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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 2016 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 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST DECEMBER 2016

	Note	**2016** *HK$'000*	2015 *HK$'000*
Revenue	4	**158,357**	149,926
Other income	4	**36,788**	33,237
Other gains, net	4	**14,494**	19,447
		209,639	202,610
Staff costs		**82,519**	75,361
Commission expenses		**15,270**	23,171
Operating leases for land and buildings		**19,027**	17,613
Other operating expenses		**27,864**	32,279
Finance costs		**13,327**	7,861
		158,007	156,285
		51,632	46,325
Share of profits of associates and a joint venture, net	8	**12,395**	19,670
Profit before taxation		**64,027**	65,995
Income tax	5	**(14,521)**	(11,360)
Profit for the year		**49,506**	54,635
Attributable to:			
Equity holders of the Company		**41,080**	40,586
Non-controlling interests		**8,426**	14,049
		49,506	54,635
Basic and diluted earnings per share attributable to equity holders of the Company	7	**HK6.41 cents**	HK6.33 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016 HK$'000	2015 HK$'000
Profit for the year	**49,506**	54,635
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss		
Change in fair value of available-for-sale financial assets	**21,166**	12,521
Reclassification adjustments for (gain)/loss on disposal of available-for-sale financial assets	**(3,276)**	710
Share of an associate's investment revaluation reserve relating to available-for-sale financial assets:		
– Change in fair value, net of deferred tax	**10,076**	(49,157)
– Release of investment revaluation reserve to profit or loss on share dilution in an associate	**–**	2,539
Net movement in investment revaluation reserve	**27,966**	(33,387)
Share of an associate's exchange difference	**(6,956)**	3,550
Release of exchange difference to profit or loss on share dilution in an associate	**–**	(1,250)
Exchange differences on translation of:		
– Financial statements of a joint venture	**(1,172)**	(1,168)
– Financial statements of foreign operations	**(4,186)**	(1,847)
Net movement in exchange difference	**(12,314)**	(715)
Item that would not be reclassified subsequently to profit or loss		
Share of a joint venture's capital reserve	**68**	180
Net movement in capital reserve	**68**	180
Other comprehensive income for the year	**15,720**	(33,922)
Total comprehensive income for the year	**65,226**	20,713
Total comprehensive income attributable to:		
Equity holders of the Company	**57,307**	7,050
Non-controlling interests	**7,919**	13,663
	65,226	20,713

CONSOLIDATED STATEMENT OF FINANCIAL POISITION

AS AT 31ST DECEMBER 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
Non-current assets			
Intangible assets		**1,439**	1,439
Property and equipment		**7,223**	5,071
Available-for-sale financial assets	9	**55,756**	48,380
Interests in associates and a joint venture	8	**312,642**	294,671
Other assets		**10,974**	7,987
Loans receivable		**–**	77,392
		388,034	434,940
Current assets			
Loans receivable		**77,115**	–
Available-for-sale financial assets	9	**380,050**	283,498
Financial assets designated at fair value through profit or loss	10	**85,443**	65,280
Financial instruments held-for-trading	11	**36,360**	16,220
Trade and other receivables	12	**639,126**	296,048
Pledged bank deposits	13	**15,084**	15,074
Bank balances and cash	13	**181,570**	208,678
		1,414,748	884,798
Current liabilities			
Trade and other payables	14	**237,272**	193,805
Borrowings	15	**622,613**	280,672
Taxation payable		**7,786**	8,934
		867,671	483,411
Net current assets		**547,077**	401,387
Total assets less current liabilities		**935,111**	836,327
Capital and reserves			
Share capital		**64,121**	64,121
Other reserves		**494,088**	477,861
Retained earnings		**195,894**	154,814
Total equity attributable to equity holders of the Company		**754,103**	696,796
Non-controlling interests		**10,722**	61,666
TOTAL EQUITY		**764,825**	758,462
Non-current liabilities			
Bonds issued		**86,000**	76,000
Financial liabilities at fair value through profit or loss	16	**58,517**	–
Borrowings	15	**24,541**	–
Deferred tax liability		**1,228**	1,865
		170,286	77,865
		935,111	836,327

