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

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

ANNOUNCEMENT OF 2011 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 2011 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31st December 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
Continuing operations			
Turnover	4	**75,776**	98,413
Other revenue	4	**5,362**	861
Other net income	4	**3,395**	4,545
		84,533	103,819
Staff costs		**51,565**	44,418
Commission expenses		**12,434**	20,550
Operating leases for land and buildings		**13,797**	10,773
Other operating expenses		**24,939**	22,957
Total operating expenses		**102,735**	98,698
Operating (loss)/profit		**(18,202)**	5,121
Finance costs		**(7)**	(187)
		(18,209)	4,934
Share of (losses)/profits of associates	9	**(12,775)**	15,070
(Loss)/profit before taxation		**(30,984)**	20,004
Income tax credit/(expense)	5	**45**	(533)
(Loss)/profit for the year from continuing operations		**(30,939)**	19,471

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31st December 2011

	Note	**2011** *HK$'000*	2010 *HK$'000*
Discontinued operations			
Loss for the year from discontinued operations	6	**(168)**	(8,056)
(Loss)/profit for the year		**(31,107)**	11,415
Attributable to:			
Equity holders of the Company		**(31,107)**	11,415
(Loss)/earnings per share			
Basic and diluted			
— From continuing and discontinued operations	8	**(HK5.17 cents)**	HK2.13 cents
— From continuing operations	8	**(HK5.14 cents)**	HK3.64 cents
— From discontinued operations	8	**(HK0.03 cents)**	(HK1.51 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2011

	Note	2011 *HK$'000*	2010 *HK$'000*
(Loss)/profit for the year		**(31,107)**	11,415
Other comprehensive income for the year:			
Share of associate's investment revaluation reserve			
— Change in fair value		**1,869**	11,297
— Transfer to profit or loss on disposal		**(6,844)**	(100)
Net movement in investment revaluation reserve		**(4,975)**	11,197
Share of associate's exchange reserve:			
— Exchange differences on translation of the financial statements of operations in the People's Republic of China		**2,290**	3,009
	9	**(2,685)**	14,206
Total comprehensive income for the year		**(33,792)**	25,621
Total comprehensive income attributable to:			
Equity holders of the Company		**(33,792)**	25,621

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
Non-current assets			
Intangible assets		**1,439**	1,439
Fixed assets		**7,637**	5,270
Interests in associates	9	**212,698**	152,158
Other assets		**7,428**	8,171
		229,202	167,038
Current assets			
Financial assets at fair value through profit or loss		—	23,935
Trade and other receivables	10	**93,189**	139,353
Bank balances and cash	11	**261,718**	223,311
		354,907	386,599
Current liabilities			
Trade and other payables	12	**37,355**	89,055
Taxation payable		—	533
		37,355	89,588
Net current assets		**317,552**	297,011
Total assets less current liabilities		**546,754**	464,049
NET ASSETS		**546,754**	464,049
Capital and reserves			
Share capital		**64,121**	53,434
Other reserves		**475,391**	372,266
Retained earnings		**7,242**	38,349
TOTAL EQUITY		**546,754**	464,049

NOTES:

1. STATEMENT OF COMPLIANCE

This financial report has been prepared on a basis consistent with the accounting policies adopted in the Group's 2011 annual financial statements. The Group's 2011 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 2011, 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

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

- HKAS 24 (revised 2009), *Related party disclosures*

- Improvements to HKFRSs (2010)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The impacts of the above developments are discussed below:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period.

- *Improvements to HKFRSs (2010)* omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, *Financial instruments: Disclosures*. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous years.

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

	2011	2010
	HK$'000	*HK$'000*
From continuing operations		
Turnover		
Fees and commission	**68,319**	53,526
Net premium income from insurance broking	**401**	421
Interest income	**4,346**	5,191
Underwriting commission	**2,710**	39,275
	75,776	98,413
Other revenue		
Loan interest income	**4,436**	—
Dividend income from listed securities	**—**	68
Other income	**926**	793
	5,362	861
Other net income		
Net revenue from foreign currency option trading	**—**	(33)
Swap interest and foreign exchange trading revenue	**—**	(157)
Net exchange gains/(losses)	**813**	(191)
Net gains on financial assets at fair value through profit or loss	**2,582**	4,926
	3,395	4,545
	84,533	103,819
From discontinued operations		
Turnover		
Fees and commission	**—**	680
Net revenue from foreign currency option trading	**—**	163
Swap interest and foreign exchange trading revenue	**—**	1,993
Interest income	**—**	12
	—	2,848
Other revenue		
Other income	**—**	3
	—	3
Other net income/(loss)		
Net exchange losses	**—**	(20)
Interest income	**1**	—
Net gains on financial assets at fair value through profit or loss	**15**	—
	16	(20)
	16	2,831

