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 2017 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 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000*
Revenue	*4*	**193,276**	158,357
Other income	*4*	**87,938**	36,788
Other (losses)/gains, net	*4*	**(7,264)**	14,494
		273,950	209,639
Staff costs		**95,070**	82,519
Commission expenses		**22,317**	15,270
Operating leases for land and buildings		**22,876**	19,027
Other operating expenses		**51,272**	27,864
Finance costs		**21,533**	13,327
		213,068	158,007
		60,882	51,632
Share of profits of associates and a joint venture, net	*8*	**21,069**	12,395
Profit before taxation		**81,951**	64,027
Income tax	*5*	**(14,019)**	(14,521)
Profit for the year		**67,932**	49,506
Attributable to:			
Equity holders of the Company		**66,361**	41,080
Non-controlling interests		**1,571**	8,426
		67,932	49,506
Basic and diluted earnings per share attributable to equity holders of the Company	*7*	**HK10.35 cents**	HK6.41 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2017

	2017	2016
	HK$'000	*HK$'000*
Profit for the year	**67,932**	49,506
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	**(4,363)**	21,166
Reclassification adjustments for gain on disposal of available-for-sale financial assets	**(24,337)**	(3,276)
Share of an associate's investment revaluation reserve relating to available-for-sale financial assets:		
– Change in fair value, net of deferred tax	**13,005**	10,076
Net movement in investment revaluation reserve	**(15,695)**	27,966
Share of an associate's exchange difference	**6,027**	(6,956)
Exchange differences on translation of:		
– Financial statements of a joint venture	**2,035**	(1,172)
– Financial statements of foreign operations	**9,383**	(4,186)
Net movement in exchange difference	**17,445**	(12,314)
Item that would not be reclassified subsequently to profit or loss		
Share of a joint venture's capital reserve	**48**	68
Net movement in capital reserve	**48**	68
Other comprehensive income for the year	**1,798**	15,720
Total comprehensive income for the year	**69,730**	65,226
Total comprehensive income attributable to:		
Equity holders of the Company	**67,398**	57,307
Non-controlling interests	**2,332**	7,919
	69,730	65,226

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Intangible assets		**1,439**	1,439
Property and equipment		**13,348**	7,223
Available-for-sale financial assets	*9*	**37,639**	55,756
Interests in associates and a joint venture	*8*	**338,731**	312,642
Other assets		**14,174**	10,974
		405,331	388,034
Current assets			
Loans receivable		**190,230**	77,115
Available-for-sale financial assets	*9*	**395,014**	380,050
Financial assets designated at fair value through profit or loss	*10*	**88,963**	85,443
Financial instruments held-for-trading	*11*	**10,072**	36,360
Trade and other receivables	*12*	**726,933**	639,126
Taxation recoverable		**1,286**	–
Pledged bank deposits	*13*	**15,093**	15,084
Bank balances and cash	*13*	**269,391**	181,570
		1,696,982	1,414,748
Current liabilities			
Trade and other payables	*14*	**308,462**	237,272
Borrowings	*15*	**815,865**	622,613
Taxation payable		**10,132**	7,786
Bonds issued		**34,000**	–
		1,168,459	867,671
Net current assets		**528,523**	547,077
Total assets less current liabilities		**933,854**	935,111

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Capital and reserves			
Share capital		**64,121**	64,121
Other reserves		**495,125**	494,088
Retained earnings		**262,255**	195,894
Total equity attributable to equity holders of the Company		**821,501**	754,103
Non-controlling interests		**13,054**	10,722
TOTAL EQUITY		**834,555**	764,825
Non-current liabilities			
Bonds issued		**52,000**	86,000
Financial liabilities at fair value through profit or loss	*16*	**46,870**	58,517
Borrowings	*15*	**–**	24,541
Deferred tax liability		**429**	1,228
		99,299	170,286
		933,854	935,111

NOTES:

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the Group's 2017 annual financial statements. The Group's 2017 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 2017, 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 HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014–2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

Other than as explained below regarding the impact of Amendments to HKAS 7, Amendments to HKAS 12, and Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014–2016 Cycle*, the adoption of the above revised standards has had no significant financial effect on these financial statements.

The nature and the impact of the amendments are described below:

(a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements as the Group does not have a subsidiary classified as a disposal group held for sale as at 31st December 2017.