NOTES:

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the Group's 2016 annual financial statements. The Group's 2016 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 (Cap. 622). 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 31st December 2016, 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 convention except that certain financial instruments are measured at their fair value.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and amendments included in the *Annual Improvements 2012–2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

  (i) the materiality requirements in HKAS 1;

  (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

  (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

  (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

4. REVENUE, OTHER INCOME, OTHER GAINS AND SEGMENT INFORMATION

	2016	2015
	HK'000	*HK'000*
Revenue		
Fee and commission		
– Asset management	**15,636**	10,286
– Corporate finance	**17,530**	13,413
– Brokerage	**41,895**	57,352
– Others	**2**	1,647
	75,063	82,698
Underwriting income and placing commission		
– Corporate finance	**–**	17,782
– Brokerage	**13,667**	12,083
	13,667	29,865
Interest income		
– Asset management	**878**	120
– Corporate finance	**1**	11
– Brokerage	**25,459**	12,997
– Others	**12**	10
	26,350	13,138
Management fee and service fee income		
– Asset management	**43,277**	24,225
	43,277	24,225
	158,357	149,926

	2016	2015
	HK'000	*HK'000*
Other income		
Loan interest income	**6,727**	6,002
Interest income from debt securities classified as:		
– Available-for-sale financial assets	**16,302**	14,723
– Financial assets designated at fair value through profit or loss	**8,064**	7,118
Investment income	**3,000**	641
Dividend income	**248**	–
Others	**2,447**	4,753
	36,788	33,237
Other gains, net		
Net exchange losses	**(3,061)**	(760)
Net gains on disposal of financial instruments held-for-trading	**4,512**	14,441
Net gain on disposal of financial assets designated at fair value through profit or loss	**4,920**	–
Net gains/(losses) on disposal of available-for-sale financial assets	**1,145**	(811)
Gain/(loss) from changes in fair value of financial instruments classified as held-for-trading	**5,760**	(5,780)
Gain from changes in fair value of financial assets designated at fair value through profit or loss	**7,443**	10,280
Deemed gain/(loss) on share dilution in an associate:		
– Gain on share of increase in net assets arising from capital injection of new investors	**–**	3,366
–Release of investment revaluation reserve from other comprehensive income to profit or loss	**–**	(2,539)
– Release of exchange reserve from other comprehensive income to profit or loss	**–**	1,250
Loss from changes in fair value of financial liabilities at fair value through profit or loss	**(6,225)**	–
	14,494	19,447
	209,639	202,610

Segment information

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

1. Asset management – provision of advisory and managing private funds and auxiliary services and other related investment income.

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

3. Brokerage – 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 broking clients, and acting as an agent for the sale of savings plans, general and life insurance and other investment linked insurance products.

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

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

The measure used for reporting segment results is earnings before finance costs and taxes ("**EBIT**"). To arrive at EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits or losses of associates and a joint venture and other head office or corporate administration costs or other income.

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

Segment information

Year ended 31st December 2016

	Asset management *HK$'000*	**Corporate finance** *HK$'000*	**Brokerage** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**50,606**	**17,531**	**81,021**	**149,158**
Revenue from an associates *(note)*	**9,185**	**–**	**–**	**9,185**
Inter-segment revenue	**–**	**–**	**289**	**289**
Reportable segment revenue	**59,791**	**17,531**	**81,310**	**158,632**
Reportable segment results (EBIT)	**70,616**	**(3,650)**	**7,455**	**74,421**
Interest income from bank deposits	**101**	**1**	**1,173**	**1,275**
Interest expense	**(4,028)**	**(721)**	**(5,268)**	**(10,017)**
Depreciation for the year	**(108)**	**(42)**	**(846)**	**(996)**
Reportable segment assets	**674,458**	**14,409**	**727,438**	**1,416,305**
Additions to non-current segment assets during the year	**570**	**99**	**4,054**	**4,723**
Reportable segment liabilities	**442,756**	**1,299**	**490,718**	**934,773**