Segment information

Year ended 31st December 2011

	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	**33,931**	**23,309**	**4,638**	**5,615**	**—**	**67,493**	**—**	**67,493**
Turnover from an associate	**—**	**—**	**—**	**—**	**8,116**	**8,116**	**—**	**8,116**
Inter-segment turnover	**300**	**28**	**—**	**—**	**—**	**328**	**—**	**328**
Reportable segment turnover	**34,231**	**23,337**	**4,638**	**5,615**	**8,116**	**75,937**	**—**	**75,937**
Reportable segment results (EBIT)	**(3,604)**	**(9,982)**	**(3,900)**	**(1,992)**	**(1,965)**	**(21,443)**	**(168)**	**(21,611)**
Interest income from bank deposits	**13**	**31**	**—**	**—**	**—**	**44**	**1**	**45**
Interest expense	**—**	**(7)**	**—**	**—**	**—**	**(7)**	**—**	**(7)**
Depreciation for the year	**(136)**	**(822)**	**(215)**	**(8)**	**(12)**	**(1,193)**	**—**	**(1,193)**
Reportable segment assets	**47,753**	**160,483**	**25,270**	**3,070**	**6,632**	**243,208**	**72**	**243,280**
Additions to non-current segment assets during the year	**3**	**678**	**339**	**—**	**—**	**1,020**	**—**	**1,020**
Reportable segment liabilities	**10,099**	**19,874**	**12,990**	**1,418**	**319**	**44,700**	**60**	**44,760**

Year ended 31st December 2010

	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	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

Reconciliations of reportable turnover

	2011	2010
	HK$'000	*HK$'000*
Turnover		
From continuing operations		
Reportable segment turnover	**75,937**	110,519
Elimination of inter-segment turnover	**(328)**	(12,112)
Unallocated head office and corporate turnover	**167**	6
	75,776	98,413
From discontinued operations		
Reportable segment turnover	**—**	2,849
Elimination of inter-segment turnover	**—**	(1)
	—	2,848
Consolidated turnover	**75,776**	101,261

Reconciliation of reportable results

	2011	2010
Results		
From continuing operations		
Reportable segment (loss)/profit	**(21,443)**	6,324
Elimination of inter-segment profits	**(300)**	—
Reportable segment (loss)/profit derived from Group's external customers	**(21,743)**	6,324
Share of (losses)/profits of associates	**(12,775)**	15,070
Finance costs	**(7)**	(187)
Unallocated head office and corporate income/(expenses)	**3,541**	(1,203)
	(30,984)	20,004
From discontinued operations		
Reportable segment loss	**(168)**	(7,270)
Elimination of inter-segment profit	**—**	(786)
Reportable segment loss derived from Group's external customers	**(168)**	(8,056)
Finance costs	**—**	—
	(168)	(8,056)
Consolidated (loss)/profit before taxation	**(31,152)**	11,948

Reconciliations of reportable assets and liabilities

	2011 *HK$'000*	2010 *HK$'000*
Assets		
Reportable segment assets	**243,280**	331,020
Elimination of inter-segment receivables	**(5,057)**	(13,840)
	238,223	317,180
Interests in associates	**212,698**	152,158
Unallocated head office and corporate assets	**133,188**	84,299
Consolidated total assets	**584,109**	553,637
Liabilities		
Reportable segment liabilities	**44,760**	106,216
Elimination of inter-segment payables	**(9,213)**	(18,042)
	35,547	88,174
Unallocated head office and corporate liabilities	**1,808**	1,414
Consolidated total liabilities	**37,355**	89,588

Geographic information

The following table sets out information about the geographical location of (i) the Group's turnover from external customers and (ii) the Group's fixed assets, intangible 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 fixed assets, the location of the operations to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interests in associates.

	Turnover from external customers		**Specified non-current assets**	
	2011 ***HK$'000***	2010 *HK$'000*	**2011** ***HK$'000***	2010 *HK$'000*
Hong Kong	**67,493**	101,255	**86,286**	6,709
Mainland China	**—**	—	**135,488**	152,158
	67,493	101,255	**221,774**	158,867

5. INCOME TAX

Current year's taxation represents over-provision in respect of prior years. No Hong Kong profits tax provision has been made for the current year as the Group's companies either sustained a loss for taxation purposes or their tax losses brought forward exceeded their estimated assessable profits for current year. Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profits for the prior year.