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

	2017	2016
	HK'000	*HK'000*
Revenue		
Fees and commission		
– Asset management	**15,780**	15,636
– Brokerage	**66,694**	41,895
– Corporate finance	**19,374**	17,530
– Others	**–**	2
	101,848	75,063
Underwriting income and placing commission		
– Brokerage	**5,033**	13,667
– Corporate finance	**1,170**	–
	6,203	13,667
Interest income		
– Asset management	**348**	878
– Brokerage	**37,797**	25,459
– Corporate finance	**5**	1
– Others	**15**	12
	38,165	26,350
Management fee and service fee income		
– Asset management	**47,060**	43,277
	47,060	43,277
	193,276	158,357

	2017	2016
	HK'000	*HK'000*
Other income		
Loan interest income	**12,916**	6,727
Interest income from debt securities classified as:		
– Available-for-sale financial assets	**22,429**	16,302
– Financial assets designated at fair value through profit or loss	**10,129**	8,064
Investment income	**7,059**	3,000
Dividend income	**33,011**	248
Others	**2,394**	2,447
	87,938	36,788
Other (losses)/gains, net		
Net exchange gains/(losses)	**3,433**	(3,061)
Net (losses)/gains on disposal of financial instruments held-for-trading	**(1,846)**	4,512
Net (losses)/gains on disposal of financial assets designated at fair value through profit or loss	**(7,443)**	4,920
Net gain on disposal of available-for-sale financial assets	**19,085**	1,145
Gain from changes in fair value of financial instruments classified as held-for-trading	**163**	5,760
(Loss)/gain from changes in fair value of financial assets designated at fair value through profit or loss	**(471)**	7,443
Loss from impairment of available-for-sale financial assets	**(17,150)**	–
Loss from changes in fair value of financial liabilities at fair value through profit or loss	**(3,035)**	(6,225)
	(7,264)	14,494
	273,950	209,639

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. 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.

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

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

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

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

Year ended 31st December 2017

	Asset management *HK$'000*	**Brokerage** *HK$'000*	**Corporate finance** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**54,297**	**109,524**	**20,548**	**184,369**
Revenue from an associate *(note)*	**8,890**	**–**	**–**	**8,890**
Inter-segment revenue	**–**	**62**	**–**	**62**
Reportable segment revenue	**63,187**	**109,586**	**20,548**	**193,321**
Reportable segment results (EBIT)	**81,572**	**8,320**	**(312)**	**89,580**
Interest income from bank deposits	**159**	**1,287**	**4**	**1,450**
Interest expense	**(12,541)**	**(7,967)**	**–**	**(20,508)**
Depreciation for the year	**(153)**	**(974)**	**(57)**	**(1,184)**
Reportable segment assets	**899,626**	**740,334**	**35,357**	**1,675,317**
Additions to non-current segment assets during the year	**753**	**1,662**	**112**	**2,527**
Reportable segment liabilities	**690,142**	**452,491**	**4,575**	**1,147,208**

Year ended 31st December 2016

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

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

Reconciliations of reportable revenue

	2017 ***HK$'000***	2016 *HK$'000*
Revenue		
Reportable segment revenue	**193,321**	158,632
Elimination of inter-segment revenue	**(62)**	(289)
Unallocated head office and corporate revenue	**17**	14
Consolidated revenue	**193,276**	158,357

Reconciliations of reportable results

	2017 ***HK$'000***	2016 *HK$'000*
Results		
Reportable segment profit (EBIT)	**89,580**	74,421
Elimination of inter-segment profits (EBIT)	**(5)**	(8,304)
	89,575	66,117
Share of profits of associates and a joint venture, net	**21,069**	12,395
Finance costs	**(21,533)**	(13,327)
Unallocated head office and corporate expense	**(7,160)**	(1,158)
Consolidated profit before taxation	**81,951**	64,027
Income tax	**(14,019)**	(14,521)
Profit for the year	**67,932**	49,506

Reconciliations of reportable assets and liabilities

	2017	2016
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**1,675,317**	1,416,305
Elimination of inter-segment receivables	**(17,410)**	(3,567)
	1,657,907	1,412,738
Interests in associates and a joint venture	**338,731**	312,642
Taxation recoverable	**1,286**	–
Unallocated head office and corporate assets	**104,389**	77,402
Consolidated total assets	**2,102,313**	1,802,782
Liabilities		
Reportable segment liabilities	**1,147,208**	934,773
Elimination of inter-segment payables	**(13,530)**	(7,506)
	1,133,678	927,267
Unallocated head office and corporate liabilities	**134,080**	110,690
Consolidated total liabilities	**1,267,758**	1,037,957

