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 2018 FINAL RESULTS

The board (the "Board") of directors (the "Directors") of Cinda International Holdings Limited (the "Company") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31st December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST DECEMBER 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Revenue	4	**246,023**	193,276
Other income	4	**48,441**	87,938
Other losses, net	4	**(15,729)**	(7,264)
		278,735	273,950
Staff costs		**102,233**	95,070
Commission expenses		**16,743**	22,317
Operating leases for land and buildings		**26,118**	22,876
Other operating expenses		**71,788**	51,272
Finance costs		**23,443**	21,533
		240,325	213,068
		38,410	60,882
Share of profits of associates and a joint venture, net	8	**31,256**	21,069

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Profit before taxation		**69,666**	81,951
Income tax	5	**(13,156)**	(14,019)
Profit for the year		**56,510**	67,932
Attributable to:			
Equity holders of the Company		**55,174**	66,361
Non-controlling interests		**1,336**	1,571
		56,510	67,932
Basic and diluted earnings per share attributable to equity holders of the Company	7	**HK8.60 cents**	HK10.35 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2018

	2018	2017
	HK$'000	*HK$'000*
Profit for the year	**56,510**	67,932
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss		
Debt instruments at fair value through other comprehensive income:		
– Change in fair value	**(21,416)**	–
– Change in impairment allowances charged to profit or loss	**(3,640)**	–
– Reclassification adjustments for loss on disposal	**(451)**	–
Available-for-sale financial assets:		
– Change in fair value	**–**	(4,363)
– Reclassification adjustments for gain on disposal	**–**	(24,337)
Share of an associate's investment revaluation reserve:		
– Change in fair value, net of deferred tax	**(6,791)**	13,005
Net movement in investment revaluation reserve	**(32,298)**	(15,695)
Share of an associate's exchange difference	**(4,221)**	6,027
Exchange differences on translation of:		
– Financial statements of a joint venture	**(452)**	2,035
– Financial statements of foreign operations	**(8,209)**	9,383
Net movement in exchange difference	**(12,882)**	17,445

	2018 *HK$'000*	2017 *HK$'000*
Item that would not be reclassified subsequently to profit or loss		
Share of a joint venture's capital reserve	**–**	48
Net movement in capital reserve	**–**	48
Other comprehensive income for the year	**(45,180)**	1,798
Total comprehensive income for the year	**11,330**	69,730
Total comprehensive income attributable to:		
Equity holders of the Company	**10,615**	67,398
Non-controlling interests	**715**	2,332
	11,330	69,730

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Intangible assets		**1,439**	1,439
Property and equipment		**10,147**	13,348
Financial assets at fair value through profit or loss	10	**27,411**	–
Available-for-sale financial assets	9	**–**	37,639
Interests in associates and a joint venture	8	**351,314**	338,731
Other assets		**13,484**	14,174
Loan receivable		**26,981**	–
Deferred tax assets		**239**	–
		431,015	405,331
Current assets			
Loan receivable		**68,096**	190,230
Debt instruments at fair value through other comprehensive income	11	**328,118**	–
Available-for-sale financial assets	9	**–**	395,014
Financial assets at fair value through profit or loss	10	**49,574**	88,963
Financial instruments held-for-trading	12	**–**	10,072
Trade and other receivables	13	**343,521**	726,933
Taxation recoverable		**1,270**	1,286
Pledged bank deposits	14	**12,100**	15,093
Bank balances and cash	14	**503,372**	269,391
		1,306,051	1,696,982
Current liabilities			
Trade and other payables	15	**266,360**	308,462
Borrowings	16	**125,000**	815,865
Taxation payable		**5,375**	10,132
Bonds issued		**42,000**	34,000
		438,735	1,168,459

	Notes	**2018** **HK$'000**	2017 HK$'000
Net current assets		**867,316**	528,523
Total assets less current liabilities		**1,298,331**	933,854
Capital and reserves			
Share capital		**64,121**	64,121
Other reserves		**443,973**	495,125
Retained earnings		**307,562**	262,255
Total equity attributable to equity holders of the Company		**815,656**	821,501
Non-controlling interests		**12,246**	13,054
TOTAL EQUITY		**827,902**	834,555
Non-current liabilities			
Bonds issued		**20,000**	52,000
Financial liabilities at fair value through profit or loss	17	**–**	46,870
Borrowings	16	**450,000**	–
Deferred tax liability		**429**	429
		470,429	99,299
		1,298,331	933,854

NOTES:

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the Group's 2018 annual financial statements. The Group's 2018 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 2018, 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 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Except for the amendments to HKFRS 4 and *Annual Improvements to HKFRSs 2014–2016 Cycle,* which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

3.1 Amendments to HKFRS 2

Amendments to HKFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The amendments have had no impact on the financial position or performance of the Group as the Group does not have any cash-settled share-based payment transactions and has no share-based payment transactions with net settlement features for withholding tax.

3.2 HKFRS 9 *Financial Instruments*

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1st January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Group has applied prospectively, the Group has recognised the transition adjustments against the applicable opening balances in equity at 1st January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

(a) Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the consolidated statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1st January 2018 is as follows:

		HKAS 39 measurement					HKFRS 9 measurement	
	Notes	Category	Amount	Re-classification	ECL	Reserve	Amount	Category
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	
Financial assets								
Available-for-sale financial assets		AFS	432,653	(432,653)	–	–	–	N/A
Other assets		L&R	14,174	–	–	–	14,174	AC
Debts instruments at fair value through other comprehensive income	(i)	N/A	–	392,191	–	–	392,191	FVOCI
Financial assets at fair value through profit or loss	(ii)	FVPL	88,963	50,534	–	–	139,497	FVPL
Financial instruments held-for-trading		FVPL	10,072	(10,072)	–	–	–	FVPL
Loans receivable		L&R	190,230	–	(1,076)	–	189,154	AC
Trade and other receivables		L&R	726,933	–	(1,502)	–	725,431	AC
Pledged bank deposits		L&R	15,093	–	–	–	15,093	AC
Bank balances and cash		L&R	269,391	–	–	–	269,391	AC
Total			1,747,509	–	(2,578)	–	1,744,931	
Other assets								
Deferred tax assets		N/A	–	–	478	–	478	N/A
Financial liabilities								
Trade and other payables		L&R	308,462	–	–	–	308,462	AC
Borrowings		L&R	815,865	–	–	–	815,865	AC
Bonds issued		L&R	86,000	–	–	–	86,000	AC
Financial liabilities at fair value through profit or loss		FVPL	46,870	–	–	–	46,870	FVPL
Total			1,257,197	–	–	–	1,257,197	

