat with inflation by raising interest rates by 25 basis points in February, March and May respectively. After several rounds of interest rate hikes, U.S. inflation has shown some signs of easing, with the Consumer Price Index (CPI) rising 4.0% year-on-year in May, marking the 11th consecutive month of decline. After the interest rate meeting in June, the Fed announced that the monetary policy would remain unchanged for the time being, which was the first time in 15 months that interest rate hikes had been suspended. The Fed raised its inflation forecast for 2023, with the core Personal Consumption Expenditure ("PCE") price index expected to rise by 3.9% in 2023, higher than the estimated 3.6% in March, and the core PCE inflation expected to remain unchanged at 2.6% in 2024. It is estimated that the U.S. interest rate hike cycle will likely to continue.

As the pace of interest rate hikes eased, the U.S. dollar index showed mixed performance in the second quarter, recovering by 0.4% during the quarter, while in the first half of the year, the U.S. dollar index fell by 0.6%. As the U.S. inflation showing signs of easing, the market expected the Fed to slow down the pace of interest rate hikes. Meanwhile, the U.S. economy continued to show resilience, and as the market gradually became less concerned about the risk of a recession, the U.S. stocks rebounded in the second quarter, with the three major indices rising between 3.4% and 12.8%, and cumulatively between 3.8% and 31.7% in the first half of the year.

In Europe, with inflation continuing to be well above target and better-than-expected economic data in the region, the European Central Bank maintained a faster pace of interest rate hikes in the first quarter, raising interest rates by 50 basis points in both February and March. The European Central Bank reiterated that inflation pressure remained strong, and it is likely to continue to raise interest rates. To summarise the first half of the year, individual developments were observed in the stock markets in the European region, with the pan-European Stoxx 50 index, German stock market and French stock market rose between 14% and 16% in the first half of the year, while British stock market rose 1%.

As to the bond market, the JPM Emerging Markets Government Bond Index rose 7.6% in the first half of the year as the Fed slowed down the pace of interest rate hikes. In addition, despite the introduction of various measures to support the real estate market in the Mainland China, the momentum of the real estate market recovery weakened again in the second quarter, coupled with the Fed's hawkish comments, resulting in softness in Chinese offshore U.S. dollar bonds, among which, the Markit iBoxx Asian Chinese U.S. Dollar Bond Index rose by a mere 1.6% in the first half of the year, while the Markit iBoxx Asian Chinese U.S. Dollar High-yield Bond Index and Markit iBoxx Asian Chinese U.S. Dollar Real Estate Bond Index fell sharply by 8% and 26.1% respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

In the Mainland China, economic activities have been picking up in an orderly manner since the beginning of the year, with production and supply continuing to increase. However, with insufficient endogenous momentum and weak foundation for recovery, economic activities are still facing multiple challenges. In the first six months of 2023, national fixed assets investment grew by 3.8% year-on-year, the added value of large scale industrial enterprises grew by 3.8%, and the total retail sales of consumer goods increased by 8.2%. The gross domestic product ("GDP") for the first half of the year increased by 5.5% year-on-year, while GDP for the second quarter alone increased by 6.3% year-on-year and 0.8% quarter-on-quarter. In the first quarter, credit growth in China was clearly evident, but there was a significant decline in the second quarter. The People's Bank of China (the "PBOC") announced a 10 basis points cut in the 7-day reverse repo rate to 1.9% in June, the first cut since August 2022. Subsequently, the PBOC lowered the rate of Medium-term Lending Facility (MLF) by 10 basis points to 2.65%, and launched Standing Lending Facility (SLF) operations for financial institutions, with overnight, 7-day and 1-month rates all lowered by 10 basis points. After that, the PBOC made a symmetrical interest rate cut, lowering the 1-year and 5-year Loan Prime Rate (LPR) by 10 basis points, reflecting the continued prudent monetary policy in the Mainland China and its efforts to achieve cross-cycle regulation.

As to the stock market in the Mainland China, in the first half of the year under review, the turnover of A-shares amounted to RMB111 trillion, representing a cumulative decline of 2.6% year-on-year in the first half of the year. The average daily turnover in the first half of the year was RMB942.7 billion, representing a year-on-year decrease of 3.4%. The Mainland China economy entered the second quarter of the year with weakening growth momentum, but the Shanghai Securities Composite Index (the "Shanghai Composite Index") showed a bullish trend, reaching a high of 3,418 points in May as the market was looking forward to the introduction of a new round of growth stabilization policies. However, the Shanghai Composite Index fell from the high during the period as the RMB against the U.S. dollar breached the key level of 7 once again in mid-May under pressure. The Shanghai Composite Index closed at 3,202 points in the second quarter, declined by 2.2%, as compared with a rise of 3.7% in the first half of the year. The U.S. dollar against the CNY and CNH bottomed at 7.2688 and 7.2857 in June, respectively, with an accumulative decrease of 5.2% and 5.5% in the second quarter, and an accumulative decrease of 4.9% and 4.7% in the first half of the year, respectively.

In Hong Kong, with the resumption of customs clearance between the Mainland China and Hong Kong at the beginning of 2023, Mainland tourists have been returning at a faster pace. The Hong Kong Government has lifted all local social distancing measures, which has led to an improvement in local consumption and a return to the normal pace of business activities. The GDP of Hong Kong in the first quarter grew by 2.7% year-on-year and by an estimate of 1.5% year-on-year in the second quarter, slowing down from the first quarter. The labor market remained a steady upward trend, with the unemployment rate from April to June at 2.9%, falling to a low in more than three and a half years, while the underemployment rate was 1.1%.

As to Hong Kong stock market, in the first half of 2023, Hong Kong stock prices had risen initially but then dropped. Benefited from the revival of the Mainland China economy, the Hang Seng Index ("HSI") rose by 3.1% in the first quarter, reaching a high of 22,700 points in January. However, with the outbreak of the crisis in the European and American banking industry, the longer-than-expected U.S. interest rate hike cycle, together with the weaker-than-expected recovery of the Mainland China economy in the second quarter, the HSI recorded a low of 18,044 points in May, with an accumulative decline of 4.4% in the first half of the year, eventually closing at 18,916 points. Hang Seng China Enterprises Index closed at 6,424 points, declined by 7.8% in the second quarter, with an accumulative decline of 4.2% in the first half of the year. The Hang Seng TECH Index closed at 3,911 points, fell by 9.1% in the second quarter, with an accumulative decline of 5.3% in the first half of the year. The trading volume of Hong Kong stocks had also risen initially but then dropped, among which, transaction volume was soft in the second quarter, with daily average transaction volume falling to less than HK$100 billion in June, and daily average transaction volume was only HK$115.5 billion for the first half of the year, representing a year-on-year drop of 16.4%.

MANAGEMENT DISCUSSION AND ANALYSIS

In the Hong Kong's initial public offering ("IPO") market, market interest rates continued to rise during the period, which was unfavorable for corporate valuations. Although the number of IPOs has improved, the fund-raising amount remained weak. According to the data from the Hong Kong Exchanges and Clearing Limited, a total of 33 companies (including those transferred from the GEM to the Main Board) were listed through IPOs in Hong Kong in the first half of the year, up 22.2% year-on-year; the fund-raising amount was HK$17.8 billion, representing a year-on-year decline of 9.9%, and dropping out of the top five globally.

In the market of the U.S. dollar bonds issued by Chinese enterprises, the tightening of U.S. dollar liquidity and the lack of significant improvement in market conditions have dampened bond issuance during the period. According to market statistics, in the first half of 2023, the total issuance size of offshore bonds issued by Chinese enterprises amounted to approximately US$88.2 billion (calculated based on the interest date and excluding convertible bonds), representing a year-on-year decrease of 7.4%. The issuance size of real estate bonds fell by 28.2% year-on-year, resulting in an accumulative net outflow of offshore financing for real estate sector exceeded US$30 billion. The data reflected that under the background of the rising interest rate of U.S. treasury bonds and the widening interest spread of enterprise bonds, investors still concern about the current volatile market environment and the credit issues in certain industries.

OVERALL PERFORMANCE

In the first half of 2023, the Group adhered to the previous operation strategy and as the only fully licensed securities institutions established outside the Mainland China within the system of China Cinda Asset Management Co., Ltd. ("China Cinda", together with its associates, the "China Cinda Group"). As the hub connecting to international capital markets and overseas asset management centre of the China Cinda Group ecosphere, the Group provides cross-border investment banking services around the world with China concept as its focus. During the period, the Group continued with the development of the three core business segments (i.e. asset management, corporate finance, and sales and trading business). Revenue from asset management business improved year-on-year, but corporate finance and sales and trading businesses revenue decreased year-on-year as Hong Kong's financial market was still affected by the negative factors such as high inflation and interest rate hikes during the period. However, the share of performance of associates turned from loss to profit, and as a result, the Group turned from loss to profit as a whole in the first half of the year and recorded a net profit after tax of HK$0.28 million, as compared to the loss after tax of HK$39.47 million last year. The total revenue in the first half of the year amounted to HK$69.73 million (2022: HK$65.25 million), representing an increase of 7% as compared with last year, among which, the turnover was HK$58.67 million (2022: HK$66.31 million), representing a decrease of 12% as compared with last year. Other income amounted to HK$14.70 million (2022: HK$14.16 million), representing an increase of 4% as compared with last year. Other net loss amounted to HK$3.64 million (2022: HK$15.22 million), representing a decrease of 76% as compared with last year. As for expenses, the Group endeavored to control cost, staff costs decreased by 4% year-on-year; coupled with the continued reduction in other operating expenses, operating expenses (excluding commission expenses and finance costs) for the first half of the year amounted to HK$31.31 million (2022: HK$33.85 million), representing a decrease of 8% year-on-year, while the finance costs increased by 62% year-on-year, mainly due to higher market interest rates offsetting the impact of lower overall borrowing levels.

The Group recorded a share of profits from associates and a joint venture for the first half of the year amounted to HK$15.75 million (2022: loss of HK$18.50 million), representing an increase of 185% as compared with last year, mainly due to the turnaround in the results of the absolute return fund and an associate engaging in private equity investment and fund management. As a result, the Group's profit before tax for the first half of the year amounted to HK$6.49 million (2022: loss of HK$35.17 million). Profit after tax attributable to equity holders of the Company amounted to HK$0.28 million (2022: loss of HK$39.47 million).

