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

(Incorporated in Bermuda with limited liability)

(Stock code: 111)

ANNOUNCEMENT OF 2010 FINAL RESULTS

The board of directors (the "Board") of Cinda International Holdings Limited (the "Company") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31st December 2010 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2010

	Note	**2010** *HK$'000*	2009 *HK$'000* (restated)
Continuing operations			
Turnover	4	**98,413**	82,112
Other revenue	4	**861**	891
Other net income	4	**4,545**	1,325
		103,819	84,328
Staff costs		**44,418**	38,002
Commission expenses		**20,550**	28,251
Operating leases for land and buildings		**10,773**	7,395
Other operating expenses		**22,957**	20,039
Total operating expenses		**98,698**	93,687
Operating gain/(loss)		**5,121**	(9,359)
Finance costs		**(187)**	(280)
		4,934	(9,639)
Share of profits of associates	9	**15,070**	612
Profit/(loss) before taxation		**20,004**	(9,027)
Income tax	5	**(533)**	—
Profit/(loss) for the year from continuing operations		**19,471**	(9,027)

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31st December 2010

	Note	**2010**	2009
		HK$'000	*HK$'000*
			(restated)
Discontinued operations			
Loss for the year from discontinued operations	6	**(8,056)**	(9,995)
Profit/(loss) for the year		**11,415**	(19,022)
Attributable to:			
Equity holders of the Company		**11,415**	(19,022)
Earnings/(loss) per share			
Basic and diluted			
— From continuing and discontinued operations	8	**HK2.13 cents**	(HK4.17 cents)
— From continuing operations	8	**HK3.64 cents**	(HK1.98 cents)
— From discontinued operations	8	**(HK1.51 cents)**	(HK2.19 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2010

	2010	2009
	HK$'000	*HK$'000*
		(restated)
Profit/(loss) for the year	**11,415**	(19,022)
Other comprehensive income for the year:		
Share of associate's investment revaluation reserve		
— Change in fair value	**11,297**	—
— Transfer to profit or loss on disposal	**(100)**	(449)
Net movement in investment revaluation reserve	**11,197**	(449)
Share of associate's exchange reserve:		
— Exchange differences on translation of the financial statements of operations in the People's Republic of China	**3,009**	21
	14,206	(428)
Total comprehensive income for the year	**25,621**	(19,450)
Total comprehensive income attributable to:		
Equity holders of the Company	**25,621**	(19,450)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2010

	Note	**2010**	2009
		HK$'000	*HK$'000*
			(restated)
Non-current assets			
Intangible assets		**1,439**	1,319
Fixed assets		**5,270**	5,610
Interests in associates	9	**152,158**	125,874
Other assets		**8,171**	4,166
		167,038	136,969
Current assets			
Financial assets at fair value through profit or loss		**23,935**	2,491
Trade and other receivables	10	**139,353**	230,076
Bank balances and cash	11	**223,311**	160,181
		386,599	392,748
Current liabilities			
Trade and other payables	12	**89,055**	88,297
Taxation payable		**533**	—
		89,588	88,297
Net current assets		**297,011**	304,451
Total assets less current liabilities		**464,049**	441,420
NET ASSETS		**464,049**	441,420
Capital and reserves			
Share capital		**53,434**	53,434
Other reserves		**372,266**	358,060
Retained earnings		**38,349**	29,926
TOTAL EQUITY		**464,049**	441,420

NOTES:

1. STATEMENT OF COMPLIANCE

This financial report has been prepared on a basis consistent with the accounting policies adopted in the Group's 2010 annual financial statements. The Group's 2010 annual financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The financial information set out in this report does not constitute the Group's statutory financial statements for the year ended 31 December 2010, but is derived from those financial statements.

The HKICPA has issued certain new and revised HKFRSs, that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. BASIS OF PREPARATION

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

— financial instruments classified as available-for-sale or as financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENT

(a) New accounting standards

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The impact of the majority of the revisions to HKFRS 3 and HKAS 27 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

(b) Prior year adjustment

On 11th December 2009, Cinda International Direct Investment Limited, a wholly-owned subsidiary of the Company, acquired 40% of the issued share capital of Sino-Rock Investment Management Company Limited ("Sino-Rock"), a company incorporated in Hong Kong with limited liability, from an intermediate holding company of the Company.