FVOCI: Financial assets at fair value through other comprehensive income
AFS: Available-for-sale investments
L&R: Loans and receivables
AC: Financial assets or financial liabilities at amortised cost
FVPL: Financial assets at fair value through profit or loss

Notes:

(i) As of 1st January 2018, the Group has assessed its liquidity portfolio of debt investments which had previously been classified as available-for-sale financial assets. The objective of the Group in holding this liquidity portfolio is to earn interest income and, at the same time, manage everyday liquidity needs. The Group concluded that these debt investments are managed within a business model to collect contractual cash flows and to sell the financial assets. Accordingly, the Group has classified these investments as debt investments measured at fair value through other comprehensive income.

(ii) The Group has classified its unlisted investment previously classified as available-for-sale investment as financial asset measured at fair value through profit or loss as these non-equity investment did not pass the contractual cash flow characteristics test in HKFRS 9.

(b) Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9.

	Impairment allowances under HKAS 39 as at 31st December 2017 *HK$'000*	**Re-measurement** *HK$'000*	**ECL allowances under HKFRS 9 as at 1st January 2018** *HK$'000*
Loans receivables	–	1,076	1,076
Trade and other receivables	16,384	1,502	17,886
	16,384	2,578	18,962

The impact of transition to HKFRS 9 on reserves and retained profits is as follows:

	Investment revaluation reserve *HK$'000*
Balance as at 31st December 2017 under HKAS 39	26,831
Recognition of expected credit losses for debt instruments at fair value through other comprehensive income	12,804
Reclassification of available-for-sale investments to financial assets at fair value through profit or loss held by an investment in associate of the Group	(19,397)
Balance as at 1st January 2018 under HKFRS 9	20,238

	Retained earnings
	HK$'000
Retained earnings	
Balance as at 31st December 2017 under HKAS 39	262,255
Recognition of expected credit losses for trade and other receivables under HKFRS 9	(1,502)
Recognition of expected credit losses for loans receivable under HKFRS 9	(1,076)
Deferred taxes in relation to the above	478
Recognition of expected credit losses for debt instruments at fair value through other comprehensive income	(12,804)
Reclassification of available-for-sale investments to financial assets at fair value through profit or loss held by an investment in associate of the Group	19,397
Balance as at 1st January 2018 under HKFRS 9	266,748

3.3 HKFRS 15 *Revenue from contracts with customers*

HKFRS 15 and its amendments replace HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in the financial statements.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1st January 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1st January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1st January 2018 as a result of the adoption of HKFRS 15:

	Increase/ (decrease)
	HK$'000
Current liabilities	
Trade and other payables	14,360
Total current liabilities	14,360
Equity	
Retained earnings	(14,360)
Total equity	(14,360)

Under HKFRS 15, the Group assessed that the performance obligation for sponsoring services is fulfilled when all the relevant duties of a sponsor as stated in the contract are completed. As at 1st January 2018, any incomplete sponsoring service contracts with revenue recognised to profit or loss in prior years by the Group under HKAS 18 were reclassified to trade and other payables as an "deferred revenue" with a corresponding adjustment to its opening retained earnings.

Set out below are the amounts by which each financial statement line item was affected as at 31st December 2018 and for the year ended 31st December 2018 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

Consolidated statement of profit or loss for the year ended 31st December 2018:

	Amounts prepared under		
	HKFRS 15	**previous HKFRS**	**Increase/(decrease)**
	HK$'000	***HK$'000***	***HK$'000***
Revenue	246,023	270,403	(24,380)
Profit before tax	69,666	94,046	(24,380)
Profit for the year	56,510	76,867	(20,357)
Profit attributable to equity holders of the Company	55,174	75,531	(20,357)
Basic and diluted earnings per share attributable to equity holders of the Company	HK8.60 cents	HK11.78 cents	HK(3.18) cents

Consolidated statement of financial position as at 31st December 2018:

	Amounts prepared under		
	HKFRS 15	**previous HKFRS**	**Increase/(decrease)**
	HK$'000	***HK$'000***	***HK$'000***
Trade and other payables	266,360	241,980	24,380
Total liabilities	909,164	888,807	20,357
Net assets	827,902	848,259	(20,357)
Retained earnings	307,562	327,919	(20,357)
Total equity	827,902	848,259	(20,357)

3.4 Amendments to HKAS 40

Amendments to HKAS 40 clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no impact on the financial position or performance of the Group.