MANAGEMENT DISCUSSION AND ANALYSIS

ASSET MANAGEMENT

In the first half of 2023, the asset management segment of the Group continued to operate under light-asset strategy. As the overseas asset management arm of China Cinda ecosphere connected with the international capital markets, the Group proactively developed its business revolving around the main business of China Cinda Group, concentrated its efforts to branch out to the troubled asset business, and actively explored innovative cross-border distressed asset business by strengthening marketized asset management business operations. During the period, the segment continued to explore and develop a special asset management project on offloading and some domestic troubled asset funds, with a total of six new projects have been put into operation. Due to the improved external environment during the period, the progress of new projects obviously accelerated year-on-year, resulting in the operating revenue of the segment was HK$32.22 million (2022: HK$31.04 million) for the period, representing a year-on-year increase of 4%. In addition, the profit from this segment for the period increased by 11% to HK$18.43 million (2022: HK$16.55 million) as the bond investment income improved during the period even though it was affected by factors such as the rising market interest rate and uncertainties in the capital market.

The Group cooperated with associates actively to expand diversified businesses. Two of the associates also benefited from the improvement in the external environment and turned losses into profits, resulting in the Group's share of profits from associates and a joint venture for the first half of the year amounted to HK$15.75 million (2022: loss of HK$18.50 million).

CORPORATE FINANCE

The corporate finance business continued to serve clients with equity and debt issuance. In the first half of this year, the Hong Kong IPO market recorded only one large-scale IPO raising over HK$5 billion, and the total amount raised was the lowest in the same period over the years, at approximately HK$17.78 billion, representing a decrease of approximately 10% from approximately HK$19.73 billion for the same period last year. During the period, the equity business of the Group was deeply affected by the downturn of IPO market in Hong Kong, the progress of the cases on hand was slow and we were unable to increase the project reserve, but the projects that were still in progress include several sponsorship projects for certain small-sized enterprises' proposed IPOs in Hong Kong, several financial advisory and compliance advisory projects. With respect to debt issuance business, it was also affected by the downturn in the bond market. During the period, the Group was only able to complete two Chinese enterprises offshore U.S. dollar bond issues, totaling US$514 million, representing a decrease of 72% year-on-year. As a result, the operating revenue of this segment was only HK$4.59 million, representing a decrease of 58% from HK$10.81 million for the same period last year, and the segment recorded a loss of HK$8.23 million (2022: HK$5.45 million).

SALES AND TRADING BUSINESS

Hong Kong's securities market saw a rise and then a fall, with investment sentiment becoming cautious after digesting the relaxation of anti-epidemic measures and anticipating an economic recovery. As at 30th June 2023, the HSI closed at 18,916 points, a cumulative drop of 865 points, or 4.37%, from 19,781 points at the end of last year. The average daily turnover was HK$115.5 billion, down 16.49% from HK$138.3 billion in the first half of last year. The operating revenue of this segment decreased by 12% to HK$21.47 million during the period from HK$24.31 million for the same period of last year, of which the Group recorded a commission of HK$10.04 million (2022: HK$16.64 million) and interest from securities financing and other income of HK$11.43 million (2022: HK$7.67 million). In view of the poor performance of the Hong Kong securities market, the Group remained prudent in margin loans through strict risk control, instead of expanding the scale during the period. No bad or doubtful debts was recorded throughout the period. In addition, the segment actively explored institutional clients and high net worth customers during the period in order to provide a China concept-focused service to counteract the low commission-based securities firms. In the end, the segment recorded a loss of HK$6.10 million (2022: HK$6.53 million).

MANAGEMENT DISCUSSION AND ANALYSIS

LOOKING FORWARD

Looking forward to the second half of 2023, the external environment remains complex and volatile, with inflation continuing to be higher than the central bank's target, which is expected to lead to further interest rate hikes. In the first half of 2023, the Fed raised interest rates by a total of 75 basis points and revised its median forecast for interest rates upwards in June for this year and next, with the median interest rates for 2023 and 2024 expected to be 5.6% and 4.6% respectively, 0.5% and 0.3% higher than in March. At the same time, the Fed also expects not to cut interest rates in the second half of the year, prolonging the interest rate hike cycle in the U.S., which may further dampen global investment sentiment. The Fed's aggressive stance against inflation is expected to suppress local wages, consumer confidence and consumption growth in the U.S., potentially exacerbating downward pressure on the economy. In addition, the ongoing Sino-U.S. tensions may trigger a new round of market turbulence.

In addition to facing high inflation, Europe still has to deal with a triple challenge of energy crisis and economic slowdown. The economic recovery process among highly indebted economies in the eurozone remains uneven. In the second half of the year, both Europe and America regions are still facing multiple uncertainties, with concerns even rising about the risk of economic recession.

In Hong Kong, following the lifting of travel restrictions between the Mainland China and Hong Kong, economic activities between the two places are resuming, which is expected to alleviate certain pressures. In addition, inbound tourism is expected to rebound, supporting the recovery of the catering and retail sectors which would sustain the labor market improvement and boost private consumption at the same time. However, uncertainties still persist in the financial services sector. Although efforts are devoted to stabilizing the economy in the Mainland China in the second half of the year, it will take time for the real estate market to recover. Therefore, it is expected that Mainland China real estate enterprises will continue to face the pressure of repaying their U.S. dollar-denominated debts as and when they fall due, and the redemption risks of individual enterprises will continue to cause volatility to the Hong Kong stock market and the market of U.S. dollar-denominated bonds issued by Chinese enterprises.

As to the stock market in the Mainland China, the Shanghai Stock Exchange ("SSE") and Shenzhen Stock Exchange ranked first and second in the world in terms of IPO financing scale in the first half of 2023 respectively, driven by years of deepening reforms, encouraging the return of red-chip enterprises to the domestic market from abroad and the reform of the registration system for issuing new shares. With the continued deepening reforms of the capital market in the Mainland China, the IPOs and trading volume of A shares are expected to remain prosperous.

The downside risks faced by Hong Kong stock market in the second half of the year continued to include rising geopolitical risks, Sino-U.S. rivalries, prolongation of the U.S. interest rate hike cycle and further tightening of U.S. dollar liquidity. In addition, the lack of endogenous momentum in the Mainland China's economic activities has slowed down the pace of improvement in corporate profits, and the pressure on the capital chain in the real estate market in the Mainland China has not been fully relieved, which will continue to suppress investors' risk appetite, waiting for a catalyst to reverse the market sentiment. With more frequent interconnections between the Mainland China and Hong Kong, and the vigorous promotion of cross-border wealth management by the two governments, the next step after launching RMB-denominated stock trading is to promote more RMB-denominated stocks into the Hong Kong Stock Connect program, and Hong Kong will remain as the bridgehead for foreign investment into Mainland China, which will be beneficial to Hong Kong's offshore RMB business in the long run. At the same time, the continued deepening integration of the Mainland China and Hong Kong stock and bond markets is conducive to steadily promoting the opening up of the Mainland China's financial markets, and on the other hand, it is also conducive to consolidating the position of Hong Kong as an international financial center.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will continue to strengthen the business integration with Cinda Securities Co., Ltd. ("Cinda Securities", the shares of which were listed on the main board of the SSE on 1st February 2023). The integration is conducive to its future efforts to jointly plan to provide domestic and foreign integrated financial services, and play the role as an overseas business platform of Cinda Securities. We will focus on the investment banking businesses including overseas issuance of U.S. dollar bonds by domestic institutions, IPO of domestic companies in Hong Kong and overseas major assets restructuring of domestic institutions, the cross-border brokerage business for the full circulation of H shares, the creation of cross-border asset management products, and the establishment of a mechanism in which research departments of the two institutions to share their research resources to expand the cross-border integrated investment banking services.

Meanwhile, the Group will continue to focus on the main business of China Cinda Group and serve as the only fully licensed outside border securities institutions of the China Cinda ecosphere. The Group will continue to promote the development of the three core business segments. On the one hand, we will further boost the development of our synergistic businesses, continue to optimise the internal management and enhance our asset capacity, while continue to maintain sound and compliant operation. On the other hand, we will deepen the cooperation with Cinda Securities and China Cinda ecosphere in a bid to achieve win-win results.

In respect of the sales and trading business, we will strive to increase our business volume and market share, expand domestic and overseas institutional, corporate and high-net-worth clients in a prudent and risk-averse manner; the Group's securities company will develop towards the direction of wealth management and diversify our products so as to meet the client's need in asset allocation. In terms of the asset management business, we will further identify the opportunities in the capital markets. We will actively explore equity-based and equity and debt assets management business in specific sectors, dispose of crisis debt and defaulted debt as distressed assets, and create different assets management product lines. As for the corporate finance business, we will maintain the parallel development of equity and debt businesses. For the equity-related business, we will proactively provide sponsor and underwriting services and expand the acquisition and merger financial advisor business by leveraging the resources of the parent company. As for the debt-related business, the Group will explore demands for bond issuance of domestic and Hong Kong clients of China Cinda Group and provide tailor-made issuance plans and services and catch issuing windows to serve the clients, so as to achieve the "equity-debt" integration. In addition, the Group believes that after the post-pandemic recovery of Hong Kong in the second half of the year, the local market sentiment will remain positive. The Group will strengthen the synergy and expand its market-oriented businesses through various initiatives by virtue of the solid foundations the Group has established. The Group's financial position remains sound and is well-positioned to respond to the current difficult environment. The Group would endeavor to capitalise on various market opportunities to strengthen the full-year results of the Group and bring satisfactory returns to our shareholders in the second half of the year.

FINANCIAL RESOURCES

The Group maintained sound financial strength during the period, and all subsidiaries licensed by the Securities and Futures Commission of Hong Kong had liquid capital in excess of regulatory requirements. As at 30th June 2023, the Group had revolving loans and overdrafts facilities of HK$1,538 million from banks, of which a total of HK$310 million were utilised. In addition, as at 30th June 2023, the Group did not issue any bonds during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

FLUCTUATION IN FOREIGN EXCHANGE RATES

A majority of assets and liabilities of the Group are denominated in Hong Kong dollars and U.S. dollars to which Hong Kong dollars 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 income in RMB. During the period, the monetary policies of the Mainland China and the U.S. were in opposition, the interest rate differential between RMB and U.S. dollars widened, putting pressure on RMB against U.S. dollars in the short term. However, with the Fed slowing down interest rate hikes, the domestic economic stimulus policy has been implemented and the surplus has remained stable. The Group considered that the decline in exchange rate of RMB would be temporary and hedging was not cost-effective, there is no hedging against fluctuation in the exchange rate of RMB.