During the period from 11th December 2009 to 31st December 2009, Sino-Rock recorded a net profit of HK$60,115,000 which included a post-tax gain on disposal of certain available-for-sale investments of HK$58,586,000. This gain arose primarily from the recycling of a gain previously recorded in the investment revaluation reserve of Sino-Rock. Accordingly, as recorded in the Company's audited financial statements for the year ended 31st December 2009, a 40% share of the net profit of Sino-Rock of HK$24,046,000 was recognised by the Group, which included the Group's share of the gain on disposal of available-for-sale investments of HK$23,434,000. At the same time, a 40% share of the corresponding reversal of the investment revaluation reserve as reported by Sino-Rock was also recognised by the Group. However, the Company was subsequently informed by its auditors that the requirements of paragraph 23 of Hong Kong Accounting Standard ("HKAS") 28, Investments in associates, to make appropriate adjustments to these amounts reported by Sino-Rock to reflect the carrying values of the relevant assets at the date of the acquisition of Sino-Rock by the Group were inadvertently overlooked.

Consequently, the Group's consolidated profit for the year ended 31st December 2009 was overstated by HK$23,434,000, with an equal and opposite understatement of other comprehensive income. As both these amounts were reported within total comprehensive income for the same period, this oversight had no impact on the Group's reported total comprehensive income for the year ended 31st December 2009 or net assets/shareholders' equity as at 31st December 2009.

In order to properly reflect the requirements of HKAS 28, the following adjustments have been made to restate the comparative amounts reported in respect of the year ended 31st December 2009:

	2009 As previously reported *HK$'000*	Adjustment *HK$'000*	2009 Restated *HK$'000*
Consolidated income statement			
Share of profits of associates	24,046	(23,434)	612
Profit/(loss) for the year	4,412	(23,434)	(19,022)
Earnings/(loss) per share	HK0.97 cent	(HK5.14 cents)	(HK4.17 cents)
Diluted earnings/(loss) per share	HK0.97 cent	(HK5.14 cents)	(HK4.17 cents)
Consolidated statement of comprehensive income			
Share of associate's investment revaluation reserve relating to available-for-sale securities:			
— Transfer to profit or loss on disposal	(23,883)	23,883	—
— Change in fair value	—	(449)	(449)
Other comprehensive income for the year	(23,862)	23,434	(428)
Consolidated statement of financial position			
Other reserves	334,626	23,434	358,060
Retained earnings	53,360	(23,434)	29,926

4. TURNOVER, OTHER REVENUE, OTHER NET INCOME/(LOSS) AND SEGMENT INFORMATION

	2010	2009
	HK$'000	*HK$'000*
From continuing operations		
Turnover		
Fees and commission	**53,526**	56,712
Net premium income from insurance broking	**421**	384
Interest income	**5,191**	5,446
Underwriting commission	**39,275**	19,570
	98,413	82,112
Other revenue		
Dividend income from listed securities	**68**	183
Other income	**793**	708
	861	891
Other net income		
Net revenue from foreign currency option trading	**(33)**	—
Swap interest and foreign exchange trading revenue	**(157)**	—
Net exchange losses	**(191)**	(14)
Net realised gains on financial assets at fair value through profit or loss	**3,289**	395
Net unrealised gains on financial assets at fair value through profit or loss	**1,637**	944
	4,545	1,325
	103,819	84,328

	2010	2009
	HK$'000	*HK$'000*
From discontinued operations		
Turnover		
Fees and commission	**680**	5,780
Net revenue from foreign currency option trading	**163**	475
Swap interest and foreign exchange trading revenue	**1,993**	8,201
Interest income	**12**	46
	2,848	14,502
Other revenue		
Other income	**3**	1
	3	1
Other net loss		
Net exchange losses	**(20)**	(355)
Net realised gains on financial assets at fair value through profit or loss	**—**	22
	(20)	(333)
	2,831	14,170