Year ended 31st December 2015

	Asset management *HK$'000*	Corporate finance *HK$'000*	Brokerage *HK$'000*	Total *HK$'000*
Revenue from external customers	25,370	31,206	82,432	139,008
Revenue from an associate *(note)*	9,261	–	–	9,261
Inter-segment revenue	–	–	108	108
Reportable segment revenue	34,631	31,206	82,540	148,377
Reportable segment results (EBIT)	53,549	4,531	7,947	66,027
Interest income from bank deposits	39	11	1,222	1,272
Interest expense	(4,302)	(626)	(2,259)	(7,187)
Depreciation for the year	(51)	(24)	(908)	(983)
Reportable segment assets	573,978	15,072	357,778	946,828
Additions to non-current segment assets during the year	100	–	3,052	3,152
Reportable segment liabilities	315,178	4,913	160,240	480,331

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

Reconciliations of reportable revenue

	2016 HK$'000	2015 HK$'000
Revenue		
Reportable segment revenue	**158,632**	148,377
Elimination of inter-segment revenue	**(289)**	(108)
Unallocated head office and corporate revenue	**14**	1,657
Consolidated revenue	**158,357**	149,926

Reconciliation of reportable results

	2016 HK$'000	2015 HK$'000
Reportable segment profit (EBIT)	**74,421**	66,027
Elimination of inter-segment profits (EBIT)	**(8,304)**	(6,627)
	66,117	59,400
Share of profits of associates and a joint venture, net	**12,395**	19,670
Finance costs	**(13,327)**	(7,861)
Unallocated head office and corporate expense	**(1,158)**	(5,214)
Consolidated profit before taxation	**64,027**	65,995
Income tax	**(14,521)**	(11,360)
Profit for the year	**49,506**	54,635

Reconciliations of reportable assets and liabilities

	2016 HK$'000	2015 HK$'000
Assets		
Reportable segment assets	**1,416,305**	946,828
Elimination of inter-segment receivables	**(3,567)**	(5,288)
	1,412,738	941,540
Interests in associates and a joint venture	**312,642**	294,671
Unallocated head office and corporate assets	**77,402**	83,527
Consolidated total assets	**1,802,782**	1,319,738
Liabilities		
Reportable segment liabilities	**934,773**	480,331
Elimination of inter-segment payables	**(7,506)**	(24,671)
	927,267	455,660
Unallocated head office and corporate liabilities	**110,690**	105,616
Consolidated total liabilities	**1,037,957**	561,276

Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers (including its associates) and (ii) the Group's property and equipment, intangible assets and interests in associates and a joint venture ("specified non-current assets"). The geographical location of 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		**Specified non-current assets**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**112,710**	123,201	**93,433**	91,338
Mainland China	**45,647**	26,725	**227,871**	209,843
	158,357	149,926	**321,304**	301,181

Information about major customer:

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2016	2015
	HK$'000	*HK$'000*
A customer from asset management segment	**21,049**	16,850

5. INCOME TAX

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

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the current and prior years.

The amount of taxation charged to the consolidated statement of profit or loss:

	2016	2015
	HK\$'000	*HK\$'000*
Current taxation – Hong Kong		
Charge for current year	**5,891**	5,126
Over-provision in prior year	**(330)**	(140)
Current taxation – PRC		
Charge for current year	**9,520**	5,172
Under-provision in prior year	**77**	460
	15,158	10,618
Deferred taxation		
– Hong Kong	**(637)**	742
	14,521	11,360

6. DIVIDENDS

The directors do not recommend the payment of the final dividend for the year ended 31st December 2016 (2015: nil).

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of HK$41,080,000 (2015: HK$40,586,000) and the number of 641,205,600 ordinary shares (2015: 641,205,600 ordinary shares) in issue during the year, calculated as follows:

(i) Earnings attributable to equity holders of the Company

	2016	2015
	HK$000	*HK$000*
Earnings for the year attributable to equity holders of the Company	**41,080**	40,586

(ii) Number of ordinary shares

	2016	2015
Issued ordinary shares at 1st January and at 31st December	**641,205,600**	641,205,600

(b) Diluted earnings per share

No diluted earnings per share was presented for both years because there were no potential dilutive ordinary shares during both the current and prior years.