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**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**147,421**	112,710	**105,865**	93,433
Mainland China	**45,855**	45,647	**247,653**	227,871
	193,276	158,357	**353,518**	321,304

Information about major customer:

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

	2017	2016
	HK$'000	*HK$'000*
A customer from asset management segment	**–**	21,049

5. INCOME TAX

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

	2017	2016
	HK$'000	*HK$'000*
Current taxation – Hong Kong		
Charge for current year	**6,520**	5,891
Over provision in prior year	**(946)**	(330)
Current taxation – PRC		
Charge for current year	**9,237**	9,520
Under provision in prior year	**7**	77
	14,818	15,158
Deferred taxation		
– Hong Kong	**(799)**	(637)
	14,019	14,521

6. DIVIDENDS

The directors do not recommend the payment of the final dividend for the year ended 31st December 2017 (2016: 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$66,361,000 (2016: HK$41,080,000) and the number of 641,205,600 ordinary shares (2016: 641,205,600 ordinary shares) in issue during the year, calculated as follows:

(i) Earnings attributable to equity holders of the Company

	2017	2016
	HK$000	*HK$000*
Earnings for the year attributable to equity holders of the Company	**66,361**	41,080

(ii) Number of ordinary shares

	2017	2016
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

	2017	2016
	HK$'000	*HK$'000*
Interests in associates	**329,326**	292,693
Interest in a joint venture	**9,405**	19,949
	338,731	312,642

Interests in associates

	2017 *HK$'000*	2016 *HK$'000*
Share of net assets at 1st January	**292,693**	273,956
Capital injection in investment in associates	**–**	6,320
Share of profits for the year, net	**20,637**	12,057
Share of other comprehensive income for the year	**19,032**	3,120
Dividend income from an associate	**(3,036)**	(2,760)
	36,633	18,737
Share of net assets at 31st December	**329,326**	292,693

Interest in a joint venture

	2017 *HK$'000*	2016 *HK$'000*
Share of net assets at 1st January	**19,949**	20,715
Share of profit for the year	**432**	338
Share of other comprehensive income for the year	**48**	68
Translation difference	**2,035**	(1,172)
Repayment of capital	**(13,059)**	–
	(10,544)	(766)
Share of net assets at 31st December	**9,405**	19,949

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 *HK$'000*	2016 *HK$'000*
Non-current:		
Unlisted equity investments:		
– equity securities	**–**	1
– private equity funds	**13,629**	7,422
Unlisted investment funds	**24,010**	22,310
Other unlisted investments	**–**	26,023
	37,639	55,756
Current:		
Listed debt investment:		
– debt securities with fixed interest	**392,191**	282,255
Unlisted equity investments:		
– an equity fund	**1**	50,163
– equity securities	**–**	3,012
Unlisted investment funds	**–**	44,620
Other unlisted investment	**2,822**	–
	395,014	380,050
	432,653	435,806

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

	2017 *HK$'000*	2016 *HK$'000*
Listed debt securities	**88,963**	–
Convertible bond	**–**	85,443
	88,963	85,443

11. FINANCIAL INSTRUMENTS HELD-FOR-TRADING

	2017 *HK$'000*	2016 *HK$'000*
Listed equity securities	**10,072**	36,360

12. TRADE AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade and other receivables	**743,317**	639,708
Less: Impairment allowance for trade and other receivables	**(16,384)**	(582)
	726,933	639,126

The carrying amounts of trade and other receivables approximate their fair value. All of the trade and other receivables are expected to be recovered or realized within one year.

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

	2017 HK$'000	2016 HK$'000
At 1st January	**582**	582
Provision of impairment loss	**15,802**	–
At 31st December	**16,384**	582

For trade receivable arising from corporate finance of HK$9,187,000, impairment allowance of HK$2,873,000 (31st December 2016: nil) was provided for the current year. The aging analysis of trade receivable arising from corporate finance at the reporting date, based on date of invoice was as follows:

	2017 HK$'000	2016 HK$'000
Current	**4,514**	–
30–60 days	**–**	430
Over 60 days	**4,673**	3,249
	9,187	3,679

For trade receivables related to margin clients of HK$382,705,000 (31st December 2016: HK$450,506,000), individual impairment of HK$12,929,000 was provided for the current year. No aging analysis is disclosed as in the opinion of Directors, the aging analysis does not give additional value in view of the nature of revolving margin loan.