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

	Continuing operations		**Discontinued operations**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(Loss)/profit before taxation (excluding share of (losses)/profits of associates)	**(18,209)**	4,934	**(168)**	(8,056)	**(18,377)**	(3,122)
Notional tax on (loss)/profit before taxation, calculated at the Hong Kong profits tax rate of 16.5%	**(3,005)**	814	**(28)**	(1,329)	**(3,033)**	(515)
Tax effect of income not subject to taxation purposes	**(297)**	(192)	**—**	(2)	**(297)**	(194)
Tax effect of expenses not deductible for taxation purposes	**513**	45	**—**	682	**513**	727
Utilisation of previously unrecognised tax losses	**(590)**	(1,356)	**—**	—	**(590)**	(1,356)
Tax losses for which no deferred income tax assets were recognised	**3,379**	1,209	**28**	497	**3,407**	1,706
Over-provision in respect of prior year	**(45)**	—	**—**	—	**(45)**	—
Others	**—**	13	**—**	152	**—**	165
Taxation (credit)/expenses	**(45)**	533	**—**	—	**(45)**	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	**2011** **HK$'000**	2010 *HK$'000*
Turnover	4	—	2,848
Other revenue	4	—	3
Other net income/(loss)	4	**16**	(20)
		16	2,831
Staff costs		—	1,710
Commission expenses		—	1,187
Operating leases for land and buildings		—	1,839
Other operating expenses		**184**	6,151
Total operating expenses		**184**	10,887
Operating loss		**(168)**	(8,056)
Finance costs		—	—
		(168)	(8,056)
Loss before taxation		**(168)**	(8,056)
Income tax		—	—
Loss for the year		**(168)**	(8,056)

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

	2011 **HK$'000**	2010 *HK$'000*
Operating activities	**(18,879)**	(32,476)
Investing activities	**1**	1,445
Financing activities	—	—
Net cash outflow	**(18,878)**	(31,031)

7. DIVIDENDS

The directors do not recommend the payment of the final dividend for the year ended 31st December 2011 (2010: nil).

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to ordinary equity shareholders of the Company of HK$31,107,000 (2010: profit of HK$11,415,000) and the weighted average of ordinary shares 601,679,000 (2010: 534,338,000 ordinary shares) in issue during the year, calculated as follows:

(i) (Loss)/profit attributed to ordinary equity shareholders of the Company

	2011	2010
	HK$'000	*HK$'000*
(Loss)/earnings for the year from continuing operations	**(30,939)**	19,471
Loss for the year from discontinued operations	**(168)**	(8,056)
(Loss)/earnings for the year attributable to equity holders of the Company	**(31,107)**	11,415

(ii) Weighted average number of ordinary shares

	2011	2010
Issued ordinary shares at 1st January	**534,338,000**	534,338,000
Effect of new shares issued during the year	**67,341,000**	—
Weighted average number of ordinary shares at 31st December	**601,679,000**	534,338,000

(b) Diluted (loss)/earnings per share

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

9. INTERESTS IN ASSOCIATES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Share of net assets at 1st January	**152,158**	125,874
Acquisition of associates	**82,000**	—
Share of associates' results for the year	**(12,775)**	15,070
Share of associates' other comprehensive income for the year	**(2,685)**	14,206
Dividend income from an associate	**(6,000)**	—
Transfer of available-for-sale investments by the Group's associate to the Social Security Fund	**—**	(2,992)
	(21,460)	26,284
Share of net assets at 31st December	**212,698**	152,158

10. TRADE AND OTHER RECEIVABLES

	2011 HK$'000	2010 HK$'000
Trade receivables	**56,012**	135,064
Other receivables	**37,177**	4,289
Total trade and other receivables	**93,189**	139,353

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

As at 31st December 2011, the aging analysis of the trade receivables is as follows:

	2011 HK$'000	2010 HK$'000
Current	**52,127**	125,346
30–60 days	**1,414**	2,493
Over 60 days	**2,471**	7,225
	56,012	135,064

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 after making reference to industry practices.

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 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 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

	2011 HK$'000	2010 HK$'000
Cash in hand	**15**	15
Bank balances		
— pledged	**15,018**	12,008
— general accounts	**246,685**	211,288
	261,703	223,296
	261,718	223,311
By maturity:		
Bank balances		
— current and savings accounts	**221,469**	211,288
— fixed deposits (maturing within three months)	**40,234**	12,008
	261,703	223,296

12. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade and other payables	**37,355**	89,055

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 commodities and futures contracts were payable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

The investment sentiment in 2011 has been hugely affected by the fear surrounding the European debt crisis. The threat of defaults on European sovereign debts has spread to some countries with previously high ratings such as France and Italy. Fears that systemic risk from the defaults could lead to the collapse of the financial system in Europe has caused a contraction in credit. As a result, the money supply in Europe has shrunk. In addition, the tightening monetary policy from the increase of the deposit reserve ratios for banks in the People's Republic of China ("PRC") did not stop until December 2011 when The People's Bank of China announced a reduction in the deposit reserve ratios to release liquidity. The investment market, which largely depends on market liquidity, was therefore severely affected. Possibly the most lucrative business was for money lenders or liquidity providers.