8. INTERESTS IN ASSOCIATES AND A JOINT VENTURE

	2016	2015
	HK$'000	*HK$'000*
Interests in associates	**292,693**	273,956
Interest in a joint venture	**19,949**	20,715
	312,642	294,671

Interests in associates

	2016 *HK$'000*	2015 *HK$'000*
Share of net assets at 1st January	**273,956**	297,976
Capital injection in investment in associates	**6,320**	–
Share of profit for the year, net	**12,057**	18,221
Share of other comprehensive income for the year	**3,120**	(45,607)
Gain on share of increase in net assets arising from capital injection of new investors	**–**	3,366
Dividend income from an associate	**(2,760)**	–
	18,737	(24,020)
Share of net assets at 31st December	**292,693**	273,956

Interest in a joint venture

	2016 *HK$'000*	2015 *HK$'000*
Share of net assets at 1st January	**20,715**	20,254
Share of profit for the year	**338**	1,449
Share of other comprehensive income for the year	**(1,104)**	(988)
	(766)	461
Share of net assets at 31st December	**19,949**	20,715

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016	2015
	HK$'000	*HK$'000*
Non-current:		
Unlisted equity investments:		
– equity securities	**1**	3,190
– private equity funds	**7,422**	6,684
Unlisted investment funds	**22,310**	–
Other unlisted investments	**26,023**	38,506
	55,756	48,380
Current:		
Listed debt investment:		
– debt securities with fixed interest	**282,255**	244,680
Unlisted equity investment:		
– an equity fund	**50,163**	38,818
– equity securities	**3,012**	–
Unlisted investment funds	**44,620**	–
	380,050	283,498
	435,806	331,878

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

	2016	2015
	HK$'000	*HK$'000*
Debt securities	**–**	65,280
Convertible bond	**85,443**	–
	85,443	65,280

11. FINANCIAL INSTRUMENTS HELD-FOR-TRADING

	2016	2015
	HK$'000	*HK$'000*
Derivatives – warrants	**–**	16,220
Listed equity securities	**36,360**	–
	36,360	16,220

12. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**590,917**	209,007
Other receivables	**48,209**	87,041
Total trade and other receivables	**639,126**	296,048

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

As at 31st December 2016, the aging analysis of the trade receivables arising from corporate finance based on the date of invoice of the reporting date was as follows:

	2016	2015
	HK$'000	*HK$'000*
Current	**–**	30
30–60 days	**430**	1,113
Over 60 days	**3,249**	1,396
	3,679	2,539

Other than the above, the Group's trade and other receivables (excluding margin clients) included overdue balances of HK$6,128,865 (31st December 2015: HK$4,634,623). The majority of these overdue balances were past due within 60 days. The Group has not provided for impairment loss as the balances are either subsequently settled after the reporting date or fully collateralized by listed securities.

For those cash securities trading clients, it normally takes two to three days to settle after trade date of those transactions. These outstanding unsettled trades due from clients are reported as trade receivables from clients.

The settlement terms of margin and other deposits from brokers and financial institutions are at specific agreed terms. The settlement terms of trade receivables from corporate finance clients are usually 30 days from the date of invoice.

The margin clients of the securities broking business are required to pledge their shares to the Group for credit facilities for securities trading.

The settlement terms of trade receivables from clearing houses are usually one to two days after the trade date.

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

13. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	2016	2015
	HK$'000	*HK$'000*
Cash in hand	**20**	20
Bank balances		
– pledged deposits	**15,084**	15,074
– general accounts	**181,550**	208,658
	196,634	223,732
	196,654	223,752
By maturity		
Bank balances		
– current and savings accounts	**177,550**	205,658
– fixed deposits (maturing within three months)	**19,084**	15,074
– fixed deposits (maturing over three months)	**–**	3,000
	196,634	223,732

14. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade and other payables	**237,272**	193,805

The carrying amounts of trade and other payables approximate their fair value. All trade and other payables are expected to be settled within one year. The trade payable are aged within 30 days.