3.5 HK(IFRIC) – Int 22

HK(IFRIC)-Int 22 provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

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

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Revenue from contracts with customers		
Fees and commission		
– Asset management	**56,897**	15,780
– Sales and trading business	**45,820**	66,694
– Corporate finance	**25,361**	19,374
	128,078	101,848
Underwriting income and placing commission		
– Sales and trading business	**320**	5,033
– Corporate finance	**16,505**	1,170
	16,825	6,203
Management fee and service fee income		
– Asset management	**74,414**	47,060
	74,414	47,060
	219,317	155,111
Revenue from other sources		
Interest income		
– Asset management	**144**	348
– Sales and trading business	**26,380**	37,797
– Corporate finance	**16**	5
– Others	**166**	15
	26,706	38,165
	246,023	193,276

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

	Asset Management *HK$'000*	Sales and trading business *HK$'000*	Corporate Finance *HK$'000*	Total 2018 *HK$'000*
Revenue from contracts with customers				
Brokerage service	**–**	**45,820**	**–**	**45,820**
Underwriting and placing service	**–**	**320**	**16,505**	**16,825**
Corporate finance service	**–**	**–**	**25,361**	**25,361**
Asset management service	**131,311**	**–**	**–**	**131,311**
	131,311	**46,140**	**41,866**	**219,317**

	2018 ***HK$'000***	2017 *HK$'000*
Other income		
Loan interest income	**9,621**	12,916
Interest income from debt securities classified as:		
– Available-for-sale financial assets	**–**	22,429
– Debt instruments at fair value through other comprehensive income	**25,073**	–
– Financial assets at fair value through profit or loss	**5,542**	10,129
Investment income	**3,939**	7,059
Dividend income	**421**	33,011
Gain on disposal of an associate	**1,065**	–
Others	**2,780**	2,394
	48,441	87,938

	2018 *HK$'000*	2017 *HK$'000*
Other losses, net		
Net exchange (losses)/gains	**(8,185)**	3,433
Net losses on disposal of financial instruments held-for-trading	**–**	(1,846)
Net losses on disposal of financial assets at fair value through profit or loss	**(382)**	(7,443)
Net losses on disposal of debt instruments at fair value through other comprehensive income	**(1,923)**	–
Net gains on disposal of available-for-sale financial assets	**–**	19,085
Gains from changes in fair value of financial instruments held-for-trading	**–**	163
Loss from changes in fair value of financial assets at fair value through profit or loss	**(2,249)**	(471)
Loss from impairment of available-for-sale financial assets	**–**	(17,150)
Losses from changes in fair value of financial liabilities at fair value through profit or loss	**(2,990)**	(3,035)
	(15,729)	(7,264)
	278,735	273,950

Segment information

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

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

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

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

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and 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 and other head office or corporate administration costs or other income.

Year ended 31st December 2018

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Revenue from external customers	**118,546**	**72,520**	**41,882**	**232,948**
Revenue from an associate *(note)*	**12,909**	**–**	**–**	**12,909**
Inter-segment revenue	**1**	**206**	**–**	**207**
Reportable segment revenue	**131,456**	**72,726**	**41,882**	**246,064**
Reportable segment results (EBIT)	**81,763**	**(6,381)**	**(956)**	**74,426**
Interest income from bank deposits	**110**	**3,420**	**16**	**3,546**
Interest expense	**(16,294)**	**(5,172)**	**(741)**	**(22,207)**
Depreciation for the year	**(572)**	**(1,672)**	**(80)**	**(2,324)**
Reportable segment assets	**777,717**	**488,287**	**95,469**	**1,361,473**
Additions to/(disposals of) non-current segment assets during the year	**41**	**(605)**	**151**	**(413)**
Reportable segment liabilities	**531,753**	**206,446**	**42,983**	**781,182**

Year ended 31st December 2017

	Asset management *HK$'000*	Sales and trading business *HK$'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

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

Reconciliations of reportable revenue

	2018 *HK$'000*	2017 *HK$'000*
Revenue		
Reportable segment revenue	**246,064**	193,321
Elimination of inter-segment revenue	**(207)**	(62)
Unallocated head office and corporate revenue	**166**	17
Consolidated revenue	**246,023**	193,276

Reconciliation of reportable results

	2018 *HK$'000*	2017 *HK$'000*
Results		
Reportable segment profit (EBIT)	**74,426**	89,580
Elimination of inter-segment profits (EBIT)	**(6)**	(5)
	74,420	89,575
Share of profits of associates and a joint venture, net	**31,256**	21,069
Finance costs	**(23,443)**	(21,533)
Unallocated head office and corporate expenses	**(12,567)**	(7,160)
Consolidated profit before taxation	**69,666**	81,951
Income tax	**(13,156)**	(14,019)
Profit for the year	**56,510**	67,932

Reconciliations of reportable assets and liabilities

	2018	2017
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**1,361,473**	1,675,317
Elimination of inter-segment receivables	**(44,881)**	(17,410)
	1,316,592	1,657,907
Interests in associates and a joint venture	**351,314**	338,731
Deferred tax assets	**239**	–
Taxation recoverable	**1,270**	1,286
Unallocated head office and corporate assets	**67,651**	104,389
Consolidated total assets	**1,737,066**	2,102,313
Liabilities		
Reportable segment liabilities	**781,182**	1,147,208
Elimination of inter-segment payables	**(29,529)**	(13,530)
	751,653	1,133,678
Taxation payable	**5,375**	10,132
Deferred tax liability	**429**	429
Unallocated head office and corporate liabilities	**151,707**	123,519
Consolidated total liabilities	**909,164**	1,267,758

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**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**200,152**	147,421	**119,246**	105,865
Mainland China	**45,871**	45,855	**243,654**	247,653
	246,023	193,276	**362,900**	353,518

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:

	2018	2017
	HK$'000	*HK$'000*
Current taxation – Hong Kong		
Charge for current year	**2,818**	6,520
Over-provision in prior year	**(1,607)**	(946)
Current taxation – PRC		
Charge for current year	**11,993**	9,237
Under-provision in prior year	**6**	7
Over-provision in prior year	**(220)**	–
	12,990	14,818
Deferred taxation		
– Hong Kong	**166**	(799)
	13,156	14,019

6. DIVIDENDS

The directors do not recommend the payment of the final dividend for the year ended 31st December 2018 (2017: nil).

