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 2019 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 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
Revenue	*4*	**260,380**	246,023
Other income	*4*	**62,099**	48,441
Other losses, net	*4*	**(14,789)**	(15,729)
		307,690	278,735
Staff costs		**102,978**	102,233
Commission expenses		**13,117**	16,743
Operating leases for land and buildings		**–**	26,118
Other operating expenses		**131,540**	71,788
Finance costs		**26,890**	23,443
		274,525	240,325
		33,165	38,410
Share of profits of associates and a joint venture, net	*8*	**36,771**	31,256

	Notes	**2019** **_HK$'000_**	2018 _HK$'000_
Profit before taxation		**69,936**	69,666
Income tax	_5_	**(17,455)**	(13,156)
Profit for the year		**52,481**	56,510
Attributable to:			
Equity holders of the Company		**51,559**	55,174
Non-controlling interests		**922**	1,336
		52,481	56,510
Basic and diluted earnings per share attributable to equity holders of the Company	_7_	**HK8.04 cents**	HK8.60 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2019

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**52,481**	56,510
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	**13,004**	(21,416)
– Change in impairment allowances charged to profit or loss	**(5,063)**	(3,640)
– Reclassification adjustments on disposal	**7,959**	(451)
Share of an associate's investment revaluation reserve:		
– Change in fair value, net of deferred tax	**–**	(6,791)
Net movement in investment revaluation reserve	**15,900**	(32,298)
Share of associates' exchange difference	**(2,332)**	(4,221)
Exchange differences on translation of:		
– Financial statements of a joint venture	**(191)**	(452)
– Financial statements of foreign operations	**(3,780)**	(8,209)
Net movement in exchange difference	**(6,303)**	(12,882)
Item that would not be reclassified subsequently to profit or loss		
Share of a joint venture's capital reserve	**83**	–
Net movement in capital reserve	**83**	–
Other comprehensive income for the year	**9,680**	(45,180)
Total comprehensive income for the year	**62,161**	11,330
Total comprehensive income attributable to:		
Equity holders of the Company	**61,607**	10,615
Non-controlling interests	**554**	715
	62,161	11,330

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Intangible assets		**1,439**	1,439
Property and equipment		**8,831**	10,147
Financial assets at fair value through profit or loss	*10*	**6,693**	27,411
Interests in associates and a joint venture	*8*	**375,674**	351,314
Other assets		**10,966**	13,484
Right-of-use assets	*16*	**43,188**	–
Loans receivable	*13*	**–**	26,981
Deferred tax assets		**192**	239
		446,983	431,015
Current assets			
Loans receivable	*13*	**71,546**	68,096
Debt instruments at fair value through other comprehensive income	*9*	**362,718**	328,118
Financial assets at fair value through profit or loss	*10*	**75,185**	49,574
Trade and other receivables	*11*	**454,878**	343,521
Taxation recoverable		**–**	1,270
Pledged bank deposits	*12*	**12,129**	12,100
Bank balances and cash	*12*	**579,395**	503,372
		1,555,851	1,306,051
Current liabilities			
Trade and other payables	*14*	**288,221**	266,360
Borrowings	*15*	**272,425**	125,000
Taxation payable		**10,128**	5,375
Lease liabilities	*16*	**19,894**	–
Bonds issued		**10,000**	42,000
		600,668	438,735

	Notes	**2019** **HK$'000**	2018 HK$'000
Net current assets		**955,183**	867,316
Total assets less current liabilities		**1,402,166**	1,298,331
Capital and reserves			
Share capital		**64,121**	64,121
Other reserves		**454,021**	443,973
Retained earnings		**359,121**	307,562
Total equity attributable to equity holders of the Company		**877,263**	815,656
Non-controlling interests		**7,741**	12,246
TOTAL EQUITY		**885,004**	827,902
Non-current liabilities			
Bonds issued		**42,000**	20,000
Lease liabilities	*16*	**24,733**	–
Borrowings	*15*	**450,000**	450,000
Deferred tax liability		**429**	429
		517,162	470,429
		1,402,166	1,298,331

NOTES:

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the Group's 2019 annual financial statements. The Group's 2019 annual financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all 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 2019, 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 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9, HKAS 19 and *Annual Improvements to HKFRSs 2015-2017 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 HKFRS 16 *Leases*

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC) - Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1st January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1st January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1st January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property, machinery, motor vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1st January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1st January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1st January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1st January 2019.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1st January 2019:

- Using a single discount rate to a portfolio of leases with reasonably similar characteristics

- Relying on its assessment of whether leases are onerous immediately before the date of initial application

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

Financial impact at 1st January 2019

The impact arising from the adoption of HKFRS 16 at 1st January 2019 was as follows:

	HK$'000
Assets	
Increase in right-of-use assets	65,940
Increase in total assets	65,940
Liabilities	
Increase in lease liabilities	65,940
Increase in total liabilities	65,940

The lease liabilities as at 1st January 2019 reconciled to the operating lease commitments as at 31st December 2018 is as follows:

	HK$'000
Operating lease commitments as at 31st December 2018	69,250
Weighted average incremental borrowing rate as at 1st January 2019	3.67%
Discounted operating lease commitments as at 1st January 2019	65,940
Lease liabilities as at 1st January 2019	65,940

3.2 Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures*

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1st January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

3.3 HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have significant impact on the financial position or performance of the Group.