REMUNERATION AND HUMAN RESOURCES

As at 30th June 2023, the Group had a total number of 102 full-time employees, of which 52 were male and 50 were female, and 91 were based in Hong Kong office and 11 were based in our offices in the Mainland China. The total remuneration costs of the Group for the six months ended 30th June 2023 are set out in Note 4(a) to the condensed consolidated financial statements.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

BOARD OF DIRECTORS

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

EDs

Mr. Zhang Yi	*(Chairman)*
Mr. Zhang Xunyuan	*(Chief Executive Officer)*
Mr. Lau Mun Chung	*(Deputy Chief Executive Officer)*

INEDs

Mr. Xia Zhidong
Mr. Liu Xiaofeng
Mr. Zheng Minggao

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June 2023 (for the six months ended 30th June 2022: nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30th June 2023, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) ("SFO")) as recorded in the register of directors' interests and short positions required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30th June 2023, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as was known to the Directors and the chief executives of the Company, the following are details of the persons (other than Directors or chief executives of the Company) who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would need to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position

Name of substantial shareholder	Capacity	Number of shares or underlying shares held	Approximate percentage of the Company's issued share capital
Cinda Securities (H.K.) Holdings Limited ("Cinda Securities (H.K.)")	Beneficial owner	403,960,200 *(Note)*	63.00%
Cinda Securities Co., Ltd. ("Cinda Securities")	Interest through a controlled corporation	403,960,200 *(Note)*	63.00%
China Cinda Asset Management Co., Ltd. ("China Cinda")	Interest through a controlled corporation	403,960,200 *(Note)*	63.00%

Note:

These shares were held by Cinda Securities (H.K.), Cinda Securities (H.K.) was wholly-owned by Cinda Securities which was a subsidiary of China Cinda. By virtue of the provisions of the SFO, Cinda Securities and China Cinda were deemed to be interested in all the shares in which Cinda Securities (H.K.) was interested.

Save as disclosed above, as at 30th June 2023, the Company has not been notified by any persons (other than the Directors or the chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June 2023.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

Facility Agreement 1

On 7th July 2016, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$300,000,000 (or its equivalent in US dollars or RMB) revolving term loan facility. On 28th May 2021, a supplementary facility agreement to the facility agreement (the facility agreement together with the supplementary facility agreement, collectively the “Facility Agreement 1”) was entered into between the parties. Pursuant to Facility Agreement 1, it shall be an event of default if (i) China Cinda ceases to directly or indirectly own at least 50% of the issued share capital of the Company (if no written consent has been obtained from the bank); or (ii) the Ministry of Finance of the People’s Republic of China (the “PRC”) ceases to (directly or indirectly) retain at least 50% of the issued share capital of China Cinda. If an event of default under Facility Agreement 1 occurs, all the obligations of the Company to the bank shall become immediately due and payable on the bank’s demand. The loan facility is subject to an annual review by the bank.

As at 30th June 2023, loan amount outstanding under Facility Agreement 1 was nil.

Facility Agreement 2

On 25th October 2017, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$300,000,000 (or its equivalent in US dollars) revolving loan facility, together with the supplemental facility letters to the said facility agreement (the “Facility Agreements”). On 21st August 2023, a supplemental facility letter to the Facility Agreements (the Facility Agreements together with the supplemental facility letter, collectively the “Facility Agreement 2”) was entered into between the parties pursuant to which certain specific performance obligation was imposed on the controlling shareholders of the Company. The loan facility is subject to an annual review by the bank.

Pursuant to the Facility Agreement 2, it shall be an event of default if any undertakings including the following, among others, is or proves to have been untrue or inaccurate in any material respect when made or repeated:

- The Company shall ensure that the Company will remain more than 50% beneficially owned by Cinda Securities (the shares of which are listed on the Shanghai Stock Exchange with stock code: 601059) and Cinda Securities will remain a more than 50% beneficially owned subsidiary of China Cinda (the shares of which are listed on the Stock Exchange with stock code: 1359).

- The Company shall ensure that the State Council of the People’s Republic of China shall hold directly or indirectly more than 50% shareholding of China Cinda.

If an event of default under the Facility Agreement 2 occurs, the bank may demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement 2.

As at 30th June 2023, HK$166,600,000 has been drawn under Facility Agreement 2.

Facility Agreement 3

On 27th June 2018, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$150,000,000 (or its equivalent in US dollars or RMB) revolving loan facility. On 3rd April 2023, a supplemental facility letter to the facility agreement (the facility agreement together with the supplemental facility letter, collectively the "Facility Agreement 3") was entered into between the parties. Pursuant to Facility Agreement 3, as one of the conditions of the loan facility, China Cinda shall maintain directly or indirectly management control over the Company. Upon the breach of any of the conditions, the loan facility is repayable in full on demand by the bank. The loan facility is subject to an annual review by the bank.

As at 30th June 2023, HK$143,000,000 has been drawn under Facility Agreement 3.

Facility Agreement 4

On 7th September 2018, Cinda International Securities Limited ("CISL", a wholly-owned subsidiary of the Company) as borrower and the Company as guarantor entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$200,000,000 general banking facilities (the "Facility Agreement 4"). As one of the undertakings of the general banking facilities, China Cinda shall remain the single largest beneficiary shareholder (directly or indirectly) of the Company. Breach of any of the conditions will constitute an event of default under the Facility Agreement 4, upon which all amounts (including principal and interest) due or owing by CISL to the bank shall become immediately due and payable. The general banking facilities is subject to an annual review by the bank.

As at 30th June 2023, loan amount outstanding under Facility Agreement 4 was nil.

Facility Agreement 5

On 15th June 2020, the Company as borrower entered into a facility agreement with a licensed bank in Macau in relation to a HK$300,000,000 (or its equivalent in US dollars) loan facility (the "Facility Agreement 5"). Pursuant to the Facility Agreement 5, default will be triggered if any default events occurred, including breach of any one of the following loan undertakings, among others: (i) China Cinda shall remain more than 50% held by the Ministry of Finance of the PRC; (ii) Cinda Securities shall remain more than 50% directly or indirectly held by China Cinda; and (iii) the Company shall remain more than 50% directly or indirectly held by Cinda Securities. The bank may demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement 5 if default is being triggered. The amount under the Facility Agreement 5 had been repaid by the Company on 3rd March 2023.

Facility Agreement 6

On 26th June 2020, the Company as borrower entered into a loan facility letter with a licensed bank in Hong Kong regarding a HK$250,000,000 committed term loan facility (the "Facility Agreement 6"), in replacement of the facility agreement dated 18th May 2018 entered into by the Company with a syndicate of banks regarding a HK$250,000,000 term loan facility. Pursuant to the Facility Agreement 6, it shall be an event of default if (i) China Cinda does not or ceases to directly or indirectly beneficially own at least 51% of the entire issued share capital of the Company; or control the Company; or (ii) the Ministry of Finance of the PRC does not or ceases to directly or indirectly own at least 51% of the entire issued share capital of, or equity interests in, China Cinda; or control China Cinda. If an event of default under the Facility Agreement 6 occurs, the bank may cancel the Facility Agreement 6 and demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement 6. The amount under the Facility Agreement 6 had been repaid by the Company on 26th June 2023.

Facility Agreement 7

On 24th September 2020, the Company as borrower accepted a facility letter (the "Facility Agreement 7") issued by a licensed bank in Hong Kong pursuant to which a HK$120,000,000 (or US dollars equivalent) revolving loan facility would be made available by the bank to the Company subject to the terms and conditions of the Facility Agreement 7. Pursuant to the Facility Agreement 7, default will be triggered if any default events occurred, including breach of any one of the following loan undertakings, among others, (i) China Cinda shall remain not less than 50% held by the Ministry of Finance of the PRC; and (ii) the Company shall remain not less than 50% directly or indirectly held by China Cinda. The bank may demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement 7 if default is being triggered. The loan facility is subject to an annual review by the bank.

As at 30th June 2023, loan amount outstanding under Facility Agreement 7 was nil.

Facility Agreement 8

On 10th February 2022, the Company as borrower confirmed its acceptance of the facility letter ("Facility Agreement 8") issued by a licensed bank in Hong Kong. Pursuant to the Facility Agreement 8, the bank agrees to make available to the Company an US$40,000,000 (or its equivalent in Hong Kong dollars) revolving loan facility. Pursuant to the Facility Agreement 8, default will be triggered if events of default occurred, including breach of any one of the following loan undertakings, among others: (i) China Cinda shall hold beneficially not less than 50% of the shareholding interest in Cinda Securities; (ii) Cinda Securities shall hold beneficially not less than 50% of the shareholding interest in the Company; and (iii) the Ministry of Finance of the PRC shall hold beneficially not less than 50% of the shareholding interest in China Cinda. If an event of default under the Facility Agreement 8 occurs, the bank may demand immediate repayment of all outstanding amounts and require provision of immediate cash cover (in the amount notified by the bank) for any future or contingent liabilities. The loan facility is subject to an annual review by the bank.

As at 30th June 2023, loan amount outstanding under Facility Agreement 8 was nil.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out in the Corporate Governance Code ("CG Code") under Appendix 14 to the Listing Rules.

During the period from 1st January 2023 to 30th June 2023, the Company has applied and complied with all the code provisions set out in the CG Code.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct for Directors' dealing in its securities. All Directors confirmed that they had complied with the required standards at all times throughout the six months ended 30th June 2023.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in Directors' biographical details which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules are set out below:

- Following the dissolution of Guangzhou GZHS Market Research Company Limited* ("GZHS", formerly known as Guangzhou GZHS Securities Investment Consulting Limited* and Guangzhou GZHS Securities Research Institute Limited*), Mr. Zhang Xunyuan ceased to be a director of GZHS on 15th May 2023.

- Mr. Zhang Yi was appointed as the general manager of financial markets department of Cinda Securities on 13th July 2023.

- Mr. Liu Xiaofeng resigned from his position as an independent non-executive director of AAG Energy Holdings Limited on 11th August 2023 following its privatisation.

* *English names of the entities are transliteration of their Chinese names for reference only and shall not be regarded as their formal names.*

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 2023. The Group's external auditors have carried out a review of the unaudited interim condensed consolidated financial statements of the Group in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants.