Other than the above, the Group's trade and other receivables included overdue balances of HK$6,893,947 (31st December 2016: HK$6,128,865). The majority of these overdue balances were past due within 60 days. The Group has not provided for impairment loss as the Group has performed a collective impairment assessment and the balances are either subsequently settled after the reporting date or fully collateralised 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 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. The margin clients of the securities broking business are required to pledge their shares to the Group for credit facilities for securities trading. Clients trading in commodities and futures contracts and clients 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

	2017	2016
	HK$'000	*HK$'000*
Cash in hand	**21**	20
Bank balances		
– pledged deposits	**15,093**	15,084
– general accounts	**269,370**	181,550
	284,463	196,634
	284,484	196,654
By maturity		
Bank balances		
– current and savings accounts	**265,370**	177,550
– fixed deposits (maturing within three months)	**15,093**	19,084
– fixed deposits (maturing over three months)	**4,000**	–
	284,463	196,634

14. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade and other payables	**308,462**	237,272

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 payables 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, which exceeded the margin maintenance requirement, were repayable on demand.

15. BORROWINGS

		2017	2016
		HK$'000	*HK$'000*
Non-current			
Bank loan	*Note (a)*	**–**	24,541
Current			
Bank loans	*Note (a)*	**537,411**	497,000
Margin loan from a broker	*Note (b)*	**–**	13,058
Borrowings under securities sale agreements	*Note (c)*	**153,072**	101,400
Borrowings under repurchase agreements	*Note (d)*	**125,382**	–
Amount due to a fellow subsidiary	*Note (e)*	**–**	11,155
		815,865	622,613
		815,865	647,154

(a) At 31st December 2017, the bank loans was repayable and carried interest with reference to HIBOR as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**537,411**	497,000
More than one year	**–**	24,541
	537,411	521,541

As at 31st December 2017, the Group has total banking facilities of HK$1,460,000,000 (31st December 2016: HK$1,430,000,000). Among these banking facilities, HK$220,000,000 (31st December 2016: HK$170,000,000) was secured by pledged deposits with principal of HK$15,000,000 (31st December 2016: HK$15,000,000). As at 31 December 2016, banking facilities of HK$510,000,000 was further supported by a corporate guarantee provided by an intermediate holding company. No corporate guarantee was provided by the intermediate holding company in 2017.

As at 31st December 2017, HK$537,411,000 was drawn from the banking facilities without any corporate guarantee. As at 31st December 2016, HK$521,541,000 was drawn from the facilities and in which HK$251,541,000 was guaranteed by an intermediate holding company as corporate guarantor.

As at 31st December 2016 and 2017, the Group has not utilized any of the banking facilities secured by the pledged deposits.

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

(b) At 31st December 2016, the margin loan from a broker was secured by the Group's debt securities of HK$115,728,000, with no determined maturity and carried interest with reference to LIBOR. The entire loan was repaid in 2017.

(c) On 28th April 2016, the Group entered into a securities sale agreement with a financial institution in which the Group sold a portfolio of debt securities (notes 9 and 10) 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 at a fixed rate of 2.3086% upon its maturity in April 2017. The Group has renewed the agreement on 28th April 2017 at a fixed rate of 3.016% upon it with a maturity in April 2018. As at 31st December 2017, the borrowing under securities sale agreement of HK$101,400,000 (31st December 2016: HK$101,400,000) was collateralised by the Group's debt securities of HK$162,502,000 (31st December 2016: HK$166,527,000).

On 19th June 2017, the Group entered into another securities sale agreement with a financial institution in which the Group sold a portfolio of debt securities (note 9) it held to the financial institution in exchange for a cash consideration of HK$51,672,000. Under the agreement, the Group is required to repurchase the debt securities at HK$51,672,000 plus interest calculated with reference to LIBOR upon its maturity in June 2018. As at 31st December 2017, the borrowing under such securities sale agreement of HK$51,672,000 was collateralised by the Group's debt securities of HK$77,435,000.