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$55,174,000 (2017: HK$66,361,000) and the number of 641,205,600 ordinary shares (2017: 641,205,600 ordinary shares) in issue during the year, calculated as follows:

(i) Earnings attributable to equity holders of the Company

	2018 ***HK$'000***	2017 *HK$'000*
Earnings for the year attributable to equity holders of the Company	**55,174**	66,361

(ii) Number of ordinary shares

	2018	2017
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

	2018	2017
	HK$'000	*HK$'000*
Interests in associates	**343,003**	329,326
Interest in a joint venture	**8,311**	9,405
	351,314	338,731

(a) Interests in associates

	2018	2017
	HK$'000	*HK$'000*
Share of net assets at 1st January	**329,326**	292,693
Share of profits for the year, net	**31,898**	20,637
Share of other comprehensive income for the year	**(11,012)**	19,032
Dividend income from an associate	**(3,588)**	(3,036)
Disposal of an associate	**(3,621)**	–
	13,677	36,633
Share of net assets at 31st December	**343,003**	329,326

(b) Interest in a joint venture

	2018	2017
	HK$'000	*HK$'000*
Share of net assets at 1st January	**9,405**	19,949
Share of (loss)/profit for the year	**(642)**	432
Share of other comprehensive income for the year	**–**	48
Translation difference	**(452)**	2,035
Repayment of capital	**–**	(13,059)
	(1,094)	(10,544)
Share of net assets at 31st December	**8,311**	9,405

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018	2017
	HK$'000	*HK$'000*
Non-current:		
Unlisted private equity funds	**–**	13,629
Unlisted investment funds	**–**	24,010
	–	37,639
Current:		
Listed debt investment:		
– debt securities with fixed interest	**–**	392,191
Unlisted equity securities	**–**	1
Other unlisted investment	**–**	2,822
	–	395,014
	–	432,653

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	HK$'000	*HK$'000*
Non-current:		
Unlisted private equity funds	**4,616**	–
Unlisted investment fund	**22,795**	–
	27,411	–
Current:		
Unlisted equity funds	**3,751**	–
Listed debt securities	**38,076**	88,963
Listed equity securities	**7,746**	–
Unlisted equity securities	**1**	–
	49,574	88,963
	76,985	88,963

11. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018	2017
	HK$'000	*HK$'000*
Listed debt investment:		
– debt securities with fixed interest	**328,118**	–

The Group has adopted HKFRS 9 from lst January 2018. As at 31st December 2018, an analysis of the ending balance of the carrying amount in debt instruments at fair value through other comprehensive income subject to impairment allowances is as follows:

	Stage 1	Stage 2	Stage 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fair value as at 31st December 2018	**328,118**	**–**	**–**	**328,118**

12. FINANCIAL INSTRUMENTS HELD-FOR-TRADING

	2018	2017
	HK$'000	*HK$'000*
Listed equity securities	**–**	10,072

13. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade and other receivables	**360,909**	743,317
Less: impairment allowance for trade and other receivables	**(17,388)**	(16,384)
	343,521	726,933

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

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

	HK$'000
At 1st January 2017	582
Provision of impairment losses	15,802
At 31st December 2017	16,384
Impact of adopting HKFRS 9	1,502
At 1st January 2018	17,886
Reversal of impairment losses	(498)
At 31st December 2018	17,388

The Group has adopted HKFRS 9 from 1st January 2018. As at 31st December 2018, an analysis of the gross amount of trade and other receivables is as follows:

	Stage 1 *HK$'000*	**Stage 2** *HK$'000*	**Stage 3** *HK$'000*	**Simplified approach** *HK$'000*	**Total** *HK$'000*
Gross amount	338,944	166	13,011	8,788	360,909
Expected credit losses	(1,003)	(1)	(13,011)	(3,373)	(17,388)
	337,941	165	–	5,415	343,521

Included in the trade and other receivables are receivables from margin clients of HK$180,240,000 (2017: HK$382,705,000). Upon the adoption of HKFRS 9 as at 1st January 2018, impairment allowances of HK$1,502,000 were provided. During the year, impairment allowances of HK$498,000 were reversed. As at 31st December 2018, impairment allowance of HK$13,933,000 (2017: HK$12,929,000) for the receivables from margin clients was provided. No aging analysis is disclosed as in the opinion of the Directors, the aging analysis does not give additional value in view of the nature of revolving margin loan.

For trade receivable arising from corporate finance of HK$8,788,000 (31st December 2017: HK$9,187,000), no additional impairment allowance was provided for the current year (31st December 2017: HK$2,873,000). As at 31st December 2018, impairment allowance of HK$3,373,000 (2017: HK$3,373,000) was provided. The relevant aging analysis based on the date of invoice at the reporting date was as follows:

	2018	2017
	HK$'000	*HK$'000*
Current	**198**	4,514
30-60 days	**2,600**	–
Over 60 days	**5,990**	4,673
	8,788	9,187
Less: impairment allowance	**(3,373)**	(3,373)
	5,415	5,814

Other than the above, the Group's trade and other receivables included overdue balances of HK$3,355,000 (31st December 2017: HK$6,894,000). The balances are either subsequently settled after the reporting date or fully collateralised by listed securities. The directors of the Company did not consider there was a significant change in credit quality of the balance.

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

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.

14. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	2018	2017
	HK$'000	*HK$'000*
Cash in hand	**21**	21
Bank balances		
– pledged deposits	**12,100**	15,093
– general accounts	**503,351**	269,370
	515,451	284,463
	515,472	284,484
By maturity:		
Bank balances		
– current and savings accounts	**501,351**	265,370
– fixed deposits (maturing within three months)	**14,100**	15,093
– fixed deposits (maturing over three months)	**–**	4,000
	515,451	284,463

15. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**152,484**	227,095
Accruals and other payables	**75,136**	81,367
Deferred revenue	**38,740**	–
Trade and other payables	**266,360**	308,462

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

16. BORROWINGS

		2018	2017
		HK$'000	*HK$'000*
Non-current			
Bank loans	Note (a)	**450,000**	–
Current			
Bank loans	Note (a)	**125,000**	537,411
Borrowings under securities sale agreements	Note (b)	**–**	153,072
Borrowings under repurchase agreements	Note (c)	**–**	125,382
		125,000	815,865
		575,000	815,865

(a) At 31st December 2018 and 2017, the bank loans was repayable and carried interest with reference to HIBOR as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**125,000**	537,411
More than one year	**450,000**	–
	575,000	537,411

As at 31st December 2018, the Group had total banking facilities of HK$1,890,000,000 (31st December 2017: HK$1,460,000,000). Among these banking facilities, HK$200,000,000 (31st December 2017: HK$220,000,000) was secured by pledged deposits with a principal of HK$12,000,000 (31st December 2017: HK$15,000,000) and HK$1,400,000,000 (31st December 2017: HK$950,000,000) was under specific performance obligation on the Company's controlling shareholder which the current controlling shareholder shall hold over 50% (or 51% in one of the facilities) of the entire issued share capital of the Company.