Segment information

Year ended 31st December 2010

	Continuing operations						Discontinued operations	
	Corporate finance *HK$'000*	**Securities Broking** *HK$'000*	**Commodities and futures broking** *HK$'000*	**Financial planning/ insurance broking in Hong Kong** *HK$'000*	**Asset Management** *HK$'000*	**Sub-total** *HK$'000*	**Leveraged foreign exchange trading/ broking in Hong Kong** *HK$'000*	**Total** *HK$'000*
Turnover from external customers	**46,696**	**38,087**	**3,755**	**9,868**	**1**	**98,407**	**2,848**	**101,255**
Inter-segment turnover	**—**	**12,112**	**—**	**—**	**—**	**12,112**	**1**	**12,113**
Reportable segment turnover	**46,696**	**50,199**	**3,755**	**9,868**	**1**	**110,519**	**2,849**	**113,368**
Reportable segment results (EBIT)	**4,570**	**7,479**	**(3,148)**	**(1,447)**	**(1,130)**	**6,324**	**(7,270)**	**(946)**
Interest income from bank deposits	**5**	**23**	**(1)**	**2**	**1**	**30**	**4**	**34**
Interest expense	**—**	**(187)**	**—**	**—**	**—**	**(187)**	**—**	**(187)**
Depreciation for the year	**(204)**	**(713)**	**(160)**	**(24)**	**(27)**	**(1,128)**	**(448)**	**(1,576)**
Reportable segment assets	**47,664**	**228,426**	**24,752**	**4,798**	**6,430**	**312,070**	**18,950**	**331,020**
Additions to non-current segment assets during the year	**310**	**2,247**	**658**	**—**	**—**	**3,215**	**—**	**3,215**
Reportable segment liabilities	**16,450**	**77,829**	**8,572**	**3,154**	**151**	**106,156**	**60**	**106,216**

Year ended 31st December 2009 (restated)

	Continuing operations						Discontinued operations	
	Corporate finance	Securities Broking	Commodities and futures broking	Financial planning/ insurance broking in Hong Kong	Asset Management	Sub-total	Leveraged foreign exchange trading/ broking in Hong Kong	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover from external customers	24,260	39,995	4,567	13,284	1	82,107	14,502	96,609
Inter-segment turnover	—	65	1	—	—	66	3	69
Reportable segment turnover	24,260	40,060	4,568	13,284	1	82,173	14,505	96,678
Reportable segment results (EBIT)	914	(1,760)	(3,010)	(1,168)	(160)	(5,184)	(10,105)	(15,289)
Interest income from bank deposits	1	13	1	2	1	18	16	34
Interest expense	(7)	(271)	(1)	(1)	—	(280)	(3)	(283)
Depreciation for the year	(256)	(497)	(127)	(39)	(40)	(959)	(1,516)	(2,475)
Reportable segment assets	25,014	252,603	23,878	18,171	4,435	324,101	70,115	394,216
Additions to non-current segment assets during the year	21	1,093	124	5	—	1,243	28	1,271
Reportable segment liabilities	10,837	76,296	4,550	6,660	26	98,369	1,316	99,685

Reconciliation of reportable turnover

	2010 *HK$'000*	2009 *HK$'000* (restated)
Turnover		
From continuing operations		
Reportable segment turnover	**110,519**	82,173
Elimination of inter-segment turnover	**(12,112)**	(66)
Unallocated head office and corporate turnover	**6**	5
	98,413	82,112
From discontinued operations		
Reportable segment turnover	**2,849**	14,505
Elimination of inter-segment turnover	**(1)**	(3)
	2,848	14,502
Consolidated turnover	**101,261**	96,614

Reconciliation of reportable results

	2010 *HK$'000*	2009 *HK$'000* (restated)
Results		
From continuing operations		
Reportable segment profit/(loss)	**6,324**	(5,184)
Elimination of inter-segment profits	**—**	(1)
Reportable segment profit/(loss) derived from Group's external customers	**6,324**	(5,185)
Share of profits of associates	**15,070**	612
Finance costs	**(187)**	(280)
Unallocated head office and corporate expenses	**(1,203)**	(4,174)
	20,004	(9,027)
From discontinued operations		
Reportable segment loss	**(7,270)**	(10,105)
Elimination of inter-segment (profits)/loss	**(786)**	113
Reportable segment loss derived from Group's external customers	**(8,056)**	(9,992)
Finance costs	**—**	(3)
	(8,056)	(9,995)
Consolidated profit/(loss) before taxation	**11,948**	(19,022)