In 2011, the Hang Seng Index opened at 23,135 and closed at 18,434, representing a 20 percent decrease on a year-on-year basis. However, the most shocking drop was the Hang Seng Index's tumble from 20,975, the highest in September 2011, to 16,170 in early October 2011, representing a decrease of 23 percent in about a month. Most retail customers sustained a loss. The market turned sour in the last quarter, with average daily market turnover falling to HK$46 billion in December, the lowest for the year. In addition, we also saw some sizeable companies withdrawing or delaying their initial public offerings ("IPOs") due to poor market response.

As a player focusing on the equity market, our income was inevitably negatively affected. In addition, inflation in Hong Kong remained high despite the unfavourable news permeating the market. The cost of operations increased, mainly due to the high cost of staff and rental. As a result of economic downturn and high cost of operations, our total revenue was HK$84.5 million (2010: HK$103.8 million), representing a decrease of 19 percent. Operating expenses, excluding commission payouts, were HK$90.5 million (2010: HK$87.8 million), representing a 3 percent increase. Taking into account the share of losses in associates, a resultant loss of HK$31.1 million (2010: profit of HK$11.4 million) was recorded.

Corporate Finance

This segment experienced restructuring during the year. The Group recognised the importance of human resources in this business and recruited a new team with investment banking and equity capital market experts to strengthen our business. Our focus has also turned to IPOs and primary market deals in conjunction with the established financial advisory business. In spite of the poor market, we succeeded in solely sponsoring one IPO listed on the Main Board in the last quarter. Turnover decreased to HK$34.2 million (2010: HK$46.7 million), representing a fall of 27 percent. Segment loss before interest and tax was recorded as HK$3.6 million (2010: profit of HK$4.6 million).

Securities Broking

Competition in the retail broking market remained fierce. We not only saw brokerage commission drop to as low as several dollars per trade, but also credit policy loosened to attract retail customers. An imbalanced situation appeared, with rising risk on the one hand and thinning returns on the other. The transaction volume in the market in 2011 advanced only 1 percent from 2010. The effects of reductions in commission could not be compensated for by an increase in volume. Moreover, the requirement of advanced information technology systems, as well as the tightening regulatory requirements further increased the pressure on the cost of operations. Consequentially, turnover decreased to HK$23.3 million (2010: HK$50.2 million), while the segment results showed a loss of HK$10 million (2010: profit of HK$7.5 million).

Asset Management

The Group has successfully attracted powerful partners to develop business in asset management. Leveraging the experience and background of our partners, the fund management business resumed in the middle of the year with the formation of an associate engaged in managing private funds. An absolute return fund and an equity fund were established during the year. The Company invested US$10 million into the absolute return fund to foster its growth. In addition, to extend our coverage of the asset management market in the PRC, an associate will be formed in Xiamen with Sino-Rock (an associate of the Company) and a local governmental corporation to manage a private equity ("PE") fund which is yet to be established. The PE fund aims to capture opportunities emerging from the "Three Linkages" between Taiwan and the mainland. As the associates were in their early stages, they hardly contributed to the Company's results. Sino-Rock's business was stable, but it was not immune to the poor sentiment. The decrease in fair value of financial assets held by Sino-Rock has led to the share of loss from this associate. However, as the PE investments held by the associate are of high quality, we believe they will contribute positive earnings to the Group in the future. In addition, our asset management team continued to explore investment opportunities for the Group to bolster returns. The segment recorded turnover of HK$8.1 million (2010: Nil) which was mainly derived from advisory fee from the associate engaged in managing private funds and incurred a loss of HK$2 million (2010: loss of HK$1.1 million).

Commodities and Futures Broking

As for securities broking, the commodities and futures broking business faced severe price competition too. Some peers in the market bundled commodities and futures broking with securities broking so they could offer extremely low commission to customers. Commissions for a Hang Seng Index contract could often be found to be HK$10 or lower. Commission for contracts in overseas markets was also at a very low level despite the risk being higher. The cost of operations was in no way reduced because of the high inflation. As a result, although income in this segment increased to HK$4.6 million (2010: HK$3.8 million), loss grew to HK$3.9 million (2010: loss of HK$3.1 million).