As at 31st December 2018, HK$575,000,000 (31st December 2017: HK$537,411,000) was drawn from the banking facilities under specific performance obligation.

As at 31st December 2018 and 2017, the Group has not utilised any of the banking facilities secured by the pledged deposits.

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

(b) As at 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 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 the securities sale agreement of HK$101,400,000 was collateralised by the Group's debt securities of HK$162,502,000. On maturity date of 28th April 2018, the Group has repurchased the debt securities as HK$101,400,000 plus the interest.

As at 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 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. On the maturity date of 21st June 2018, the Group has repurchased the debt securities at HK$51,672,000 plus the interest.

(c) 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 it held to the financial institution in exchange for cash considerations 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. As at 31st December 2018, all borrowings under repurchase agreements were terminated. The debt securities were repurchased at HK$108,720,000 and HK$16,662,000 plus the interest during the year.

17. 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. At 31st December 2017, the redeemable units held by third party investors were classified as a financial liability with changes in fair value recognised in profit or loss. As of 31st December 2017, the investment fund's underlying asset was a loan receivable of HK$70,200,000. During the year, the Group redeemed all its interest in the fund and deconsolidated the fund from its consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Conditions

In 2018, the economy of the United States of America ("US") demonstrated strong performance, the United States Federal Reserve (the "Fed") accelerated its progress of interest rate hikes, and therefore the US embraced significant fund inflows. Meanwhile, as affected by the global trade frictions initiated by the US and the concerns over the US-North Korea geopolitics, the world financial market experienced a general track of hitting a high point and then turned to its bottom later in the year. Nonetheless, the US market was the only exception and the US stocks recorded relatively strong performance. Each of National Association of Securities Dealers Automated Quotations Index ("Nasdaq Index"), Standard and Poor's 500 Composite Index ("S&P Index") and Dow Jones Industrial Average Index ("DJIA Index") fell after hitting the record highs one after another in the second half of the year. In particular, Nasdaq Index closed at 6,635 points, down by only 3.9% throughout the year despite the decline of 18.4% from its highest level. S&P Index closed at 2,506 points, down by 6.2% throughout the year, and fell by 14.8% from its highest level. DJIA Index closed at 23,327 points, down by 5.6% throughout the year, and fell by 13.4% from its highest level. Besides, as the US employment market remained robust, and the inflation continued to escalate during the year, the Fed initiated four rounds of interest rate hikes throughout the year and had Fed fund rate lifted to the range from 2.25% to 2.50%, driving the US dollar index to rise above the 97 level with an annually accumulative increase of 4.4%. The accelerated pace of interest rate hikes in the US during the year strengthened the US dollar but comprehensively drove down currencies other than US dollars. The respective exchange rate of Euro, Sterling, even Renminbi ("RMB") and the Hong Kong dollar was also squeezed. Currencies in some emerging markets even experienced substantial depreciation, resulting in fund outflows. In addition, yield of US treasury bond also increased, of which the interest rate of ten-year treasury bond climbed from approximately 2.41% at the beginning of the year to approximately 3.26% in October, hitting another new high since 2012. Afterwards, the expected slowdown of interest rate hike by Fed in 2019 drove down the interest rate of ten-year treasury bond to 2.68% at the end of December. Notwithstanding, there was still an accumulative increase of 28 basis points throughout the year.

In Europe, after Italy's general election in March 2018, a coalition government was formed by the two anti-establishment political forces which obtained the most votes, namely, the Five-Star Movement and the Northern League. Later on, Italy and the European Union ("EU") were in dispute over the budget deficit for the year 2019. Italian government made no concession until December and agreed that it would lower its deficit target for the year 2019 to 2.04% of its Gross Domestic Product, down from an original target of 2.4% and cut the 2019 economic growth forecast from 1.5% down to 1%. The crisis arising from such budget dispute was henceforth resolved. In terms of the United Kingdom ("UK"), the focal concern rested on the British parliamentary votes on the Brexit deal. In spite of the UK's scheduled Brexit on 29th March 2019, as some cabinet members pulled out of the committee after the UK and EU reached agreement on the draft Brexit deal in November 2018, Prime Minister Theresa May foresaw a majority rejection of the Brexit deal in the House of Commons in December and hence decided to postpone the vote on such deal to January 2019. Meanwhile, she initiated a new round of negotiations on contingency plans with state heads of EU members. Under such circumstances, the market was filled with the anxiety of the possible no-deal Brexit. In addition, European Central Bank (the "ECB") officially announced in December that it would call off the massive bond-buying and end the four-year-long quantitative easing measures. Nonetheless, in addition to shifting down the growth forecast, ECB promised that it would resort to all instruments available to support the economy as deemed necessary, which meant that the ultra-loose monetary policy would not come to an end in the short run. The foregoing events led to adverse impact on the European stock markets and the exchange rates of Euro and Sterling. For the year 2018, the German DAX index, the French CAC index and the UK FTSE 100 index fell by 11.0% to 18.3%, respectively. The exchange rate of Euro against US dollar tumbled to the bottom of 1.1216 and recorded an annual decrease of 4.5%, and the exchange rate of Sterling against US dollar tumbled to 1.2478, the lowest level since May 2017, and recorded an annual decrease of 5.6%.