Reconciliation of reportable assets and liabilities

	2010	2009
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**331,020**	394,216
Elimination of inter-segment receivables	**(13,840)**	(4,796)
	317,180	389,420
Interests in associates	**152,158**	125,874
Unallocated head office and corporate assets	**84,299**	14,423
Consolidated total assets	**553,637**	529,717
Liabilities		
Reportable segment liabilities	**106,216**	99,685
Elimination of inter-segment payables	**(18,042)**	(13,086)
	88,174	86,599
Unallocated head office and corporate liabilities	**1,414**	1,698
Consolidated total liabilities	**89,588**	88,297

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the current year. No Hong Kong profits tax provision has been made for the prior year as the Group companies either sustained a loss for taxation purposes or their tax losses brought forward exceeded their estimated assessable profits for the prior year.

Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	Continuing operations		Discontinued operations		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)		(restated)		
Profit/(loss) before taxation (excluding share of profits of associates)	**4,934**	(9,639)	**(8,056)**	(9,995)	**(3,122)**	(19,634)
Notional tax on profit/(loss) before taxation, calculated at the Hong Kong profits tax rate of 16.5%	**814**	(1,591)	**(1,329)**	(1,649)	**(515)**	(3,240)
Tax effect of income not subject to taxation purposes	**(192)**	(192)	**(2)**	(8)	**(194)**	(200)
Tax effect of expenses not deductible for taxation purposes	**45**	82	**682**	42	**727**	124
Utilisation of previously unrecognised tax losses	**(1,356)**	(154)	**—**	—	**(1,356)**	(154)
Tax losses for which no deferred income tax assets were recognised	**1,209**	1,805	**497**	1,420	**1,706**	3,225
Under-provision in respect of prior year	**—**	10	**—**	195	**—**	205
Others	**13**	40	**152**	—	**165**	40
Taxation expenses	**533**	—	**—**	—	**533**	—

6. DISCONTINUED OPERATIONS

On 5th March 2010, the Board of Directors of the Company decided to cease providing leveraged foreign exchange trading services to its clients. The directors consider that the Group can utilize the resources saved from provision of leveraged foreign exchange trading business to develop the remaining businesses of the Group which the directors are of the view have higher business potential.

The results of the discontinued operations during the year are set out below.

	Note	2010 HK$'000	2009 HK$'000
Turnover	4	**2,848**	14,502
Other revenue	4	**3**	1
Other net loss	4	**(20)**	(333)
		2,831	14,170
Staff costs		**1,710**	5,714
Commission expenses		**1,187**	8,861
Operating leases for land and buildings		**1,839**	4,632
Other operating expenses		**6,151**	4,955
Total operating expenses		**10,887**	24,162
Operating loss		**(8,056)**	(9,992)
Finance costs		**—**	(3)
		(8,056)	(9,995)
Loss before taxation		**(8,056)**	(9,995)
Income tax	5	**—**	—
Loss for the year		**(8,056)**	(9,995)

The net cash flows from the discontinued operations are as follows:

	2010 HK$'000	2009 HK$'000
Operating activities	**(32,476)**	(6,035)
Investing activities	**1,445**	(6)
Financing activities	**—**	(3)
Net cash outflow	**(31,031)**	(6,044)

7. DIVIDENDS

The directors do not recommend the payment of the final dividend for the year ended 31st December 2010 (2009: nil).

8. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company of HK$11,415,000 (2009: loss of HK$19,022,000 (restated)) and the weighted average of 534,388,000 ordinary shares (2009: 456,285,123 ordinary shares) in issue during the year, calculated as follows:

(i) Profit/(loss) attributed to ordinary equity shareholders of the Company

	2010	2009
	HK$'000	*HK$'000*
		(restated)
Earnings/(loss) for the year from continuing operations	**19,471**	(9,027)
Loss for the year from discontinued operations	**(8,056)**	(9,995)
Earnings/(loss) for the year attributable to equity holders of the Company	**11,415**	(19,022)

(ii) Weighted average number of ordinary shares

	2010	2009
Issued ordinary shares at 1st January	**534,388,000**	422,303,000
Effect of new shares issued during the year	**—**	33,982,123
Weighted average number of ordinary shares at 31st December	**534,388,000**	456,285,123

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share are the same as basic earnings/(loss) per share because there were no potential dilutive ordinary shares during both the current and prior years.