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 and other deposits received from clients for their trading of commodities and futures contracts were repayable on demand.

15. BORROWINGS

		2016	2015
		HK$'000	*HK$'000*
Non-current			
Bank loan	*Note (a)*	**24,541**	–
Current			
Bank loans	*Note (a)*	**497,000**	106,000
Margin loan from a broker	*Note (b)*	**13,058**	73,272
Borrowing under a securities sale agreement	*Note (c)*	**101,400**	101,400
Amount due to a fellow subsidiary	*Note (d)*	**11,155**	–
		622,613	280,672
		647,154	280,672

(a) At 31st December 2016, the bank loans were repayable and carried interest with reference to HIBOR as follows:

	2016	2015
	HK$'000	*HK$'000*
Within one year	**497,000**	106,000
More than one year	**24,541**	–
	521,541	106,000

At 31st December 2016, bank loans of HK$401,541,000 (31st December 2015: HK$106,000,000) was drawn under the aggregated banking facilities of HK$1,010,000,000 (31st December 2015: HK$306,000,000). An intermediate holding company of the Company ("the Guarantor") provided a corporate guarantee to support these banking facilities of HK$510,000,000 (31st December 2015: HK306,000,000).

The banking facilities are subject to the fulfilment of covenants relating to certain of the Guarantor's and the Company's balance sheet ratios. If the Guarantor and the Company were to breach the covenants, the drawn down facility would become payable on demand.

In addition, a subsidiary engaging in securities brokering has aggregate banking facilities of HK$420,000,000 (31st December 2015: HK$320,000,000). Amongst these banking facilities of HK$170,000,000 (31st December 2015: HK$170,000,000) was secured by pledged deposits with principal of HK$15,000,000 (31st December 2015: HK$15,000,000). As at 31st December 2015 and 2016, the Group has not drawn any balance from these banking facilities.

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

(b) At 31st December 2016, the margin loan from a broker was secured by the Group's debt securities of HK$115,728,000 (31st December 2015: HK$81,925,000), with no determined maturity and carried interest with reference to LIBOR.

(c) In 2015, the Group entered into a securities sale agreement with a financial institution in which the Group sold a portfolio of debt securities it held to the financial institution in exchange for a cash consideration of HK$101,400,000. Under the agreement, the Group is required to repurchase the debt securities at HK$101,400,000 plus interest calculated with reference to LIBOR upon its maturity in April 2016. The Group has renewed the agreement on 28th April 2016 at a fixed rate of 2.3086% upon its with a new maturity in April 2017. As at 31st December 2016, the borrowing under securities sale agreement was collateralised by the Group's debt securities of HK$166,527,000 (31st December 2015: HK$162,755,000).

	2016	2015
	HK$'000	*HK$'000*
Within one year	**101,400**	101,400

(d) Amount due to a fellow subsidiary is unsecured, interest bearing at a fixed rate per annum and repayable within one year.

16. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

As part of the Group's normal course of business, the Group set up an investment fund that issues redeemable units to unrelated third party investors. Pursuant to the relevant offering memorandums, the third party investors can redeem the invested units for cash after the end of commitment period in November 2017 (extendable for further 18 months). As of 31st December 2016, the redeemable unit held by third party investors were classified as a financial liability in the consolidated statement of financial position, with changes in fair value recognized in consolidated statement of profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Conditions

The global financial market continued to be volatile in 2016. After the US Federal Reserve (Fed) announced an interest rate rise of 0.25% in mid-December 2015, the economic statistics of the United States showed a mixed performance. In particular, employment recovery slowed down in the second quarter, raising expectations that the Fed will raise interest rates at a slower pace, which boosted a rally in commodity prices with a 15% rise in copper prices. Though US dollar has been significantly strengthened during the second half of the year, New York oil futures shot up to US$50 per barrel in late November and gained 45% on the year as the OPEC agreed to cut production. Price of spot gold soared to nearly US$1,380 per ounce in the beginning of the third quarter, almost 30% higher over the end of 2015, before moderating to below US$1,200 per ounce due to renewed US dollar strength and decrease in ETF gold holdings, closing the year 2016 with an 8.1% rise. The US Dollar Index was lifted by hopes of some policies to be put in place by the new president after the election. In the last quarter, the chances of a Fed rate hike went up and triggered a growing flow of capital back to the United States, which however powered the Dow Jones index to surpass the 20,000 mark.