In China, the continued economic and trade tensions arising from the Sino-US trade frictions and the additional tariff of over US$200 billion on Chinese commodities threatened by the US gave rise to China's negative growth in commodities exported to the US. However, a number of key economic indicators of 2018 still met the market expectations and the annual Gross Domestic Product grew by 6.6%, amidst fixed asset investment, total retail sales of consumer goods and value-add of the output of the large-scale industrial enterprises grew at a slower pace as compared to 2017. As beset by the Sino-US trade frictions and the sluggish domestic demands, the economy demonstrated a high start followed by a downward trend in the year. After declining to 2,449 points in mid-October, the lowest level since December 2014, the Shanghai Stock Exchange Composite Index ("SSECI") picked up as the market regained confidence from the expected ease of the Sino-US trade frictions and the Central Government's moves for stabilizing growth. Nevertheless, SSECI yet recorded an annually accumulative decrease of 24.6%. US dollar continued to rise as a result of the expected escalation of interest rate hikes by the Fed, whereas RMB was under depreciation pressure due to the People's Bank of China's lowering of deposit reserve ratio. Under such backdrop, each of the exchange rate of Onshore Chinese Yuan (CNY) and Offshore Chinese Yuan (CNH) against US dollar fell by more than 5.0% on a cumulative basis over the year.

In Hong Kong, as the exchange rate of Hong Kong dollars hit the 7.85 weak-side convertibility undertakings for several times since mid-April, the Hong Kong Monetary Authority ("HKMA") had to step in and purchase Hong Kong dollars to safeguard the linked exchange rate, which was the first intervention since the refinement of the linked exchange rate system in 2005. The HKMA purchased a cumulative of HK$103,479 million last year and the balance of Hong Kong dollars in the banking system fell to HK$76,350 million accordingly. After intensive purchases by the HKMA, inter-bank interest rate increased across the board, with one-week, two-week, one-month and half-year rates rose to over 2%, and one-year rate even hit above 2.5%, a new high since 2009. Later on, the Hong Kong Association of Banks initiated an interest rate increase at the end of September, which was the first time since March 2006. However, major banks in Hong Kong only raised the best lending rate by 12.5 basis points, whereas small and medium-sized banks raised the interest rate by 25 basis points based on the Fed's rate hike. As to Hong Kong stock market, after reaching the new historic high of 33,484 points at the end of January, the Hang Seng Index dipped all the way down to the lowest level of 24,541 points at the end of October, which was due to substantial pressure arising from the escalation of Sino-US trade frictions, acceleration of interest rate hikes in the US and the performance adjustment among enterprises. In spite of the slight rebound afterwards, the Hang Seng Index had yet dropped by 13.6% annually whereas the Hang Seng China Enterprises Index even fell by 19.2% accumulatively throughout the year. With respect to the trading volume, despite the warm atmosphere of Hong Kong investment market in the first quarter of 2018, under the negative effect on the market posed by both the Sino-US trade frictions and interest rate hike concerns, the average daily trading volume dropped sharply from the peak of HK$146.0 billion in the first quarter of 2018, to an average daily trading volume of HK$94.2 billion for the period from the second quarter to the fourth quarter, shrinking by approximately 35%. The annual average daily trading volume amounted to HK$107.4 billion, representing an increase of 21.8% as compared to that of HK$88.2 billion recorded in 2017. The US dollar bonds issued by Chinese enterprises were also heavily influenced by the expected US dollar rate hikes as well as the escalation of the Sino-US trade frictions. This year, because of the continuous existence of material uncertainties in the market of offshore US dollar bonds issued by Chinese enterprises, the investors' risk appetite waned while the risk premium waxed. The total amount issued was only US$185.6 billion, representing a decrease of 22% as compared to that of US$237.9 billion recorded in 2017.

OVERALL PERFORMANCE

Despite the grim market environment in 2018, the Group made prior judgements on the market conditions and managed to get risks under control against all odds. Meanwhile, following closely the high-quality development principle of establishing a professional, efficient and value-oriented Cinda laid down by China Cinda, the parent company of the Company, the Group continued to develop the three core businesses and minimize the market impact in a bid to serve the China Cinda Group and our customers. This year, the total income of the Group amounted to HK$278.74 million (2017: HK$273.95 million), representing a slight increase of 1.7% year-on-year. With the implementation of Hong Kong Financial Reporting Standard 15 ("Accounting Standard 15"), the total income was affected by progressive non-refundable sponsor fee income of approximately HK$24.40 million received from clients as scheduled that was unable to be recognised as income for the year. The turnover for the year 2018 amounted to HK$246.02 million (2017: HK$193.28 million), representing an increase of 27% as compared with that of last year. However, other income and gain declined to HK$32.71 million from HK$80.67 million of last year, which was mainly attributable to the substantial decrease in dividend income and investment income, coupled with the loss on foreign exchange for RMB held. In respect of expenses, the increment in the relevant staff costs and office rent arising from the establishment of new business departments and expansion of the office area by the Group for its business development in the second half of 2017 was fully reflected in the financial statements for this year. Staff costs increased by 7.5% to HK$102.23 million (inclusive of the salary increment due to inflation) from HK$95.07 million of last year. Operating cost on land and buildings rose by 14% to HK$26.12 million from HK$22.88 million of last year. Increase in other operating expenses was caused by the Company's receipt of operating incomes and payment of expenditures on behalf of an associate, for that associate had a higher increase in expenditure for the year due to its business expansion.