(d) On 1st September 2017 and 21st December 2017, the Group entered into repurchase agreements with a financial institution in which the Group sold a portfolio of debt securities (notes 9 and 10) it held to the financial institution in exchange for a cash consideration of HK$108,720,000 and HK$16,662,000 respectively. There are no stated interest rates and maturity dates in the agreements. The Group is required to repurchase the debt securities at HK$108,720,000 and HK$16,662,000 plus interest at variable rates calculated upon the termination of the agreements. As at 31st December 2017, the borrowings under repurchase agreements were collateralised by the Group's debt securities of HK$147,400,000.

(e) As at 31st December 2016, amount due to a fellow subsidiary was unsecured, interest bearing at a fixed rate per annum and repayable within one year. The amount was repaid in 2017.

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. As of 31st December 2017 and 31st December 2016, the redeemable units 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

Year of 2017 witnessed a growth of 3.7% of the world economy and a buoyant financial market. It's performance was the best since the financial tsunami in 2008, during which the U.S. stock market was not impacted by the shrinkage of the balance sheet and interest rate rises. The three major indexes in the U.S. stock markets soared between 19.4% and 28.2% as benefited from the recovery of U.S. economy and the improving employment market as well as the tax reform in the United States which is expected to improve profitability of companies, increase personal disposable income and lead capital outflow back into the United States, which will in turn stimulate the growth of U.S. economy. In addition, with the ending of the Quantitative Easing (QE) policy in the United States, the Federal Reserve (the "**FED**") started to reduce the scale of its balance sheet since last October by a maximum amount of US$10 billion each month. It is expected in the market that the FED may raise interest rates at a faster pace in 2018, which means the FED would maintain a step-by-step interest rate rise. Thanks to the slowdown of the shrinkage of the balance sheet and the information released in advance by the FED on the shrinkage of the balance sheet, there was no significant impact on risk assets.

In Europe, European Central Bank maintained its expansionary monetary policy. Owing to the continuous improvement of economy in Europe, the Eurozone economy has recorded a growth for 17 consecutive quarters, which was the best performance since the financial tsunami in 2008, driving the rise of major stock markets in Europe. Throughout the year, Germany's DAX index and France's CAC index increased by 13% and 9.2%, respectively. Meanwhile, as no Black Swan Events occurred during the presidential election in France and Germany, the exchange rate of Euro against US dollar rose 14% during the year.

As to Chinese financial market, according to MSCI announcement released in late June 2017, China A shares will be included in the MSCI Emerging Market Index and the MSCI All Country World Index from June 2018. Since then, the Shanghai Stock Exchange Composite Index (the "**SSECI**") surged rapidly to about 3,450 points in November, recording a new high since February 2016. Despite that the SSECI slipped back to near 3,300 points due to the tight funding in the mainland capital market toward the end of the year, the SSECI recorded a growth of 6.6% in 2017. For the yield of treasury bonds, the yield of ten-year treasury bonds in mainland China broke above 4% in late November, recording a new high since 2014. In the end, the yield of ten-year treasury bonds increased by over 85 points throughout the year of 2017. In addition, The PBOC successively adopted various measures to stabilize the foreign exchange rate of RMB. Moreover, due to the depreciation of US dollar, both the CNY and CNH against US dollar increased by approximately 7% in 2017.

Looking back at Hong Kong, as Southbound capital continued to flow into HK stocks in 2017 and large cap blue chips and Chinese stocks achieved desirable performance in the first quarter of 2017, the Hang Seng Index (the "**HSI**") increased by 17% during the first half of the year; Hang Seng Chinese Enterprises Index increased by 10% during the first half of the year. In the third quarter, the half year results of corporates were slightly better than those expected in the market, which triggered a new round of profit increase cycle, stimulating the HSI to increase by 7% in the third quarter. In the fourth quarter, as the Southbound capital flowed into Hong Kong through Shanghai Connect, the trading in Hong Kong stock market became more active, and the HSI once climbed to 30,199 points, recording a new high for a decade. As at the end of 2017, the HSI closed at 29,919, increased by 36% throughout the year.