In Europe, in view of the Brexit referendum results and the lack of room for Euro rate cuts, the markets were worried about the economic shock that may fall on the European Union members or even the disintegration of the European Union, leading to an obvious pressure on the stock market in the second half of June. The stock markets of Germany and France fell by nearly 10% in the first half of the year. After the Brexit referendum, the UK manufacturing data showed the local economic activities remained largely intact. The UK stock market finished the year 14% higher while the average growth of the stock markets of Germany and France was 6%. Following a slump to a three-decade low against US dollar, the British pound continued to slide and ended the year with a 16% decline as the Bank of England announced a 25 basis point rate cut in the third quarter and expanded its quantitative easing programme to £435 billion with a bias to more easing.

In China, despite the complicated external and domestic economic environment, the Chinese economy still achieved steady growth when compared to other economies and remained a driving force for the global economic growth. The rising momentum in China's export in the second half of the year, coupled with a series of initiatives by the Central Government such as debt-for-equity swaps and "One Belt, One Road", helped further stabilise the domestic economy. The Chinese economy achieved an annual growth rate of 6.7% in line with expectation, contributing over 30% to the global economic growth. The A-share market also rebounded in the second half of the year with improving turnover and the Shanghai Composite Index finished 6% higher at 3,103.64 at the end of December as compared to 2,929.6 at the end of June.

Looking back at Hong Kong, constrainted by various factors brought by the United States and Mainland China, the Hong Kong stock market, unlike last year's boom, went down at the start and fought to finish higher in 2016. The Hang Seng Index picked up slightly after bottomed at 18,279 in February, while sank again to 19,600 in the end of second quarter due to the dramatic volatility in the global financial market caused by the Brexit. In the third quarter, the Hang Seng Index rebounded above 24,000, driven by the southbound capital of mainland investors to invest in the undervalued and high-yield blue chips through the Stock Connect since late August, as well as the announcement of Shenzhen-Hong Kong Stock Connect by the mainland regulators in August. In the fourth quarter, the sentiment in Hong Kong stock market was dampened by the expectation on a faster pace of interim rate hikes in the United States, the US Dollar Index soaring over the 100 resistance and hitting its thirteen-and-half year high in mid-November, and there were some capital outflows from the emerging markets. As at the end of 2016, the Hang Seng Index edged up slightly by 0.4% compared to the end of 2015 while the average daily trading value of Hong Kong stock market decreased by approximately 40% from last year to HK$66.9 billion in 2016. As for equity fund-raising activities in Hong Kong, initial public offering (IPO) plummeted in both the number and the amount of proceeds raised due to profound uncertainties. The year 2016 saw only 126 IPOs, raising HK$195.3 billion, down by 26% as compared to last year.

Overall Performance

2016 was a challenging year for the brokerage and corporate finance business with invisible improvement in the Hong Kong economy, a significant decline in trading volume of the Hong Kong stock market and a lackluster performance in the IPO market. In light of such backdrop, the Group slightly adjusted its operating strategies by focusing more on its asset management business. As a result, the Group successfully maintained steady results compared to the preceding year, mainly due to significant growth in the asset management business. The total income of the Group in 2016 was HK$209.64 million (2015: HK$202.61 million), representing a slight increase of 3%. In particular, revenue increased by 6% over last year to HK$158.36 million (2015: HK$149.93 million); and other income and gains decreased by only 3% to HK$51.28 million (2015: HK$52.68 million) compared with last year. In respect of expenses, due to high inflationary pressure in Hong Kong, operating costs (excluding commission expenses) increased by 7% compared with the preceding year. Share of profit from associates and a joint venture was HK$12.40 million (2015: profit of HK$19.67 million), representing a decrease of 37% from last year. The decrease was mainly due to the decrease in the fair value of some financial assets held. As a result, profit for the year was HK$49.51 million (2015: HK$54.64 million), and profit attributable to equity holders was HK$41.08 million (2015: HK$40.59 million), a slight increase of 1%.