9 INTERESTS IN ASSOCIATES

	Group 2010 *HK$'000*	2009 *HK$'000*
Share of net assets at 1st January	**125,874**	—
Share of associate's results for the year	**15,070**	612
Share of associate's other comprehensive income for the year	**14,206**	(428)
Transfer of available-for-sale investments by the Group's associate to the Social Security Fund	**(2,992)**	—
	26,284	184
Acquisition of an associate	**—**	125,690
Share of net assets at 31st December	**152,158**	125,874

On 11th December 2009, Cinda International Direct Investment Limited, a wholly-owned subsidiary of the Company, acquired 40% of the issued share capital of Sino-Rock Investment Management Company Limited ("Sino-Rock"), a company incorporated in Hong Kong with limited liability, from an intermediate holding company of the Company.

The consideration of the acquisition was satisfied by:

(i) HK$55,150,000 in cash; and

(ii) 27,575,000 shares of the Company issued to the intermediate holding company (representing a fair value of HK$50,738,000 as at 11th December 2009).

As both the Company and the intermediate holding company are ultimately controlled by China Cinda Asset Management Co., Ltd, the above transaction is considered as a business combination involving entities under common control. The Company adopted book value accounting to account for the acquisition, i.e. the excess of the net assets of Sino-Rock of HK$125,690,000 as at 11th December 2009 over the cost of acquisition of HK$107,014,000 (being cash consideration plus fair value of the Company's shares issued plus directly attributable costs) is recognised as a notional capital contribution of HK$18,676,000.

10. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**135,064**	221,355
Other receivables	**4,289**	8,721
Total trade and other receivables	**139,353**	230,076

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

As at 31st December 2010, the aging analysis of the trade receivables was as follows:

	2010	2009
	HK$'000	*HK$'000*
Current	**125,346**	212,121
30 – 60 days	**2,493**	511
Over 60 days	**7,225**	8,723
	135,064	221,355

The margin clients of the securities broking business are required to pledge their shares to the Group for credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of shares acceptable by the Group.

Credits are extended to other clients on a case-by-case basis in accordance with the financial status of clients such as their financial conditions, trading records, business profile and collateral available to the Group. Clients trading in leveraged foreign exchange contracts, commodities and futures contracts and obtaining securities margin financing from the Group are required to observe the Group's margin policies. For leveraged foreign exchange contracts and commodities and futures contracts, initial margins are normally required before trading and thereafter clients are normally required to keep the equity position at a prescribed maintenance margin level.

11. BANK BALANCES AND CASH

	2010	2009
	HK$'000	*HK$'000*
Cash in hand	**15**	14
Bank balances		
— pledged	**12,008**	12,001
— general accounts	**211,288**	148,166
	223,296	160,167
	223,311	160,181

By maturity:

	2010	2009
Bank balances		
— current and savings accounts	**211,288**	148,166
— fixed deposits (maturing within three months)	**12,008**	12,001
	223,296	160,167

12. TRADE AND OTHER PAYABLES

	2010	2008
	HK$'000	*HK$'000*
Trade and other payables	**89,055**	88,297

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

The year 2010 was a year of fluctuation in the investment market. The Hang Seng Index closed at 23,035 points, compared to 21,860 points at the beginning of the year, with an increase of 5.4% recorded. However, the year's highest level was 24,989 points and the lowest was an astonishing 18,972 points. This range of 6,017 points works out to over 32% of the year's low. The initial public offering market was heated in the third quarter of the year. However, the global investment sentiment declined in the last two months of the year because of the fear of an interest rate rebound and the debt crisis in Europe. Certain IPOs were pulled out in the last month of the year.