In the first half of 2017, there was no significant improvement in trading volume. The situation took a favourable turn in the third quarter. In the fourth quarter, the average daily trading volume amounted to HK$107.3 billion, and the total trading volume increased by 67% as compared with that of last year. The daily average trading volume increased from HK$66.9 billion last year to HK$88.2 billion for the year, representing a year-on-year growth of 32%. In respect of USD bond market, as the exchange rate of RMB stabilized and started to rebound in 2017, more PRC enterprises sought for overseas bond issuance to broaden their financing channels. In addition, due to the effect of de-leverage among domestic financial institutions, the bond issue cost in domestic bond market increased significantly. In comparison, US dollar is more liquid in overseas market and Chinese institutions have a more extensive and diversified customer group, and thus, enterprises turned to overseas bond issuance. Therefore, in 2017, the primary market for USD bonds issued by Chinese enterprises experienced an explosive growth in 2017 with the issuance of more than 400 USD bonds, total financing amounted to more than US$200 billion, both figures being close to two times as compared with 2016.

Overall Performance

Due to the improvement of the market atmosphere in 2017,the overall economic development and the dedication of the Group to its three core businesses, the total income of the Group was HK$273.95 million (2016:HK$209.64 million), representing an increase of 31% compared with the same of last year, amongst which revenue was HK$193.28 million (2016: HK$158.36 million), representing an increase of 22% compared with that of the last year, and other income and gains was HK$80.67 million (2016: HK$51.28 million), representing an increase of 57% compared with that of the last year. In respect of expenses, the Group set up several new business departments, recruited additional staff and expanded office space during the year for business development. Since there was still a great demand for talents and office premises within the industry and coupled with the inflationary pressure and the increase of provisions in line with business expansion, operating costs (excluding commission expenses) increased from HK$142.74 million in 2016 to HK$190.75 million, representing an increase of 34%. For the increase in commission expenses, it was in same pace with the increase in commission income.

Share of profit from associates and a joint venture was HK$21.07 million (2016: HK$12.40 million), mainly due to an increase in profit contribution from three associates. Therefore, the profit for the year amounted to HK$67.93 million (2016: HK$49.51 million), and the profit attributable to equity holders amounted to HK$66.36 million (2016: HK$41.08 million), representing an increase of 62% as compared with last year.

Asset Management

Building on the effort and input over the past years, the Group strived to push forward its asset management business from all aspects and achieved a desirable growth in segment revenue. The Group continued to expand the size of assets under management, and focused on managing private equity funds providing unique alternate opportunities to investors. During the year, the Group established several structured private equity funds targeting different sectors and regions, and also 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. Funds and investment and financial projects that the Group invested in precedent years performed well, the principal of investment amounts were repaid on schedule this year, and the Group obtained desirable investment return.

The asset management segment recorded a revenue of HK$63.19 million (2016: HK$59.79 million), up by 6% 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 sound returns from seed monies and other two investment projects, the segment recorded a profit of HK$81.57 million (2016: HK$70.62 million), up by 16% year-on-year.

The Group recorded share of profit from associates and a joint venture amounted to HK$21.07 million (2016: HK$12.4 million). An associate contributed a profit of HK$13.61 million (2016: HK$11.61 million) to the Group, and the profit was mainly due to the investment return generated from the private equity investments matured and the service income for managing funds. The absolute return fund the Group invested turned into profits as a result of the improved market environment, from which we recorded share of profit of HK$4.7 million (2016: loss of HK$0.16 million). The associate managing the absolute return fund also contributed a profit of HK$2.4 million (2016: HK$1.23 million) to the Group.

Brokerage

Though the overall market trading volume increased by approximately 34% in 2017, the trading volume of the Group increased by 71% mainly due to the taking up of a portion of the securities dealing of the bank in China Cinda Group. The brokerage commission and underwriting income increased by 29% year-on-year. During the year, we have underwritten the bonds and preferred shares issued by China Cinda Group and the bank, respectively. Margin interest income also increased by 51% year-on-year. Competition in brokerage business remained intense, but new entrants kept on tapping into this market. In response to the market competition, the Group continuously optimised its customer service process so as to attract more clients with quality services. In addition, the Group improved the scope and extent of the underwriting of securities and the synergy with China Cinda Group, resulting in a record of revenue of the brokerage for 2017 amounting to HK$109.59 million (2016: HK$81.31 million), representing a year-on-year increase of 35%. The brokerage business segment recorded a profit for 2017 of HK$8.32 million (2016: HK$7.46 million), representing an increase of 12% year-on-year.