Asset Management

Building on effort and input over the past years, the Group strived to push forward its asset management business and achieved growth in segment revenue despite the subdued sentiment in the investment market. The Group continued to expand the assets under management, and focused on managing private equity funds with unique alternatives opportunities for investors. The Group established several structured private equity funds targeting different sectors and formed a special opportunity investment management company focusing on non-performing assets with a partner. Moreover, the seed money injected in the fixed income fund saw satisfactory growth, which included debt investments and investments in other structured products. As for the funds currently under management of the Group, the retail fund, in which the Group had invested a certain amount of capital, performed well, the principal of investment amount was returned on schedule in the first half of the year, and obtained desirable investment return and comprehensive service fee income. Assets managed by the Group's Fujian subsidiary are now maturing after years of investment, some of which were settled with returns accounted for in the current year.

The asset management segment recorded a revenue of HK$59.79 million (2015: HK$34.63 million), up by 73% year-on-year. The revenue was mainly derived from management fee, performance fee and the advisory fee received from an associate engaged in managing private funds. Coupled with return from seed money and other sources of income, the segment recorded a profit of HK$70.62 million (2015: profit of HK$53.55 million). Profits from associates were deeply affected by unfavourable market environment, with a decrease in fair value of certain financial assets held by an associate. Meanwhile, the Group's investment in an absolute return fund recorded a slight loss amid the poor market conditions. As a result, the Group recorded share of profit from associates amounting to HK$12.40 million (2015: HK$19.67 million).

Brokerage

Though the overall market trading volume decreased significantly by nearly 40% in 2016, the Group's revenue from brokerage business decreased by only 1% to HK$81.31 million (2015: HK$82.54 million). The trading volume and commission income of the Group recorded decrease in line with the overall market. However, the Group proactively expanded its margin financing business under prudent risk control, which resulted in a year-on-year growth of 117% in margin interest income and a year-on-year increase of 301% in balance of margin loan as at the end of 2016. However, competition in brokerage business remains intense. According to the data of the Stock Exchange, the market share of small and medium brokerage firms continued to decline while the total number of brokerage firms increased to 572 as at the end of 2016 from 531 at the beginning of 2016. Despite the extremely low commission rate, new entrants kept on tapping into this market. In response to the market competition, the Group enhanced its customer service by launching a new company website for facilitating business and strengthened customer service, and optimised its customer service process so as to attract more clients with quality services. The brokerage business segment recorded a profit for the year of HK$7.46 million (2015: HK$7.95 million), a decrease of 6% year on year.

Corporate Finance

Amid considerable uncertainties, the Hong Kong IPO market suffered a major setback in terms of both number of IPO and amount of fund raised in 2016 as compared to last year. Excluding the sizable IPOs, such as Postal Savings Bank of China, China Resources Pharmaceutical Group Limited and China Zheshang Bank Co., LTD, etc. the aggregate proceeds of small IPOs raising less than HK$1 billion that small and medium players can participate, decreased by 32% as compared to last year. Nevertheless, many institutions set up corporate-finance departments in Hong Kong despite the uncertain market conditions, which resulted in severe competition and downward pressure on fees. Coupled with the rising costs, the profit margin of the industry kept declining. The corporate finance segment could only complete one sponsorship project in the year which raised approximately HK$100 million. During the year, the segment recorded a revenue of HK$17.53 million (2015: HK$31.21 million), a decrease by 44% year on year, and a segment loss of HK$3.65 million (2015: profit of HK$4.53 million).

Financial Resources

The Group has maintained sound financial position throughout the year, with all subsidiaries licensed by the Securities and Futures Commission ("SFC") keeping liquid capital in excess of regulatory requirements. The Group has been seeking different funding sources in view of the capital need for business expansion. The Group has available credit facilities from authorised institutions of HK$1.43 billion, of which HK$510 million was secured by the guarantee given by the holding company of the Group. As at 31st December 2016, HK$522 million was utilized by the Group. Furthermore, the aggregate principal amount of fixed-rate medium-term bonds of the Group outstanding at the end of the year was HK$86 million.