The Group's performance in 2010 marked a great advancement. The focus on expanding the three major business areas has brought the Group considerable improvements in its results. During the year, the Group suspended its leveraged foreign exchange and investment advisory businesses, which were not profitable. Resources were redirected to other more profitable business areas. Though the Group's turnover was HK$101.3 million (2009: HK$96.6 million), representing an increase of 4.9%, net income after deducting commission expenses was HK$79.5 million (2009: HK$59.5 million), which represents an increase of 33.6%.

A boom in the property market and the human resources market started from the middle of the year and drove up the cost of operations a great deal. Both rental and staff costs increased from the second half of the year. The Group has, however, exercised tight control over the operating costs. As a result the operating expenses excluding commission were HK$87.8 million (2009: HK$80.7 million), which represented a moderate 8.8% increase. Incorporating the results of the associated company, the Group managed to record a profit of HK$11.4 million (2009: loss of HK$19 million).

Corporate Finance

This segment recorded significant growth in business. The Group participated in the offer of a major "H" share and acted as a joint bookrunner, making it the first time our corporate finance division has played such an important role in an international share offering. In addition, the Group was the sole sponsor of another IPO which is dual-listed in both Hong Kong and Singapore. These two experiences created a solid base for the Group to elevate its position in the market. In addition, the Group's business of providing advisory services and acting as compliance advisors continued to provide a steady income. Turnover increased to HK$46.7 million (2009: HK$24.3 million), representing a growth of 92%. Earnings before interest and tax recorded a great leap from HK$0.9 million in 2009 to HK$4.6 million, which is an increase of more than five times.

Securities Broking

Competition in the broking market was extremely keen. We saw cut-throat prices in commission and interest in the retail market. Competitors in the market spent huge amounts on advertising, but charging much reduced commission and interest. The cost of marketing and compliance increased in line with inflation and the tightening of regulations. In addition, the Group had to spend a large amount of money on computerised trading and settlement systems to maintain its broking ability in the market. During the year, the Group upgraded its system to cater for clients' needs. As a result, the opportunity for broking and business dealings decreased. However, the underwriting of new issues provided this segment with significant income. As a result, turnover increased to HK$50.2 million (2009: HK$40.1 million), with the EBIT amounting to HK$7.5 million (2009: loss of HK$1.8 million).

Asset Management

Though the business is yet to resume during the year, the Group has explored a number of opportunities for building its asset management team through collaboration with capable partners. This division will be the main focus in the year to come. In 2010, the only expenses to be incurred were those of maintaining the licence, and hence an insignificant turnover with a loss of HK$1.1 million was recorded (2009: loss of HK$0.2 million). The associated company's engagement in Pre-IPO investment and investment in distressed assets contributed considerable income to the Group. It is expected that upon the maturity of certain investments, the associated company will continue to contribute considerably.

Commodities and Futures Broking

The requirements of information technology equipment in the commodities and futures broking business are becoming demanding. To keep up with our competitors in the market, we upgraded our trading system in the last quarter of the year. The effects have not been seen yet. However, we saw competitive reductions in commission charges, not only on products traded locally but also on those traded in major markets. Income further dropped to HK$3.8 million (2009: HK$4.6 million). Loss remained at a similar level to that of 2009 at HK$3.1 million (2009: loss of HK$3 million).

Financial Planning and Insurance Broking

This segment concentrated on developing business in the broking of insurance products after its stint in the investment advisory business. However, the business environment remained difficult, as demand for these products was still sluggish. Turnover was HK$9.9 million (2009: HK$13.3 million). EBIT recorded a loss of HK$1.4 million (2009: loss of HK$1.2 million).

Financial Resources

The Group has always maintained strong liquidity. The Group did not have borrowings and its current ratio was 4.3 times. All the Group's companies licensed by the Securities and Futures Commission met the financial resources requirement throughout the year. With regards to their bank balance, only a deposit of HK$12 million (2009: HK$12 million) was pledged with a bank to secure banking facilities. Idle funds were either placed in deposits with financial institutions or utilised to invest in financial assets with liquidity. The current position ensures that the Group's liquidity risk is at a low level.

Fluctuation in Foreign Exchange

After the cessation of its foreign exchange business, the Group's business and its assets and liabilities are all denominated in either Hong Kong dollars or US dollars, with very few deposits in foreign currencies. Hence exposure to fluctuation of foreign exchange is minimal.