On behalf of the Board

Zhang Yi
Chairman

29th August 2023

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

bakertilly
天職國際

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Cinda International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 17 to 68, which comprise the condensed consolidated statement of financial position as at 30th June 2023 and the related condensed consolidated statements of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTER

The comparative condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period ended 30th June 2022 and the relevant explanatory notes included in these condensed consolidated financial statements were extracted from the interim financial information of the Group for six months period ended 30th June 2022 reviewed by another auditor who expressed an unmodified conclusion on the interim financial information on 19th August 2022. The comparative condensed consolidated statement of financial position as at 31st December 2022 were extracted from the consolidated financial statements of the Group for the year ended 31st December 2022 audited by the same auditor who expressed an unmodified opinion on those statements on 13th March 2023.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Hong Kong, 29th August 2023
Gao Yajun
Practising Certificate Number P06391

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June 2023
(Expressed in Hong Kong dollars)

		Six months ended 30th June	
	Notes	**2023** ***HK$'000*** **(Unaudited)**	2022 *HK$'000* (Unaudited)
Revenue	*3*	**58,669**	66,312
Other income	*3*	**14,700**	14,164
Other losses, net	*3*	**(3,639)**	(15,224)
		69,730	65,252
Staff costs	*4(a)*	**31,824**	33,283
Commission expenses		**3,752**	7,324
Other operating expenses	*4(b)*	**31,311**	33,848
Finance costs	*4(c)*	**12,095**	7,461
		78,982	81,916
		(9,252)	(16,664)
Share of results of associates and a joint venture, net	*10*	**15,745**	(18,502)
Profit/(loss) before taxation		**6,493**	(35,166)
Income tax expense	*5*	**(6,217)**	(4,303)
Profit/(loss) for the period attributable to equity holders of the Company		**276**	(39,469)
Basic and diluted earnings/(loss) per share attributable to equity holders of the Company	*7*	**HK0.04 cents**	HK(6.16) cents

The notes on pages 24 to 68 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2023
(Expressed in Hong Kong dollars)

	Six months ended 30th June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	**276**	(39,469)
Other comprehensive income/(expense) for the period:		
Items that may be reclassified subsequently to profit or loss:		
Debt instruments at fair value through other comprehensive income:		
– changes in fair value	**2,713**	(9,092)
– impairment loss included in profit or loss	**3,289**	3,874
– reclassification adjustments upon disposals	**246**	5,798
	6,248	580
Share of investment revaluation reserve of associates	**980**	(805)
Net movement in investment revaluation reserve	**7,228**	(225)
Exchange differences on translation of investment in a joint venture	**–**	(412)
Exchange differences on translation of foreign operations	**(10,056)**	(9,478)
Share of exchange reserve of associates	**(5,482)**	(6,914)
Net movement in exchange reserve	**(15,538)**	(16,804)
Other comprehensive expense for the period, net of income tax	**(8,310)**	(17,029)
Total comprehensive expense for the period attributable to equity holders of the Company	**(8,034)**	(56,498)

The notes on pages 24 to 68 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2023
(Expressed in Hong Kong dollars)

	Notes	30th June 2023 HK$'000 (Unaudited)	31st December 2022 HK$'000 (Audited)
Non-current assets			
Intangible assets	*8*	**1,439**	1,439
Property and equipment	*9*	**8,192**	9,613
Right-of-use assets	*19*	**35,409**	47,097
Interests in associates	*10*	**441,988**	430,745
Financial assets at fair value through profit or loss	*12*	**43,986**	43,949
Deferred tax assets		**62**	42
Other assets		**12,000**	14,434
		543,076	547,319
Current assets			
Debt instruments at fair value through other comprehensive income	*11*	**169,145**	110,539
Financial assets at fair value through profit or loss	*12*	**65,581**	33,641
Trade and other receivables	*13*	**341,171**	374,235
Tax recoverable		**772**	767
Pledged bank deposits	*14*	**12,300**	12,165
Bank balances and cash	*14*	**487,261**	587,044
		1,076,230	1,118,391
Current liabilities			
Trade and other payables	*15*	**196,225**	205,259
Borrowings	*16*	**437,427**	447,388
Tax payable		**7,755**	4,814
Bonds issued	*18*	**–**	10,000
Lease liabilities	*19*	**18,268**	21,491
		659,675	688,952
Net current assets		**416,555**	429,439
Total assets less current liabilities		**959,631**	976,758

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2023
(Expressed in Hong Kong dollars)

	Notes	30th June 2023 HK$'000 (Unaudited)	31st December 2022 HK$'000 (Audited)
Capital and reserves			
Share capital	*17*	**64,121**	64,121
Other reserves		**429,564**	437,874
Retained earnings		**446,394**	446,118
Total equity attributable to equity holders of the Company		**940,079**	948,113
Non-current liabilities			
Lease liabilities	*19*	**19,552**	28,645
		959,631	976,758

The notes on pages 24 to 68 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2023
(Expressed in Hong Kong dollars)

	Attributable to equity holders of the Company						
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Exchange reserve *HK$'000*	Retained earnings *HK$'000*	Total equity *HK$'000*
At 1st January 2023 (audited)	**64,121**	**421,419**	**42,879**	**(8,653)**	**(17,771)**	**446,118**	**948,113**
Total comprehensive income/(expense) for the period	**–**	**–**	**–**	**7,228**	**(15,538)**	**276**	**(8,034)**
At 30th June 2023 (unaudited)	**64,121**	**421,419**	**42,879**	**(1,425)**	**(33,309)**	**446,394**	**940,079**
At 1st January 2022 (audited)	64,121	421,419	43,925	(4,249)	16,074	481,350	1,022,640
Total comprehensive expense for the period	–	–	–	(225)	(16,804)	(39,469)	(56,498)
2021 final dividend approved	–	–	–	–	–	(12,824)	(12,824)
As at 30th June 2022 (unaudited)	64,121	421,419	43,925	(4,474)	(730)	429,057	953,318

The notes on pages 24 to 68 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June 2023
(Expressed in Hong Kong dollars)

	Notes	Six months ended 30th June 2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited)
Cash flows from operating activities			
Profit/(loss) before taxation		**6,493**	(35,166)
Adjustments for:			
Depreciation of property and equipment	*4(b)*	**1,729**	1,754
Depreciation of right-of-use assets	*4(b)*	**11,688**	12,292
Share of results of associates and a joint venture, net	*10*	**(15,745)**	18,502
Increase in pledged bank deposits	*14*	**(135)**	–
Loss/(gain) on disposal of property and equipment		**6**	(78)
(Gain)/loss from change in fair value of financial assets at fair value through profit or loss, net	*3*	**(408)**	3,036
Loss on disposal of financial assets at fair value through profit or loss, net	*3*	**–**	1,127
(Gain)/loss on disposal of debt instruments at fair value through other comprehensive income, net	*3*	**(714)**	4,517
Interest income from investments	*3*	**(4,052)**	(8,986)
Interest expense on lease liabilities	*4(c)*	**827**	434
Other interest expenses	*4(c)*	**11,268**	7,027
Impairment loss on financial assets under expected credit loss model, net of reversal	*4(b)*	**3,407**	4,003
Operating profit before working capital changes		**14,364**	8,462
Decrease/(increase) in other assets		**2,434**	(7,224)
Decrease/(increase) in trade and other receivables		**35,081**	(56,961)
(Decrease)/increase in trade and other payables		**(8,387)**	50,652
Cash generated from/(used in) operations		**43,492**	(5,071)
Hong Kong profits tax paid		**–**	(10)
Overseas profits tax paid		**(3,301)**	(7,950)
Net cash generated from/(used in) operating activities		**40,191**	(13,031)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June 2023
(Expressed in Hong Kong dollars)

	Notes	Six months ended 30th June 2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited)
Cash flows from investing activities			
Purchase of property and equipment	*9*	**(344)**	(2,003)
Proceeds from disposal of property and equipment		**9**	90
Purchase of debt instruments at fair value through other comprehensive income		**(82,530)**	(47,675)
Proceeds from disposal of debt instruments at fair value through other comprehensive income		**27,597**	72,930
Purchase of financial assets at fair value through profit or loss		**(39,919)**	(78,523)
Proceeds from disposal of financial assets at fair value through profit or loss		**2,236**	19,907
Interest received from investments		**1,713**	8,432
Net cash used in investing activities		**(91,238)**	(26,842)
Cash flows from financing activities			
Dividend paid	*6*	**–**	(12,824)
Repayments of lease liabilities	*19*	**(13,143)**	(12,124)
Proceeds from bank borrowings		**380,975**	656,400
Repayment of bank borrowings		**(449,675)**	(489,600)
Proceeds from borrowings under repurchase agreements		**225,218**	223,267
Repayment of borrowings under repurchase agreements		**(166,479)**	(264,768)
Repayment of bonds issued	*18*	**(10,000)**	–
Interest paid		**(11,813)**	(6,803)
Net cash (used in)/generated from financing activities		**(44,917)**	93,548
Net (decrease)/increase in cash and cash equivalents		**(95,964)**	53,675
Cash and cash equivalents at the beginning of the period		**587,044**	781,142
Effect of foreign exchange rate changes, net		**(3,819)**	(9,215)
Cash and cash equivalents at the end of the period	*14*	**487,261**	825,602
Analysis of balances of cash and cash equivalents:			
Bank balances – general accounts and cash in hand	*14*	**487,261**	825,602

The notes on pages 24 to 68 form part of these condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These unaudited condensed consolidated financial statements have been approved for issue by the Board of Directors on 29th August 2023.

The financial information relating to the year ended 31st December 2022 that is included in these unaudited condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements.

The condensed consolidated financial statements contain selected explanatory notes, which include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

Other than the adoption of new and revised standards which are mandatorily effective in the current interim period, the accounting policies adopted in the preparation of the condensed consolidated financial statements for the six months ended 30th June 2023 are consistent with those presented in the Group's annual consolidated financial statements for the year ended 31st December 2022. 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 the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1st January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the amendments to HKFRSs that are effective from 1st January 2023 did not have any significant impact on the Group's financial positions and performance for the current and prior periods and on the disclosures set out in these condensed consolidated financial statements. The Group has not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective for the current accounting period.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The impacts on application of the new and amendments to HKFRSs are described below:

(a) HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) *Insurance Contracts*

HKFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 Insurance Contracts.

HKFRS 17 defines an insurance contract as a contract under which the Group accept significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Certain contracts entered into by the Group, including financial guarantee contracts issued by the Group meet the definition of insurance contracts under HKFRS 17. However, these contracts are specifically scoped out from HKFRS 17 and the Group continues to account for these contracts under relevant accounting standards. Therefore, the application of HKFRS 17 in the current period had no material impact on the condensed consolidated financial statements.