Share of profits of associates and a joint venture was HK$31.26 million (2017: HK$21.07 million), which was mainly contributed by an associate engaged in asset management and an associate engaged in private equity investment. Finally, profit before tax for the year amounted to HK$69.67 million (2017: HK$81.95 million), and the profit attributable to equity holders amounted to HK$55.17 million (2017: HK$66.36 million), representing a decrease of 16.9% as compared with last year, which was mainly due to such fact as mentioned above that certain sponsor fee income was unable to be recognised for the year, but relevant cost and expenses were accounted for during the year.

ASSET MANAGEMENT

This year, asset management team of the Group proactively developed its business revolving around the main business of China Cinda Group and concentrated its efforts to branch out to the troubled asset business. Against the severe situations, we, together with the parent company, managed to roll out a number of new asset management products including the non-performing asset merger and acquisition fund, US dollar fixed income fund and global special opportunity fund. In addition, we took active part in the "Belt and Road" initiative and set up a bond investment fund to strive for the increase in asset under management. During the year, revenue from external customers amounted to HK$118.55 million (2017: HK$54.30 million), representing an increase of 118%. The segment profit amounted to HK$81.76 million (2017: HK$81.57 million), representing an increase of 0.23%.

As for the associates, after years of endeavours and capitalizing on market opportunities, Cinda Plunkett also turned its focus to troubled asset management and together with its established business achieved very good result. The Group recorded a share of net profit of HK$18.26 million therefrom (2017: HK$2.54 million). Another associate, which was mainly engaged in private equity investment, also contributed a profit of HK$18.40 million, representing an increase of HK$4.79 million or 35% year-on-year.

SALES AND TRADING BUSINESS

In order to better describe the brokerage business and support its further development, the Group grouped the securities brokering, futures brokering and wealth management product sales business together and named the segment as sales and trading business in the year. Stumped by a weak market, our sales and trading business experienced a tough year. At the beginning of the year, Hong Kong stock market demonstrated a strong bullish momentum, with the Hang Seng Index surged past 30,000 points to an all-time high of 33,484 points. Since the end of the first quarter of the year, however, rising US interest rate hike expectations, plunges in the prices of US dollar bonds issued by Chinese enterprises and the occurrence of Sino-US trade frictions reversed the market sentiment and caused investors to become wary to enter the stock market. The second half of the year saw worsened market conditions, as the trading volume in the stock market dropped significantly. In view of the sharp downturn in market sentiment, the Group took the initiative to reduce balance in securities margin financing and made major adjustments in both the customer level and collateral requirements to boost the quality of margin loans, thus effectively mitigated the risks with no bad or doubtful debts occurred throughout the year. For the year, the Group recorded commission from sales and trading business of HK$50.39 million (2017: HK$73.88 million) and interest income from securities margin financing of HK$22.13 million (2017: HK$35.64 million), posting a loss of HK$6.38 million for the segment (2017: a profit of HK$8.32 million).

CORPORATE FINANCE

This year witnessed progress in the performance of the corporate finance business. The operating revenue rose from HK$20.55 million in 2017 to HK$41.88 million for the year, representing an increase of 104%, and segment loss amounted to HK$0.96 million (2017: a loss of HK$0.31 million). Equity issuance and debt issuance remained as our core services to the clients. In terms of the equity issuance business, the implementation of Accounting Standard 15 had caused certain non-refundable progressive sponsor fee of the initial public offering ("IPO") not to be recognised as operating revenue for the year. However, operating cost was accounted for during the year and hence a segment loss was recorded. During the year, the Group successfully completed the sponsor work and underwriting for three IPO companies for their listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), as well as completing the underwriting work for another three IPOs to which the Group was not the sponsor. The six companies raised proceeds of approximately HK$450 million in total. In addition, during the year, for project reserve purposes the Group entered into sole sponsor mandates with over 10 companies that sought IPO on the Stock Exchange of Hong Kong and served as the financial adviser to another 2 enterprises.

In regard to debt issuance business, during the year, the Group served as the joint global coordinator, joint lead manager and the joint bookrunner for five bond issuers and the joint bookrunner for seven bond issuers with a total issuance amount of approximately US$9.8 billion. The Group also served as the joint global coordinator in the bond issuance of China Cinda, so as to provide services to the parent company and realise group-wide synergy.

FINANCIAL RESOURCES

The Group maintained sound financial strength during the year, and all subsidiaries licensed by the Securities and Futures Commission had liquid capital in excess of regulatory requirements. Meanwhile, the Group also improved its financing strategies to ensure liquidity. We obtained two floating rate term loans, each with duration of three years totalling HK$450 million from two different banks to provide long-term funding for the purpose of development of the Group, which in turn improved the Group's current ratio substantially from 1.45 times at the beginning of the year to 2.98 times at the end of the year. In addition, as at the end of the year, the Group had revolving bank loans and overdrafts facilities in the amount of HK$1,440 million, of which, a total of HK$125 million were utilised. During the year, the Group repaid fixed-rate medium-term bonds in the principal amount of HK$24 million at maturity and had outstanding undue bonds in the principal amount of HK$62 million as at 31st December 2018. The Group did not issue any bond during the year.

FLUCTUATION IN FOREIGN EXCHANGE RATES

A majority of assets and liabilities of the Group are denominated in Hong Kong dollar and US dollar to which Hong Kong dollar is pegged with. Only a minority of assets are denominated in RMB, which is mainly due to the fact that the Group has two wholly-owned subsidiaries incorporated in the PRC which account for all their assets and incomes in RMB. During the year, the exchange rate of RMB against US dollar declined since the middle of the year as affected by the robust US dollar and the Sino-US trade frictions. The Group considered that the decline of exchange rate of RMB would not last long, hedging was not carried out for such fluctuation in the exchange rate of RMB, let alone the mean cost-effectiveness of hedging.