Fluctuation in Foreign Exchange Rates

A significant portion of the Group's assets and liabilities are denominated in Hong Kong dollar ("HK$") and United States dollar ("US dollar") to which HK dollar is pegged with. The Group only exposes to the fluctuation in the exchange rate of Renminbi ("RMB") against HK Dollar since income from its operations in China and certain financial assets were denominated in RMB. No hedging has been made against the fluctuation in the value of RMB as the size of the assets held is not material enough to make hedging economically feasible.

Remuneration and Human Resources Development

During the year, the Group continues to recruit and retain personnel of high calibre to support its business need and to meet the tight regulatory requirements. Employees are remunerated by a fixed monthly salary and a discretionary bonus calculated in accordance to the performance of both the Group and the staff. Incentive schemes are in place to motivate frontline staff. Performance of supporting staff are appraised at least twice a year to provide a basis for deciding bonus. The Group adopted a multi-dimension appraisal policy. The Group also provides regulatory training to the staff and the account executives to update their knowledge. Education allowance was also provided to staff for attending relevant pre-approved courses.

The Group's staff remuneration committee comprising the top management regularly reviews the remuneration policy and determines the remuneration package of each staff member. The remuneration package of executive directors is determined by the Group's Remuneration Committee, which is mainly comprised of independent non-executive directors.

Contingent Liabilities

The Group continues to provide corporate guarantees to its subsidiaries to secure banking and trade facilities. As at 31st December 2016, the probability of any material claims against the Group was remote. Outstanding litigations and indemnity given by the Group will be considered case-by-case. In case of economic outflows, the Group will make appropriate provision.

Looking Forward

In spite of the uncertainties in global economy and downward pressure on the Hong Kong economy, the Group is well prepared for the uncertain business environment in the coming year. As China Cinda Group further penetrate into the international market, and in view of the strategy to expand business in the financial sector after acquiring the Nanyang Commercial Bank, the Group will further enhance its cooperation with China Cinda Group in exploring business in both domestic and oversea capital markets, so as to achieve further synergy effects and strengthen the Group's role as the only overseas cross-border asset management and financial business platform of China Cinda Group. Meanwhile, the Group also participates in the financing activities of China Cinda Group in the capital market, including the issuance of RMB preferred shares in October 2016 and the recent US dollar debt issuance. Leveraging on our relationship and the internationalization strategy of China Cinda Group, we will continue to reinforce the role of the Group as the overseas financial platform of China Cinda Group.

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

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

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December 2016 (2015: nil).

SCOPE OF WORK OF MESSRS. ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Ernst & Young on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year ended 31st December 2016. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31st December 2016.

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 from time to time in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**" and "Listing Rules", respectively) under Appendix 14 (the Corporate Governance Code and Corporate Governance Report ("**CG Code**")).

Throughout the financial year 2016, the Group has complied with all the code provisions set out in the CG Code save for the deviation from code provisions specified below:

- Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Wang Tongsan and Mr. Chen Gongmeng, the independent non-executive directors of the Company, were unable to attend the annual general meeting and the special general meeting of the Company both held on 26th May 2016 as they have other engagements.

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

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its code of conduct for Directors dealing in its shares. All Directors confirmed that they had complied with the required standards at all times throughout the financial year 2016.

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 2016.

PUBLICATION OF RESULT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at http://www.hkex.com.hk and the Company's website at http://www.cinda.com.hk. The 2016 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
Gong Zhijian
Chairman

Hong Kong, 30th March 2017

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

Executive Directors:	Mr. Gong Zhijian *(Chairman and Managing Director)* Mr. Lau Mun Chung
Non-executive Directors:	Mr. Chow Kwok Wai Ms. Zheng Yi
Independent Non-executive Directors:	Mr. Hung Muk Ming Mr. Xia Zhidong Mr. Liu Xiaofeng

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