(b) Amendments to HKAS 8 *Definition of Accounting Estimates*

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1st January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments do not have any significant impact on the condensed consolidated financial statements.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Amendments to HKAS 12 narrow the scope of the initial recognition exemption so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1st January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. The amendments do not have any significant impact on the condensed consolidated financial statements.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules*

HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1st January 2023. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

3 REVENUE, OTHER INCOME, OTHER LOSSES AND SEGMENT INFORMATION

	Six months ended 30th June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Revenue from contracts with customers		
Fees and commission		
– Asset management	**6,830**	6,675
– Sales and trading business	**10,040**	16,644
– Corporate finance	**4,174**	6,093
	21,044	29,412
Underwriting income and placing commission		
– Corporate finance	**417**	4,717
Management fee and service fee income		
– Asset management	**25,119**	24,074
	46,580	58,203
Revenue from other sources		
Interest income		
– Asset management	**270**	293
– Sales and trading business	**11,427**	7,668
– Others	**392**	148
	12,089	8,109
	58,669	66,312

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

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

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Six months ended 30th June 2023 – unaudited				
Type of services				
Brokering service	–	10,040	–	10,040
Underwriting and placing service	–	–	417	417
Corporate finance service	–	–	4,174	4,174
Asset management service	31,949	–	–	31,949
Total revenue from contracts with customers	31,949	10,040	4,591	46,580
Geographical markets				
Hong Kong	10,782	10,040	4,591	25,413
Mainland China	21,167	–	–	21,167
Total revenue from contracts with customers	31,949	10,040	4,591	46,580
Timing of revenue recognition				
At a point in time	–	10,040	417	10,457
Over time	31,949	–	4,174	36,123
Total revenue from contracts with customers	31,949	10,040	4,591	46,580

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

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

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Six months ended 30th June 2022 – unaudited				
Type of services				
Brokering service	–	16,644	–	16,644
Underwriting and placing service	–	–	4,717	4,717
Corporate finance service	–	–	6,093	6,093
Asset management service	30,749	–	–	30,749
Total revenue from contracts with customers	30,749	16,644	10,810	58,203
Geographical markets				
Hong Kong	13,368	16,644	10,810	40,822
Mainland China	17,381	–	–	17,381
Total revenue from contracts with customers	30,749	16,644	10,810	58,203
Timing of revenue recognition				
At a point in time	–	16,644	6,717	23,361
Over time	30,749	–	4,093	34,842
Total revenue from contracts with customers	30,749	16,644	10,810	58,203

	Six months ended 30th June	
	2023 ***HK$'000*** **(Unaudited)**	2022 *HK$'000* (Unaudited)
Revenue recognised that was included in deferred revenue at the beginning of the reporting period:		
Corporate finance service	**253**	3,250

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

	Six months ended 30th June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income from:		
– Debt instruments at fair value through other comprehensive income	**3,551**	7,667
– Financial assets at fair value through profit or loss	**501**	1,319
Investment income	**3,234**	3,541
Government grants *(note)*	**5,546**	915
Others	**1,868**	722
	14,700	14,164

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

	Six months ended 30th June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other losses, net		
Net exchange losses	**(4,761)**	(6,544)
Loss on disposal of financial assets at fair value through profit or loss, net	**–**	(1,127)
Gain/(loss) on disposal of debt instruments at fair value through other comprehensive income, net	**714**	(4,517)
Gain/(loss) from change in fair value of financial assets at fair value through profit or loss, net	**408**	(3,036)
	(3,639)	(15,224)

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

Segment information

The Group manages its businesses by divisions. Under HKFRS 8 Operating Segments and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

1. Asset management – provision of advisory service and related auxiliary services on fund management, managing private funds and provide other related proprietary investment.

2. Sales and trading business – provision of brokering services in securities, equity linked products, unit trusts and stock options commodities and futures contracts traded in Hong Kong and selected overseas markets, underwriting, placing and margin financing services to those brokering clients.

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

The Group's senior executive management monitors the assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and other unallocated head office and corporate assets. Segment liabilities include trade creditors, accruals and borrowings attributable to the operating activities of the individual segments with exception of unallocated head office and corporate liabilities.

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

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

Segment information (Continued)

Six months ended 30th June 2023 – unaudited

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Revenue from external customers	29,268	21,467	4,591	55,326
Revenue from an associate *(note (a))*	2,951	–	–	2,951
Reportable segment revenue	32,219	21,467	4,591	58,277
Reportable segment results (EBIT)	18,426	(6,104)	(8,234)	4,088
Interest income from bank deposits	270	4,534	–	4,804
Interest expense	(5,512)	(5,730)	(8)	(11,250)
Depreciation of property and equipment	(184)	(595)	(22)	(801)

As at 30th June 2023 – unaudited

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Reportable segment assets	605,279	445,807	19,428	1,070,514
Additions to non-current segment assets during the period *(note (b))*	44	51	–	95
Reportable segment liabilities	444,647	161,937	1,703	608,287

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

Segment information (Continued)

Six months ended 30th June 2022 – unaudited

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Revenue from external customers	28,251	24,312	10,810	63,373
Revenue from an associate *(note (a))*	2,791	–	–	2,791
Reportable segment revenue	31,042	24,312	10,810	66,164
Reportable segment results (EBIT)	16,552	(6,526)	(5,450)	4,576
Interest income from bank deposits	293	729	–	1,022
Interest expense	(3,196)	(749)	(31)	(3,976)
Depreciation of property and equipment	(247)	(571)	(56)	(874)

As at 31st December 2022 – audited

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Reportable segment assets	537,029	519,869	28,798	1,085,696
Additions to non-current segment assets during the period *(note (b))*	354	1,472	–	1,826
Reportable segment liabilities	459,941	175,396	2,312	637,649

Notes:

(a) The revenue represents service fee income received by the Group from an associate. See note 23.

(b) Non-current segment assets consist of additions to property and equipment and other assets.

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

Reconciliations of reportable revenue

	Six months ended 30th June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	**58,277**	66,164
Unallocated head office and corporate revenue	**392**	148
Consolidated revenue	**58,669**	66,312

Reconciliations of reportable results

	Six months ended 30th June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Results		
Reportable segment profit (EBIT)	**4,088**	4,576
Share of results of associates and a joint venture, net	**15,745**	(18,502)
Finance costs	**(12,095)**	(7,461)
Unallocated head office and corporate expenses	**(1,245)**	(13,779)
Consolidated profit/(loss) before taxation	**6,493**	(35,166)
Income tax expense	**(6,217)**	(4,303)
Profit/(loss) for the period	**276**	(39,469)

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

Reconciliations of reportable assets and liabilities

	30th June 2023 **HK$'000** **(Unaudited)**	31st December 2022 HK$'000 (Audited)
Assets		
Reportable segment assets	**1,070,514**	1,085,696
Elimination of inter-segment receivables	**(5,686)**	(5,739)
	1,064,828	1,079,957
Interests in associates	**441,988**	430,745
Deferred tax assets	**62**	42
Tax recoverable	**772**	767
Unallocated head office and corporate assets	**111,656**	154,199
Consolidated total assets	**1,619,306**	1,665,710
Liabilities		
Reportable segment liabilities	**608,287**	637,649
Elimination of inter-segment payables	**(461)**	(464)
	607,826	637,185
Tax payable	**7,755**	4,814
Unallocated head office and corporate liabilities	**63,646**	75,598
Consolidated total liabilities	**679,227**	717,597

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

Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers (including its associates) and (ii) the Group's property and equipment, intangible assets, right-of-use assets, other assets and interests in associates ("specified non-current assets"). The geographical location of 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 asset, 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
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Hong Kong	**37,269**	48,639	**209,529**	218,058
Mainland China	**21,400**	17,673	**289,499**	285,268
	58,669	66,312	**499,028**	503,326

4 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Staff costs

	Six months ended 30th June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries and allowances	**30,436**	32,022
Defined contribution plans	**1,388**	1,261
	31,824	33,283

4 PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)

(b) Other operating expenses

	Six months ended 30th June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Advertising and promotion	**466**	342
Auditor's remuneration	**562**	1,580
Bank charges	**134**	50
Cleaning expense	**141**	163
Computer expense	**85**	180
Data service fee	**3,360**	4,023
Depreciation of property and equipment *(note 9)*	**1,729**	1,754
Depreciation of right-of-use assets *(note 19)*	**11,688**	12,292
Employee relation expense	**187**	276
Entertainment	**601**	250
Impairment loss on financial assets under expected credit loss model, net of reversal		
– debt instruments at fair value through other comprehensive income *(note 11)*	**3,289**	3,874
– trade and other receivables *(note 13)*	**118**	129
Insurance fee	**1,104**	1,219
Legal and professional fee	**527**	1,169
Printing and stationery fee	**194**	266
Property management and other related fee	**1,116**	1,186
Repair and maintenance fee	**1,086**	1,187
Service fee	**610**	532
Staff recruitment fee	**23**	244
Subscription fee	**114**	162
Telecommunication fee	**1,201**	1,213
Travelling expense	**668**	252
Water and electricity	**303**	234
Others	**2,005**	1,271
	31,311	33,848

4 PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)

(c) Finance costs

	Six months ended 30th June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on borrowings	**11,191**	6,829
Interest on bonds issued	**77**	198
Interest on lease liabilities *(note 19)*	**827**	434
	12,095	7,461

5 INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for prior periods. The Group did not generate any assessable profits in Hong Kong for the current period.

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

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

	Six months ended 30th June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current taxation		
– Hong Kong Profits Tax	**–**	22
– PRC Corporate Income Tax	**6,237**	4,302
Deferred taxation		
– Hong Kong	**(20)**	(21)
	6,217	4,303

6 DIVIDENDS

During the six months period ended 30th June 2022, a final dividend of HK2 cents per ordinary share in respect of the year ended 31st December 2021 was declared and paid. The aggregate amount of the final dividend declared and paid amounted to HK$12,824,000.

No dividends were paid, declared or proposed during the current interim period. The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30th June 2023 (2022: nil).