REMUNERATION AND HUMAN RESOURCES

The Group has always valued the nurturing of capable personnel and has taken various measures to recruit and retain personnel of high calibre. During the year, the Group ushered new recruits into both business departments and supporting departments, which ensures sufficient support for steady operations amidst business development. The remuneration of the employees provided by the Group consists of basic salary and discretionary bonus. The Group has set up an incentive mechanism, according to which, annual results and working goals are set for each business department and supporting department at the beginning of each year and staff assessment is carried out both in the middle and at the end of each year so as to establish the awarding grounds. Besides, the Group also gives due weight to staff trainings and provides the employees with educational allowances and leave for professional examinations. During the year, the Group organised professional training courses and lectures for the staff and account executives from time to time in furtherance of their comprehension of the updated knowledge relevant to their work. The Group has established a staff remuneration committee comprising the senior management to conduct regular reviews over the remuneration policy of the Group and determine the remuneration package of each staff member, thereby ensuring that such pay and benefits are market-based. The remuneration package of executive Directors is determined by the Remuneration Committee, which is consisted of two independent non-executive Directors ("INEDs") and one non-executive Director ("NED").

LOOKING FORWARD

The year 2019 foresees a complicated international and external environment. The Sino-US trade frictions are expected to last for some time, albeit the sign of easing, and the relation between the two countries will not return to the status before such trade frictions shortly. The impact incurred therefrom will also emerge, and will be especially grim in terms of export. As such, forecasts of economic growth in both Hong Kong and Mainland China have been narrowed down. At the outset of 2019, the US economy remains robust and the US dollar is still strong. A strong US dollar should have been conducive to export, but such an advantage has worn off as a consequence of the trade friction. What is cautiously optimistic is that the interest rate hikes on the US dollar will slow down or even end, which will abate the pressure on the US dollar bonds issued by certain Chinese enterprises. In the Eurozone, economy in 2019 is expected to remain stagnant because of insufficient impetus to drive up the economy, let alone the continuous high unemployment rate. Besides, the reluctant consumer sentiment will also undermine investment of enterprises. The decision on developing the Guangdong-Hong Kong-Macao Greater Bay Area announced by the Chinese government at the beginning of the year will facilitate the economic development of Hong Kong. The integration into the development of the Greater Bay Area will also bestow more development opportunities on Hong Kong. In addition, coupled with a series of policies on tax cut, rate reduction, expansionary monetary policy, employment priority, etc., implemented recently, it is believed that China's domestic economy is able to meet up with the expected targets.

As the overseas asset management and financing platform of China Cinda Group, the Group will, leveraging on its strength as an overall entity regulated in Hong Kong, enhance its synergy with China Cinda Group and fulfil China Cinda Group's requirements of establishing a professional, efficient and value-oriented Cinda. Emphasising on its professional and characterised features, the Group will continue to improve its professional competence, follow China Cinda's policy of prudent operation, focusing on its principal business and serving the real economy, strengthen resource sharing and scout for more cooperation chances. In addition, as referenced in the announcement of the Company dated 17th November 2017, the Group will continue to proactively drive forward the restructuring and cooperate with Cinda Securities Co., Ltd. to mastermind integrated financial services available for both domestic and overseas markets so as to provide China Cinda Group and domestic and overseas customers with cross-border financial services.

The Group will continue to promote the development of the three core businesses. On one hand, we will stimulate the internal synergy among the three businesses to boost resource sharing, refine management and enhance efficiency as well as maintain stable and compliant operation. On the other hand, externally we will deepen the cooperation with China Cinda Group in a bid to achieve win-win results. In terms of asset management, we will emphatically set up asset management products with different characteristics such as the troubled asset fund, merger and acquisition fund, special opportunity fund, etc., by capitalising on market opportunities, especially the occasion for supporting China Cinda Group in handling the troubled assets. In respect of the sales and trading business, we will make greater efforts to explore corporate and institutional customers by right of our relationship with the parent company and strive to enrich the Group's product mix covering stocks, futures, bonds as well as products on wealth management, asset management and insurance so as to satisfy the customers' need on asset allocation. As for corporate finance, we will maintain the parallel development of both equity and debt businesses. For the equity-related business, we will energetically provide the sponsor and underwriting services for the IPO projects on hand and schematically branch out to financial consultancy in merger and acquisition projects. Besides, we will also vigorously identify enterprises that seek for IPO in Hong Kong from countries covered by the "Belt and Road" initiative. Currently, the Group has been appointed sponsor for several such enterprises, resulting in diversified services and customers in terms of geographical distribution. As to debt-related business, the Group will explore demands for debt issuance of the domestic and Hong Kong customers of China Cinda Group and provide tailor-made issuance plans and services to such customers to catch the issuing window. In spite of the forthcoming difficulties in 2019, the Group would like to take various measures to bring about desirable returns for its shareholders.

Final Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31st December 2018 (2017: 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 2018 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 had not redeemed any of its shares during the year ended 31st December 2018. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the year ended 31st December 2018.

CORPORATE GOVERNANCE

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

Throughout the financial year 2018, 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, the INED, and Ms. Zheng Yi, the NED, were unable to attend the annual general meeting of the Company held on 25th May 2018; and Ms. Zheng Yi, the NED, and Mr. Xia Zhidong and Mr. Liu Xiaofeng, the INEDs, were unable to attend the special general meeting of the Company held on 14th December 2018, 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 served as both the Managing Director and acting Chairman of the Company during the year up to 30th October 2018. 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 NEDs and INEDs 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. Provision A.2.1 of the CG Code was recompiled from 30th October 2018 when Mr. Yu Fan was appointed the chairman of the Company and Mr. Gong Zhijian ceased as the acting Chairman but appointed the Deputy Chairman and remained the Managing Director of the Company.

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 to 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 2018.

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 2018.

PUBLICATION OF RESULT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.cinda.com.hk. The 2018 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
Yu Fan
Chairman

Hong Kong, 28 March 2019

As at the date hereof, the Board comprises:

Executive Directors:	Mr. Yu Fan *(Chairman)* Mr. Gong Zhijian *(Deputy Chairman and Chief Executive Officer)* Mr. Lau Mun Chung *(Deputy Chief Executive Officer)*
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