Financial Planning and Insurance Broking

The fluctuation and downward adjustment in the equity market in the third quarter of the year negatively affected the investors' appetite for personal financial products, such as the investment linked insurance products on which this segment focused. We only saw a small increase in turnover in the second half of the year as compared to that of the first half. Turnover for the year was HK$5.6 million (2010: HK$9.9 million). The reason for the drop was the unsatisfactory business volume recorded in the second half of the year. Segment loss was HK$2 million (2010: loss of HK$1.4 million).

Financial Resources

The Group did not have any borrowings and its assets were liquid, with its current assets being over nine times its current liabilities. The Group companies licensed by the Securities and Futures Commission ("SFC") met the promulgated financial resource requirements. In order to provide funding to the Group to expand its asset management business and replenish the Group's working capital, the Company issued 106,867,600 new shares on the basis that one new share would be allocated to every five existing shares held on 15th April 2011. The subscription price was HK$1.1 per new share. Net proceeds raised were approximately HK$116.5 million, and these have been utilised accordingly.

Fluctuation in Foreign Exchange

The Group's assets were mainly denominated in Hong Kong dollars ("HKD") and Renminbi ("RMB"), whilst its liabilities of accrual and accounts payable were denominated in HKD. In light of the continuous, mild appreciation of the RMB against the HKD, the Group is confident that the exposure to foreign exchange will not have a material impact on its financial position.

Remuneration and Human Resources Development

The core of the Group's remuneration policy is to motivate its staff to achieve their business objectives and to retain high calibre staff. Certain staff members were remunerated with a fixed salary and performance-based bonus. Sales personnel were rewarded according to the income they generated. Apart from remuneration, fringe benefits and ongoing training were offered to staff of different levels. During the year, the Group reshuffled its staff structure and recruited new staff to its major business units. In line with the market situation, the Group increased its general staff's basic salaries during the year.

Contingent Liabilities

Other than the corporate guarantees given to financial institutions or brokers 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, none of these facilities had been utilised. The directors considered it unlikely that any material claims would arise. Outstanding litigation cases are considered on a case-by-case basis. Should any case embody economic outflow, provision will be made accordingly.

Looking Forward

Worries about the European debt crisis, the lowering of the PRC's economic growth target and the bubble in property prices indicate the probability of an economic downturn in Europe and the PRC in the following year. In December 2011, the equity market was sluggish, creating a pessimistic atmosphere for 2012. However, the United States' economic figures are improving, even though the whole economy has not yet recovered. China has also lowered the deposit reserve rate to increase market liquidity. The default risk of Greece's debts has been mitigated. Hence, the overall performance of the equity market has recently started to pick up. It is generally believed that the worst has passed, although recovery might be slow.

The Group itself will continue to expand its three core business segments — corporate finance, asset management and brokerage — but will complement these with some short to medium term investment and financing opportunities to enhance the returns on equity. After the new corporate finance team has settled down, we are confident that we will succeed in sponsoring some IPOs. The asset management team is striving to outperform the market to attract new subscribers aiming to increase the size of its assets under management. For the brokerage business, we will also enhance our system and streamline our procedures to increase our efficiency to confront the keen competition.

Our parent company, China Cinda Asset Management Co., Ltd ("China Cinda") has finished its transformation and has reported very good performance in its commercialised operations. We envisage having marvellous opportunities in the PRC by leveraging our relationship with China Cinda. Furthermore, as the listed flagship in Hong Kong, we are in a privileged position to assist China Cinda in going international. We believe the integration of China Cinda's financial resources and our knowledge and experience in the international market will provide much benefit to the Group.

The coming year will be a volatile one with many uncertain factors surrounding the world's major economies. We understand that the road ahead will be hard, but we trust that we can overcome the difficulties and bring satisfactory returns to the shareholders.

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December 2011 (2010: 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 2011 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.

RIGHTS ISSUE

The Company raised approximately HK$116.5 million (net of related expenses) by way of a rights issue of 106,867,600 new ordinary shares of HK$0.1 each in the capital of the Company at a price of HK$1.1 per share for every five existing shares held on 15th April 2011. The rights issue was over-subscribed and 106,867,600 ordinary shares were issued on 16th May 2011.

PURCHASE, SALE OR REDEMPTION OF SHARES

Save as disclosed, the Company has not redeemed any of its shares during the year ended 31st December 2011. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31st December 2011.

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 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 2011, 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 2011.

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 2011 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, 28th March 2012

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

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. Wang Tongsan	
	Mr. Chen Gongmeng	
	Mr. Hung Muk Ming	

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