Remuneration and Human Resources Development

The Group strove to maintain competent staff and to develop those with potential. Various fringe benefits including medical subsidies, education allowances, life insurance, and free continuing professional training and recreational courses were offered to staff of different levels. All staff are remunerated with a basic salary and a mandatory provident fund contribution, with a bonus awarded according to their performance. Account executives are remunerated with an attractive commission package.

Contingent Liabilities

Other than the corporate guarantees given to financial institutions to secure banking facilities for certain wholly-owned subsidiaries, the Group has not entered into any guarantees or surety agreements. At the end of the reporting period, these facilities had not been utilised. The Directors considered that it was unlikely that any material claim would arise. Outstanding litigation cases are considered on a case by case basis. Should any case involve economic outflow, provision will be made accordingly.

Looking Forward

The year ahead is full of uncertainty. The political realm has seen riots in the Middle East and Africa. There is concern that this chaos will spread to Asia, causing an economic downturn. The overheated property market in both Hong Kong and the PRC created a wealth effect, which led to inflation. On one hand, the Hong Kong dollar is pegged against the US dollar and it is difficult to curb inflation through monetary policy. On the other hand, there are worries that the interest rate of the US dollar is bottoming up. If the market interest rate bounces back, the bubbles in the property market may burst, which will cause the economy to slow down.

As mentioned in the interim report, our controlling shareholder, China Cinda Asset Management Co., Ltd ("China Cinda"), has completed its transformation into a joint stock limited company. China Cinda has a strong network and business coverage in the Mainland, and by acting as its arm in the international arena, the Group could benefit from this collaboration with China Cinda and its members.

We have achieved a relatively satisfactory improvement in the year under review. Our focus will remain on the three main business areas – asset management, corporate finance and brokerage. In the year to come, we will endeavour to expand our business in asset management. We have recruited a team of experienced asset management professionals to collaborate with us. Initially, we expect to set up an equity fund and a bond fund. We are confident that with our mix of professionals and our connection to our controlling shareholder, business will pick up quickly. In the medium term, the asset management business can contribute considerably. On the corporate finance business front, the dynamic cooperation of our counterparts in the Mainland has created many business opportunities for the Group. Simultaneously, the Group will actively strengthen its efforts in market exploration. On the brokerage business front, the ruthless competition with our peers in the market will continue in the foreseeable future. As a result we will increase our efficiency through technology improvement, just as others in the market will do.

To sum up, the future will be difficult and challenging. The Board is determined to improve returns to our stakeholders. With effort and the support of our controlling shareholder, we are optimistic that we will realise our mission of developing into a sizable financial institution.

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December 2010 (2009: nil).

SCOPE OF WORK OF KPMG

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2010 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year ended 31st December 2010. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31st December 2010.

COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE

The Group endeavors to maintain a high standard of corporate governance through the adoption of the Code Provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Throughout the year ended 31st December 2010, the Group has complied with all the code provisions.

AUDIT COMMITTEE

The Audit Committee has reviewed the internal controls and financial reporting matters of the Group together with a review of the annual results for the year ended 31st December 2010.

PUBLICATION OF RESULT AND ANNUAL REPORT

This announcement is published on the website of The Stock Exchange of Hong Kong Limited at http://www.hkex.com.hk and the Company's website at http://www.cinda.com.hk. The 2010 Annual Report of the Company will be published on the same websites and dispatched to the shareholders of the Company in due course.

By Order of the Board
Cinda International Holdings Limited
Chen Xiaozhou
Chairman

Hong Kong, 29th March 2011

At the date of this announcement, the Board comprises:

Executive Directors:	Mr. Chen Xiaozhou	*(Chairman)*
	Mr. Gao Guanjiang	*(Deputy Chairman)*
	Mr. Gu Jianguo	
	Mr. Zhao Hongwei	*(Managing Director)*
	Mr. Gong Zhijian	
	Mr. Lau Mun Chung	
Non-executive Director:	Mr. Chow Kwok Wai	
Independent Non-executive Directors:	Mr. Chen Gongmeng	
	Mr. Wang Tongsan	
	Mr. Hung Muk Ming	

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