7 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity holders of the Company of HK$276,000 (six months ended 30th June 2022: loss attributable to equity holders of the Company of HK$39,469,000) and 641,205,600 ordinary shares (six months ended 30th June 2022: 641,205,600 ordinary shares) in issue during the period, calculated as follows:

Earnings/(loss) attributable to equity holders of the Company

	Six months ended 30th June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings/(loss) for the period attributable to equity holders of the Company	**276**	(39,469)

Number of ordinary shares

	Six months ended 30th June	
	2023	2022
	(Unaudited)	(Unaudited)
Issued ordinary shares at 1st January and 30th June	**641,205,600**	641,205,600

(b) Diluted earnings/(loss) per share

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

8 INTANGIBLE ASSETS

	Stock exchange trading rights *HK$'000*	Futures exchange trading rights *HK$'000*	Club membership *HK$'000*	Total *HK$'000*
Six months ended 30th June 2023 – unaudited				
Cost and carrying amount				
At 1st January 2023 and 30th June 2023	**913**	**406**	**120**	**1,439**
As at 31st December 2022 – audited				
Cost and carrying amount				
At 1st January 2022 and 31st December 2022	913	406	120	1,439

9 PROPERTY AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Office & computer equipment and computer software *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Six months ended 30th June 2023 – unaudited					
Cost					
At 1st January 2023	**6,848**	**2,996**	**34,736**	**899**	**45,479**
Additions	**–**	**8**	**336**	**–**	**344**
Disposals	**(1,995)**	**(544)**	**(565)**	**–**	**(3,104)**
Exchange difference/others	**(575)**	**(366)**	**(897)**	**(699)**	**(2,537)**
At 30th June 2023	**4,278**	**2,094**	**33,610**	**200**	**40,182**
Accumulated depreciation					
At 1st January 2023	**6,260**	**2,875**	**25,832**	**899**	**35,866**
Charge for the period *(note 4(b))*	**78**	**54**	**1,597**	**–**	**1,729**
Disposals	**(1,995)**	**(531)**	**(563)**	**–**	**(3,089)**
Exchange difference/others	**(570)**	**(369)**	**(878)**	**(699)**	**(2,516)**
At 30th June 2023	**3,773**	**2,029**	**25,988**	**200**	**31,990**
Net book value					
At 30th June 2023	**505**	**65**	**7,622**	**–**	**8,192**
At 31st December 2022	588	121	8,904	–	9,613

9 PROPERTY AND EQUIPMENT (CONTINUED)

	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Office & computer equipment and computer software *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
As at 31st December 2022 – audited					
Cost					
At 1st January 2022	6,874	3,026	33,529	1,338	44,767
Additions	14	–	3,753	–	3,767
Disposals	–	(19)	(2,538)	(439)	(2,996)
Exchange difference	(40)	(11)	(8)	–	(59)
At 31st December 2022	6,848	2,996	34,736	899	45,479
Accumulated depreciation					
At 1st January 2022	6,085	2,631	25,226	1,338	35,280
Charge for the year	193	248	3,164	–	3,605
Disposals	–	(19)	(2,536)	(439)	(2,994)
Exchange difference	(18)	15	(22)	–	(25)
At 31st December 2022	6,260	2,875	25,832	899	35,866
Net book value					
At 31st December 2022	588	121	8,904	–	9,613
At 31st December 2021	789	395	8,303	–	9,487

10 INTERESTS IN ASSOCIATES/SHARE OF RESULTS OF ASSOCIATES AND A JOINT VENTURE

	30th June 2023	31st December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interests in associates	**441,988**	430,745

(a) Interests in associates and share of results of associates

	30th June 2023	31st December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Share of net assets at 1st January	**430,745**	444,317
Share of profits for the period/year, net	**15,745**	6,394
Share of other comprehensive expense for the period/year	**(4,502)**	(14,446)
Dividend income from an associate	**–**	(5,520)
	11,243	(13,572)
Share of net assets at 30th June/31st December	**441,988**	430,745

(Expressed in Hong Kong dollars)

10 INTERESTS IN ASSOCIATES/SHARE OF RESULTS OF ASSOCIATES AND A JOINT VENTURE (CONTINUED)

(a) Interests in associates and share of results of associates (Continued)

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

Name	Particulars of issued shares held	Place of incorporation	Effective equity interest to the Group 30th June 2023	Effective equity interest to the Group 31st December 2022	Principal activity
Sino-Rock Investment Management Company Limited ("Sino-Rock") *(note (a))*	18,000,000 ordinary share of HK$1 each	Hong Kong	**27.59%**	27.59%	Investment holding and provision of capital management and consultancy services
Cinda Plunkett International Holdings Limited ("CPHL") *(note (b))*	4,000,000 ordinary share of HK$1 each	Cayman Islands	**40%**	40%	Fund management
Cinda Plunkett International Absolute Return Fund ("CPIAR Fund") *(note (c))*	100,000 units of US$100 each	Cayman Islands	**14.79%**	14.87%	Investment fund
Cinda International Investment Holdings Limited ("CIIH") *(note (d))*	2,820,000 Class-A shares	British Virgin Islands	**47%**	47%	Investment holding

10 INTERESTS IN ASSOCIATES/SHARE OF RESULTS OF ASSOCIATES AND A JOINT VENTURE (CONTINUED)

(a) Interests in associates and share of results of associates (Continued)

Notes:

(a) As at 30th June 2023, the Group held 18,000,000 ordinary shares (31st December 2022: 18,000,000 ordinary shares), representing 27.59% (31st December 2022: 27.59%) equity interests in Sino-Rock, a private company incorporated in Hong Kong and is considered an associate of the Group. Sino-Rock is principally engaged in investment holding and provision of capital management and consultancy services. The Group recognises Sino-Rock as a significant investment for the period ended 30th June 2023 and year ended 31st December 2022. The Group share of net assets in Sino-Rock was HK$283,081,000 at 30th June 2023 (31st December 2022: HK$277,758,000), which accounted approximately 17% (31st December 2022: 17%) of the total assets of the Group. The Group recognised a share of profit and other comprehensive income of HK$5,323,000 (for the six months ended 30th June 2022: loss and other comprehensive expense of HK$14,151,000) and no dividend income (for the six months ended 30th June 2022: nil) from the interest in Sino-Rock for the six months ended 30th June 2023. The aggregate cost of investment in Sino-Rock was HK$107,014,000. The Group treats Sino-Rock as a long-term investment and a business partner in its asset management business.

(b) The Group's share of net assets in CPHL was HK$79,803,000 at 30th June 2023 (31st December 2022: HK$77,079,000) and recognised a share of profit and other comprehensive income of HK$2,724,000 (for the six months ended 30th June 2022: profit and other comprehensive income of HK$4,436,000) from the interest in CPHL for the six months ended 30th June 2023.

(c) It is considered that the Group had significant influence over CPIAR Fund through the Group's significant influence over the investment manager of CPIAR Fund who has wide discretion over the relevant activities of CPIAR Fund. The Group's share of net assets in CPIAR Fund was HK$77,688,000 at 30th June 2023 (31st December 2022: HK$75,481,000) and recognised a share of profit and other comprehensive income of HK$2,207,000 (for the six months ended 30th June 2022: loss and other comprehensive expense of HK$15,038,000) from the interest in CPIAR Fund for the six months ended 30th June 2023.

(d) The Group's share of net assets in CIIH was HK$1,416,000 at 30th June 2023 (31st December 2022: HK$427,000) and recognised a share of profit and other comprehensive income of HK$989,000 (for the six months ended 30th June 2022: loss and other comprehensive expense of HK$1,302,000) from the interest in CIIH for the six months ended 30th June 2023.

(b) Share of results of a joint venture

The Group recognised a share of loss and other comprehensive expense of HK$578,000 from interest in a joint venture for the six months ended 30th June 2022.

11 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30th June 2023 ***HK$'000*** **(Unaudited)**	31st December 2022 *HK$'000* (Audited)
Listed debt investments with fixed interest	**169,145**	110,539

As at 30th June 2023 and 31st December 2022, an analysis of the ending balance of the carrying amount in debt instruments at fair value through other comprehensive income ("FVOCI") subject to expected credit losses ("ECLs") is as follows:

	Stage 1 ***HK$'000***	**Stage 2** ***HK$'000***	**Stage 3** ***HK$'000***	**Total** ***HK$'000***
Fair value as at 30th June 2023 – unaudited	**167,812**	**–**	**1,333**	**169,145**
Fair value as at 31st December 2022 – audited	109,107	–	1,432	110,539

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

During the period, impairment loss of HK$3,289,000 (for the six months ended 30th June 2022: HK$3,874,000) was provided in the profit or loss. As at 30th June 2023, an impairment allowance of HK$24,707,000 (31st December 2022: HK$21,418,000) was provided.

An analysis of the maturity profile of listed debt investments 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$'000***	**Overdue** ***HK$'000***	**Total** ***HK$'000***
30th June 2023 – unaudited	**112,938**	**54,874**	**–**	**1,333**	**169,145**
31st December 2022 – audited	83,208	25,899	–	1,432	110,539

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th June 2023	31st December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Classified as non-current assets:		
Unlisted private equity funds	**43,986**	43,949
Classified as current assets:		
Listed fund investments	**25,794**	14,763
Listed perpetual bonds	**38,010**	14,804
Unlisted equity securities	**1**	1
Unlisted private equity funds	**1,776**	4,073
	65,581	33,641
	109,567	77,590

13 TRADE AND OTHER RECEIVABLES

	30th June 2023	31st December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables from clients arising from		
– corporate finance *(note (a))*	**2,106**	2,300
– securities brokering *(note (b))*	**78,660**	123,237
Margin and other trade related deposits with brokers and financial institutions arising from *(note (c))*		
– commodities and futures brokering	**31,944**	43,114
– securities brokering	**24,375**	1,583
Margin loans arising from securities brokering *(note (d))*	**159,221**	142,268
Trade receivables from clearing houses arising from securities brokering *(note (e))*	**9,926**	670
Less: impairment allowance *(note (f))*	**(13,302)**	(13,184)
Total trade receivables *(note (g))*	**292,930**	299,988
Deposits	**3,672**	2,920
Other receivables	**44,569**	71,327
Total trade and other receivables	**341,171**	374,235

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

Notes:

(a) For trade receivables related to corporate finance of HK$2,106,000 (31st December 2022: HK$2,300,000), no additional impairment loss was provided for the current period (for the six months ended 30th June 2022: nil). As at 31st December 2022, impairment allowance of HK$3,373,000 were written off. The settlement terms of trade receivables from corporate finance clients are usually 30 days from the date of invoice. The relevant ageing analysis based on the date of invoice at the reporting date was as follows:

	30th June 2023 *HK$'000* **(Unaudited)**	31st December 2022 *HK$'000* (Audited)
Current	**1,633**	–
30-60 days	**–**	–
Over 60 days	**473**	2,300
	2,106	2,300

(b) For trade receivables from clients arising from securities brokering, the amounts represent unsettled trades due from clients as at period ended. It normally takes 2 to 3 days to settle after trade date of those transactions. As at 30th June 2023, it included overdue balances of HK$9,779,000 (31st December 2022: HK$11,903,000). 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 loss allowance has been provided.

(c) The settlement terms of margin and other deposits from broker and financial institutions are at specific agreed terms. Clients trading in commodities and futures contracts and obtaining securities margin financing from the Group are required to observe the Group's margin policies. For commodities and futures contracts, initial margins are required before trading and thereafter, clients are required to keep the equity position at a prescribed maintenance margin level. The effective interest rate for margins and other trade related deposits is 0.01% (31st December 2022: 0.01%) per annum.

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

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(d) Margin clients of the securities brokering business are repayable on demand and are required to pledge their shares to the Group for credit facilities for securities trading. The effective interest rate ranged from 8% to 13% (31st December 2022: 8% to 13%) per annum.

The amount of credit facilities granted to them is determined by the discounted value of shares acceptable by the Group after making reference in industry practices. As at 30th June 2023, the fair value of shares accepted as collateral amounted to HK$1,305,984,000 (31st December 2022: HK$1,128,797,000) and the fair value of the majority of client's listed securities is higher than the carrying amount of those individual loans to margin clients.

Credits are extended to brokering 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.