Corporate Finance

The corporate finance segment has gone through restructuring in the first half of 2017 due to staff turnover, and the team has been proactively exploring new customers in the second half of 2017 and successfully concluded nine sponsor agreements and one financial advisor agreement as its reserves for IPO forthcoming projects. Apart from equity business, the Group also established a financial product division to expand businesses on issuance and underwriting of bonds and successfully completed nine bonds and preferred shares issuance projects during the year with issuance scale totaling US$10 billion. Consequentially, the segment recorded a revenue of HK$20.55 million (2016: HK$17.53 million), representing an increase of 17% year-on-year, and the segment loss was HK$0.31 million (2016: a loss of HK$3.65 million), representing an decrease of 92% year-on-year.

Financial Resources

The Group has maintained sound financial strength during the year, and all subsidiaries licensed by the Securities and Futures Commission ("**SFC**") have kept liquid capital in excess of regulatory requirements. The Group is aware of the need to use the capital for further business expansion, continuously seeking various means of financing. Among the credit facilities from authorized institutions of HK$1.46 billion made available to the Group as at the end of the year, a total amount of HK$537 million was drawn by the Group. Furthermore, the aggregate principal amount of the outstanding fixed-rate medium-term bonds of the Group at the end of the year was HK$86 million.

Fluctuation in Foreign Exchange Rates

A significant portion of assets and liabilities of the Group are denominated in Hong Kong dollar ("**HK$**") and United States dollar ("**US dollar**") to which HK$ is pegged with. The Group only exposes to the fluctuation in the exchange rate of Renminbi against HK$ because of part of its revenue generated in the PRC and certain financial assets held by it were denominated in RMB. No hedging has been made against the fluctuation in the exchange rate of RMB as the size of the assets held is not large 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 is 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 senior 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 bank financing facilities. The outstanding litigation and indemnities given by the Group will be considered case-by-case. As at 31st December 2017, the probability of any material claims against the Group was remote. In case of economic outflows is envisioned, the Group will make appropriate provision.

Looking Forward

In the coming year, the global economy is expected to increase continuously and US, Eurozone, UK, Japan and emerging market countries will maintain the overall economic expansion, despite of which, the inflation level will generally remain mild. The Chinese economy maintains a medium-high rate of growth. Since the 19th National Congress of the Communist Party of China stated the direction for China's future development, and specified key areas and policy orientation for the economic development in the next stage, the Chinese overall economic vitality will be improved. As the China Cinda Group further penetrates into the international market, the Group will make contributions to the development of the real economy in promoting the One Belt One Road Initiative, and provide overall customized financial services to customers by giving full play to the features and advantages of diversified financial instruments and prudent risk culture in Hong Kong in deep operation of non-performing assets. The Group will further enhance its business cooperation with China Cinda Group by exploring business in both domestic and overseas capital markets, so as to achieve further synergy and further 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 special investment opportunities and set up special opportunities funds focusing on Belt and Road Initiative and Guangdong-Hong Kong-Macao Greater Bay Area Development Strategy, acting as the asset manager of different overseas projects. 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 securitization funds, with a view to vigorously growing our customer base of institutional clients and high-net-worth clients.

In respect of the brokerage business, the Group will continue to proactively develop institutional clients and high-net-worth clients and build up synergy in securities business sector through the relationships with our direct shareholder. We will utilize the client resources of different platforms within the China Cinda Group to collaborate with the members of the Group 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, we strive to complete the IPO on hand with the objective to successful listing. In addition, we will continue to recruit new projects as reserves. Based on the foundation we already built on IPO business, we strive to explore into in merger & acquisitions opportunities and to set up an all-round bond-related business by building the financial product division to cover both the primary issuance and secondary dealing. Leveraging on the foundation already established by the Group, we look forward to boosting our results in the coming year.

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December 2017 (2016: 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 2017 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 2017. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31st December 2017.

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 2017, 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. Xia Zhidong and Mr. Liu Xiaofeng, the independent non-executive directors of the Company, and Ms. Zheng Yi, non-executive director of the Company, were unable to attend the annual general meeting of the Company held on 25th May 2017 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. Gong Zhijian serves as both the Managing Director and acting Chairman since 29th November 2016. The board of directors ("**Directors**") of the Company (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 2017.

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 2017.

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 2017 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, 27th March 2018

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