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

The Group is allowed to use clients' securities up to the amount of 140% of the loan to margin clients as collateral of the Group's bank facilities with client's consent. However, no securities held as collateral have been repledged to secure the Group's bank facilities for the period ended 30th June 2023 and year ended 31st December 2022.

As at 30th June 2023, the Group has concentration of credit risk 68% (31st December 2022: 64%) of trade receivables from margin loans due from the five largest margin clients.

During the period, impairment allowances of HK$118,000 were provided (for the six months ended 30th June 2022: HK$129,000). As at 30th June 2023, impairment allowance of HK$13,302,000 (31st December 2022: HK$13,184,000) for the receivables from margin clients was provided. No ageing analysis is disclosed as in the opinion of the management, the ageing analysis does not give additional value in view of the nature of revolving margin loan.

(e) The settlement terms of trade receivables from clearing houses are usually 1 to 2 days after the trade date.

Furthermore, the Group maintains designated accounts with The SEHK Options Clearing House Limited ("SEOCH") and HKFE Clearing Corporation Limited ("HKFECC") as a result of its normal business transactions. At 30th June 2023, the designated accounts with the SEOCH and HKFECC not otherwise dealt with in these accounts amounted to HK$7,316,000 (31st December 2022: HK$5,850,000) and HK$6,772,000 (31st December 2022: HK$5,890,000), respectively.

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

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

	HK$'000
At 1st January 2022 – audited	16,611
Reversal of impairment losses	(54)
Written off	(3,373)
At 31st December 2022 and 1st January 2023 – audited	13,184
Provision of impairment losses	118
At 30th June 2023 – unaudited	13,302

As at 30th June 2023, an analysis of the gross amount of trade and other receivables and their expected credit losses 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 2023 – unaudited					
Trade receivables from clients	**78,660**	**–**	**–**	**2,106**	**80,766**
Margin and other trade related deposits with brokers and financial institutions	**56,319**	**–**	**–**	**–**	**56,319**
Margin loans arising from securities brokering	**146,192**	**100**	**12,929**	**–**	**159,221**
Trade receivables from clearing houses arising from securities brokering	**9,926**	**–**	**–**	**–**	**9,926**
Deposit	**3,672**	**–**	**–**	**–**	**3,672**
Other receivables	**44,569**	**–**	**–**	**–**	**44,569**
	339,338	**100**	**12,929**	**2,106**	**354,473**
Expected credit losses as at 30th June 2023 – unaudited					
Trade receivables from clients	**–**	**–**	**–**	**–**	**–**
Margin and other trade related deposits with brokers and financial institutions	**–**	**–**	**–**	**–**	**–**
Margin loans arising from securities brokering	**(373)**	**–**	**(12,929)**	**–**	**(13,302)**
Trade receivables from clearing houses arising from securities brokering	**–**	**–**	**–**	**–**	**–**
Deposit	**–**	**–**	**–**	**–**	**–**
Other receivables	**–**	**–**	**–**	**–**	**–**
	(373)	**–**	**(12,929)**	**–**	**(13,302)**

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

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

As at 31st December 2022, an analysis of the gross amount of trade and other receivables and their expected credit losses 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 31st December 2022 – audited					
Trade receivables from clients	123,237	–	–	2,300	125,537
Margin and other trade related deposits with brokers and financial institutions	44,697	–	–	–	44,697
Margin loans arising from securities brokering	129,239	100	12,929	–	142,268
Trade receivables from clearing houses arising from securities brokering	670	–	–	–	670
Deposit	2,920	–	–	–	2,920
Other receivables	71,327	–	–	–	71,327
	372,090	100	12,929	2,300	387,419
Expected credit losses as at 31st December 2022 – audited					
Trade receivables from clients	–	–	–	–	–
Margin and other trade related deposits with brokers and financial institutions	–	–	–	–	–
Margin loans arising from securities brokering	(255)	–	(12,929)	–	(13,184)
Trade receivables from clearing houses arising from securities brokering	–	–	–	–	–
Deposit	–	–	–	–	–
Other receivables	–	–	–	–	–
	(255)	–	(12,929)	–	(13,184)

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

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

As at 30th June 2023 and 31st December 2022, an analysis of the expected credit losses rate is as follows:

	Stage 1 %	Stage 2 %	Stage 3 %	Simplified approach %	Total %
Expected credit loss rate as at 30th June 2023 – unaudited					
Trade receivables from clients	**–**	**–**	**–**	**–**	**–**
Margin loans arising from securities brokering	**0.26**	**0.20**	**100**	**–**	**8.35**
Other receivables	**–**	**–**	**–**	**–**	**–**
Expected credit loss rate as at 31st December 2022 – audited					
Trade receivables from clients	–	–	–	–	–
Margin loans arising from securities brokering	0.20	0.20	100	–	9.27
Other receivables	–	–	–	–	–

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

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
Gross amount				
As at 1st January 2022	168,544	99	12,929	181,572
Other changes (including new assets and derecognised assets)	(39,305)	1	–	(39,304)
As at 31st December 2022 and 1st January 2023	129,239	100	12,929	142,268
Other changes (including new assets and derecognised assets)	16,953	–	–	16,953
As at 30th June 2023 – unaudited	**146,192**	**100**	**12,929**	**159,221**

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
Expected credit losses				
As at 1st January 2022	309	–	12,929	13,238
Other changes (including new assets and derecognised assets)	(54)	–	–	(54)
As at 31st December 2022 and 1st January 2023	255	–	12,929	13,184
Other changes (including new assets and derecognised assets)	118	–	–	118
As at 30th June 2023 – unaudited	**373**	**–**	**12,929**	**13,302**

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

(g) The Group does not have any significant concentration of credit risk with respect to trade receivables, as the Group has a large number of customers and are widely dispersed.

14 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	30th June 2023	31st December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Cash in hand	**21**	21
Bank balances		
– pledged deposits	**12,300**	12,165
– fixed deposits	**20,000**	–
– general accounts	**467,240**	587,023
	499,540	599,188
	499,561	599,209
By maturity:		
Bank balances		
– current and savings accounts	**467,240**	587,023
– fixed deposits (maturing within three months)	**32,300**	12,165
	499,540	599,188

As at 30th June 2023, bank deposits amounting to HK$12,300,000 (31st December 2022: HK$12,165,000) which included a principal of HK$12,000,000 (31st December 2022: HK$12,000,000) plus accrued interest that have been pledged to banks as security for the provision of securities brokering facilities for a total amount of HK$200,000,000 (31st December 2022: HK$200,000,000).

Certain subsidiaries of the Group maintained segregated trust accounts with authorised institutions as a result of their respective business activities. As at 30th June 2023, segregated trust accounts not dealt with in these condensed consolidated financial statements amounted to HK$436,531,000 (31st December 2022: HK$674,159,000).

As at 30th June 2023, the bank balances and deposits bore interest at rates ranging from 0.01% to 4.2% (31st December 2022: 0.01% to 0.5%) per annum.

Cash and cash equivalents

	30th June 2023	31st December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Analysis of balances of cash and cash equivalents		
Cash in hand and at banks (excluding pledged bank deposits)	**487,261**	587,044

15 TRADE AND OTHER PAYABLES

	30th June 2023 *HK$'000* **(Unaudited)**	31st December 2022 *HK$'000* (Audited)
Trade payables to margin clients arising from securities brokering	**5,184**	1,032
Trade payables to securities trading clients arising from securities brokering	**107,697**	94,596
Margin and other deposits payable to clients arising from commodity and futures brokering	**31,825**	43,006
Trade payables to broker arising from securities brokering	**2,243**	2,333
Trade payables to clearing houses arising from securities brokering	**10,104**	28,409
Total trade payables	**157,053**	169,376
Accruals, provision and other payables	**39,172**	35,630
Deferred revenue	**–**	253
Total trade and other payables	**196,225**	205,259

The carrying amounts of trade and other payables approximate to their fair values. Other than deferred revenue, all 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 2 to 3 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.

16 BORROWINGS

	30th June 2023	31st December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current		
Bank loan *(note (a))*	**309,600**	378,300
Borrowings under repurchase agreements *(note (b))*	**127,827**	69,088
	437,427	447,388

Notes:

(a) At 30th June 2023, the bank borrowings were repayable and carried interest with reference to HIBOR (2022: HIBOR/LIBOR) or other relevant measures as follows:

	30th June 2023	31st December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within a period not exceeding 1 year	**309,600**	378,300

As at 30th June 2023, the Group had total banking facilities of HK$1,538,000,000 (31st December 2022: HK$2,088,000,000).

Among these banking facilities, HK$200,000,000 (31st December 2022: HK$200,000,000) was secured by pledged deposits with a principal of HK$12,000,000 (31st December 2022: HK$12,000,000).

Furthermore, HK$1,382,000,000 (31st December 2022: HK$1,932,000,000) was under specific performance obligation on the Company's controlling shareholder which the current controlling shareholder shall hold over 50% or at least 51% in one of the facilities of the entire issued share capital of the Company.

As at 30th June 2023, HK$309,600,000 (31st December 2022: HK$378,300,000) was drawn from the banking facilities under specific performance obligation. Among these banking facilities, none was drawn in US dollars (31st December 2022: US$11,500,000 (equivalent to HK$89,700,000)).

As at 30th June 2023 and 31st December 2022, the Group has not utilised any of the banking facilities secured by the pledged deposits. The effective interest rate of the bank borrowings is also equal to the contracted interest rate.

16 BORROWINGS (CONTINUED)

Notes: *(continued)*

(b) The Group has entered into several repurchase agreements with financial institutions in which the Group sold a portfolio of debt investments it held to the financial institutions in exchange for a cash consideration of US$16,388,000 (equivalent to HK$127,827,000) (31st December 2022: US$8,857,000 (equivalent to HK$69,088,000)). There are no maturity dates stated in the agreements and the interest is calculated with reference to the SOFR adjusted by Credit Adjustment Spread (31st December 2022: LIBOR) for interest rate benchmark reform. The Group is required to repurchase the debt investments at original cash consideration plus interest at variable rates calculated with reference to the SOFR adjusted by Credit Adjustment Spread (31st December 2022: LIBOR) upon the termination of the agreements. As at 30th June 2023, the obligations under repurchase agreements were collateralised by the Group's debt investments and listed perpetual bonds with a fair value of HK$157,037,000 (31st December 2022: HK$83,642,000).

17 SHARE CAPITAL

	Issued and fully paid	
	No. of shares	**Nominal value**
	'000	***HK$'000***
Authorised:		
Ordinary shares	1,000,000	100,000
Issued and fully paid:		
Ordinary shares		
At 1st January 2022 and at 31st December 2022 – audited	641,206	64,121
At 30th June 2023 – unaudited	641,206	64,121

Capital management

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

17 SHARE CAPITAL (CONTINUED)

Capital management (Continued)

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

The Group defined gearing ratio as net debt-to-adjusted capital ratio. The adjusted net debt is the total debt (which includes borrowings, bonds issued, trade and other payables and lease liabilities), less bank balances and cash (including pledged bank deposits). Adjusted capital comprises all components of equity, less unaccrued proposed dividend. The Group's net debt-to-adjusted capital ratio as at 30th June 2023 was 18.29% (31st December 2022: 11.98%).

18 BONDS ISSUED

At 31st December 2022, bonds issued represented a number of fixed rate coupon bonds at an interest rate of 2.5% per annum, payable semi-annually, and with an aggregated principal amount of HK$10,000,000. The bonds have been repaid on 21st April 2023.

The exposure and the contractual maturity dates of the bonds are as follows:

	30th June 2023	31st December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	–	10,000

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

19 LEASES

The Group as a lessee

As at 30th June 2023 and 31st December 2022, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 2 years to 6 years (31st December 2022: 2 years to 6 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

Right-of-use assets and lease liabilities

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

	Right-of-use assets *HK$'000*	**Lease liabilities** *HK$'000*
As at 1st January 2022 – audited	**25,571**	**25,905**
Addition	**45,325**	**45,325**
Depreciation charge	**(23,799)**	–
Interest expense	–	**1,831**
Payments	–	**(22,925)**
As at 31st December 2022 and 1st January 2023 – audited	**47,097**	**50,136**
Depreciation charge *(note 4(b))*	**(11,688)**	–
Interest expense *(note 4(c))*	–	**827**
Payments	–	**(13,143)**
As at 30th June 2023 – unaudited	**35,409**	**37,820**

	30th June 2023 *HK$'000* **(Unaudited)**	31st December 2022 *HK$'000* (Audited)
Lease liabilities analysed into:		
Current portion	**18,268**	21,491
Non-current portion	**19,552**	28,645
	37,820	50,136

20 CONTINGENT LIABILITIES

As at 30th June 2023 and 31st December 2022, a subsidiary of the Company engaging in securities brokering and provision of securities margin financing has secured banking facilities from a certain authorised institution for a total amount of HK$200,000,000 (31st December 2022: HK$200,000,000). The Company has further provided a corporate guarantee of HK$200,000,000 (31st December 2022: HK$200,000,000) for these facilities. As at 30th June 2023, no amount (31st December 2022: nil) was drawn under the banking facilities.

Apart from the above, the Group has no other material contingent liabilities as at 30th June 2023 (31st December 2022: nil).

21 CAPITAL AND INVESTMENT COMMITMENTS

(a) Capital commitments

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

	30th June 2023 *HK$'000* **(Unaudited)**	31st December 2022 *HK$'000* (Audited)
Contracted but not provided for	**959**	268

(b) Investment commitments

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

As at 30th June 2023, the carrying values of interest held by the Group in the above unconsolidated structured entities managed by the Group amounted to HK$45,762,000 (31st December 2022: HK$48,022,000), which was recognised in financial assets at fair value through profit or loss. The maximum exposure to loss is the carrying value of the assets held. Other than the invested amounts above, the Group has no significant outstanding capital commitments to these unconsolidated structured entities. Other than the committed capital, the Group has no intention to provide financial or other support to these structured entities.

22 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

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

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

(a) Market risk

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

Foreign exchange risk

The Group is exposed to foreign exchange risk primarily arising from its financial assets and financial liabilities denominated in foreign currencies. The currencies giving rise to this risk are primarily Renminbi and the United States dollars. The RMC reviews the exposures from time to time to cope with changes in volatility in the market.

Equity price risk

As at 30th June 2023 and 31st December 2022, the Group was exposed to equity price changes arising from financial assets at fair value through profit or loss (note 12).

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(a) Market risk (Continued)

Interest rate risk

Cash flow interest rate risk

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

Fair value interest rate risk

As at 30th June 2023 and 31st December 2022, the Group is also exposed to fair value interest rate risk in relation to debt investments with fixed interest classified as debt instruments at fair value through other comprehensive income (note 11) and financial assets at fair value through profit or loss (note 12). The Group does not have a fair value interest rate hedging policy. However, management is closely monitoring the Group's exposure arising from debt investments by regularly performing quantitative analysis, including periodic sensitivity analysis.

(b) Credit risk

The Group's credit risk is primarily attributable to its debt instruments at fair value through other comprehensive income, pledged bank deposits, bank balances, trade and other receivables (including margin loans arising from securities brokering) and financial assets at fair value through profit or loss. It has policies in place to ensure that credits are granted to customers with an appropriate credit history and/or collateral deposited with the Group.

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(b) Credit risk (Continued)

For trade receivables arising from securities brokering, credits are granted to a large population of clients, and hence, there is no significant concentration risk. The margin clients' listed securities can be sold at the Group's discretion upon margin shortfall situation to fulfil any margin call.

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

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

The open positions of the margin clients of the trading of commodities and futures contracts can be closed at the Group's discretion in margin shortfall situation to settle any margin call requirements imposed by their respective commodities and futures contracts transactions.

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

For debt investments in financial assets at fair value through profit or loss, the Group structures the levels of credit risk it undertakes by placing limits on the amount of advance in relation to any borrower or issuer. As at 30th June 2023 and 31st December 2022, such risks are mitigated by the listed securities held by the Group as collateral which are subject to periodic review. The fair value of the listed securities was determined by reference to the quoted price of the shares in excess of the carrying amount as at 30th June 2023 and 31st December 2022.

Debt instruments at fair value through other comprehensive income are listed debt investments with fixed interest. The Group has a policy in place of spreading the aggregate value of transactions concluded amongst approved counterparties with an appropriate credit quality. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(b) Credit risk (Continued)

The Group primarily invested in rated debt investments with credit ratings of at least B+ or equivalent as determined by Standard & Poor's, Moody's or Fitch. Any exception shall be approved by the management of the Group. As at 30th June 2023, over 99% (31st December 2022: over 98%) of the debt investments held by the Company were B+ or above; and less than 1% (31st December 2022: 1%) were non-rated. The management of the Group reviews the portfolio of debt investments on a regular basis to ensure that there is no significant concentration risk. In this regard, the management of the Group considers that the credit risk relating to investments in debt investments is closely monitored.

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

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

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

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(c) Liquidity risk

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

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

(b) Fair values measurements of financial instruments

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

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable. For investment funds, the categorisation will depend on the valuation techniques used by the investment funds to derive its net asset value.

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Fair values measurements of financial instruments (Continued)

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

	Fair value			
	30th June 2023 *HK\$'000* **(Unaudited)**	**31st December 2022** *HK\$'000* (Audited)	**Fair value hierarchy**	**Valuation techniques key inputs**
(i) Financial assets at fair value through profit or loss				
– Listed perpetual bonds	**38,010**	14,804	Level 1	Quoted prices in an active market
– Listed fund investments	**25,794**	14,763	Level 1	Quoted prices in an active market
– Unlisted private equity funds *(note (a))*	**45,762**	48,022	Level 3	Adjusted net asset value ("NAV") of private equity fund/Recent transactions
– Unlisted equity securities	**1**	1	Level 2	Adjusted NAV of equity securities
(ii) Debt instruments at fair value through other comprehensive income				
– Listed debt investment	**167,812**	110,539	Level 1	Quoted prices in an active market
– Overdue listed debt investment *(note (b))*	**1,333**	–	Level 2	Quoted prices from brokers or market makers

Notes:

(a) The fair values of unlisted private equity funds are determined with reference to its net asset value or recent transaction price. Accordingly, no sensitivity analysis was prepared.

(b) As at 30th June 2023, the balance represents debt investments with a carrying amount of HK$1,333,000 which are overdue and had their credit rating withdrawn. The debt instruments had no steady quoted price in active market and the fair values are quoted from broker or observed in Over the Counter ("OTC") market.

Saved as disclosed above, there were no transfers of fair value measurements between Level 1 and Level 2. There are no transfers into or out of Level 3 for financial assets in current period (for the six months ended 30th June 2022: nil).

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Fair values measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements of financial instruments

	Financial assets at fair value through profit or loss *HK$'000*
At 1st January 2022	15,846
Additions	25,021
Changes in fair value	10,011
Exchange difference	(1,633)
Disposals	(1,223)
At 31st December 2022 and 1st January 2023 – audited	48,022
Additions	1,586
Exchange difference	(1,610)
Disposals	(2,236)
At 30th June 2023 – unaudited	45,762

Fair value measurement and valuation process

The management is responsible for determining the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the financial instruments, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group maximise its use of other observable market data relevant to the assets or the liabilities. For example, the Group estimates the fair value with reference to the net asset value report of the investment funds as provided by the fund manager.

23 MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 30th June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Brokering fees and commission for securities dealing *(note (a))*	**1,707**	2,187
Service fee income *(note (b))*	**2,951**	2,791
Placing commission *(note (c))*	**417**	541
Fund management fee and advisory fee income *(note (d))*	**26,831**	21,948
Bank interest income *(note (e))*	**782**	–

Notes:

(a) For six months ended 30th June 2023 and 2022, the Group earned fees and commission income from its directors and fellow subsidiaries for providing securities brokering services.

(b) For six months ended 30th June 2023 and 2022, the Group earned service fee income from an associate for providing administrative supporting and consulting services.

(c) For six months ended 30th June 2023 and 2022, the Group received placing commission from its fellow subsidiaries for placing securities.

(d) For six months ended 30th June 2023 and 2022, the Group earned management fee income from China Cinda Asset Management Co., Ltd. ("China Cinda") and its associates (as defined by Listing Rules) for providing asset management services.

(e) For six months ended 30th June 2023, the Group earned bank interest income from its fellow subsidiary.

(f) The Group is indirectly controlled by China Cinda, which is indirectly controlled by the PRC government through the Ministry of Finance (the "MOF"). The MOF is the major shareholder of China Cinda as at 30th June 2023 and 31st December 2022. For the current period and prior years, the Group undertakes certain transactions and maintain certain balances with entities directly or indirectly owned by the PRC government, including but not limited to making bank deposits, receiving banking facilities, renting properties, and rendering and obtaining other services. The Group is of the opinion that these transactions are in normal business terms that do not require separate disclosure.

Key management personnel's emoluments are disclosed in note 24.

24 KEY MANAGEMENT PERSONNEL'S EMOLUMENTS

Key management personnel are those persons have authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including directors and other senior management.

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

	Six months ended 30th June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Basic salaries, discretionary bonus, housing allowances and benefits in kind	**5,945**	7,028
Defined contribution plans	**54**	59
	5,999	7,087