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

	2019	2018
	HK$'000	*HK$'000*
Revenue		
Revenue from contracts with customers		
Fees and commission		
– Asset management	**82,596**	56,897
– Sales and trading business	**30,384**	45,820
– Corporate finance	**34,034**	25,361
	147,014	128,078
Underwriting income and placing commission		
– Sales and trading business	**–**	320
– Corporate finance	**23,596**	16,505
	23,596	16,825
Management fee and service fee income		
– Asset management	**68,597**	74,414
	68,597	74,414
	239,207	219,317
Revenue from other sources		
Interest income		
– Asset management	**214**	144
– Sales and trading business	**20,709**	26,380
– Corporate finance	**66**	16
– Others	**184**	166
	21,173	26,706
	260,380	246,023

Analysis of the disaggregated 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$'000*	**Total** *HK$'000*
Year ended 31st December 2019				
Revenue from contracts with customers				
Brokerage service	**–**	**30,384**	**–**	**30,384**
Underwriting and placing service	**–**	**–**	**23,596**	**23,596**
Corporate finance service	**–**	**–**	**34,034**	**34,034**
Asset management service	**151,193**	**–**	**–**	**151,193**
	151,193	**30,384**	**57,630**	**239,207**

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Year ended 31st December 2018				
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

	2019	2018
	HK$'000	*HK$'000*
Other income		
Loan interest income	**5,959**	9,621
Interest income from debt securities classified as:		
– Debt instruments at fair value through other comprehensive income	**28,792**	25,073
– Financial assets at fair value through profit or loss	**5,045**	5,542
Investment income	**5,684**	3,939
Dividend income	**–**	421
Gain on disposal of an associate	**–**	1,065
Government grants *(Note)*	**8,015**	–
Others	**8,604**	2,780
	62,099	48,441
Other losses, net		
Net exchange losses	**(2,718)**	(8,185)
Net gains/(losses) on disposal of financial assets at fair value through profit or loss	**230**	(382)
Net losses on disposal of debt instruments at fair value through other comprehensive income	**(15,098)**	(1,923)
Gains/(losses) from changes in fair value of financial assets at fair value through profit or loss	**2,797**	(2,249)
Losses from changes in fair value of financial liabilities at fair value through profit or loss	**–**	(2,990)
	(14,789)	(15,729)
	307,690	278,735

Note: The Group acted as an asset manager received various government grants for setting up investment fund to invest within Wuhu and Shanghai Province, Mainland. There are no unfulfilled conditions or contingencies relating to these grants.

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 brokering 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 are earnings before finance costs and taxes ("EBIT"). To arrive at the Group's profit for the year, the Group's reportable segment results are further adjusted for items not specifically attributed to individual segments, such as share of profits or losses of associates and a joint venture, finance costs, and other head office and other income.

Inter-segment revenue and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31st December 2019

	Asset management *HK$'000*	**Sales and trading business** *HK$'000*	**Corporate finance** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**140,590**	**51,093**	**57,696**	**249,379**
Revenue from an associate *(note)*	**10,817**	**–**	**–**	**10,817**
Inter-segment revenue	**–**	**20**	**–**	**20**
Reportable segment revenue	**151,407**	**51,113**	**57,696**	**260,216**
Reportable segment results (EBIT)	**83,680**	**(14,011)**	**13,166**	**82,835**
Interest income from bank deposits	**204**	**4,211**	**55**	**4,470**
Interest expense	**(21,169)**	**(2,233)**	**(633)**	**(24,035)**
Depreciation of property and equipment for the year	**(600)**	**(1,219)**	**(114)**	**(1,933)**
Reportable segment assets	**993,591**	**541,817**	**64,789**	**1,600,197**
Additions to non-current segment assets during the year	**110**	**177**	**261**	**548**
Reportable segment liabilities	**724,954**	**216,118**	**39,197**	**980,269**

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/(disposal of) non-current segment assets during the year	41	(605)	151	(413)
Reportable segment liabilities	531,753	206,446	42,983	781,182

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

Reconciliations of reportable revenue

	2019	2018
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**260,216**	246,064
Elimination of inter-segment revenue	**(20)**	(207)
Unallocated head office and corporate revenue	**184**	166
Consolidated revenue	**260,380**	246,023

Reconciliation of reportable results

	2019	2018
	HK$'000	*HK$'000*
Results		
Reportable segment results (EBIT)	**82,835**	74,426
Elimination of inter-segment profits (EBIT)	**–**	(6)
	82,835	74,420
Share of profits of associates and a joint venture, net	**36,771**	31,256
Finance costs	**(26,890)**	(23,443)
Unallocated head office and corporate expenses and other income	**(22,780)**	(12,567)
Consolidated profit before taxation	**69,936**	69,666
Income tax	**(17,455)**	(13,156)
Profit for the year	**52,481**	56,510

Reconciliations of reportable assets and liabilities

	2019 *HK$'000*	2018 *HK$'000*
Assets		
Reportable segment assets	**1,600,197**	1,361,473
Elimination of inter-segment receivables	**(74,548)**	(44,881)
	1,525,649	1,316,592
Interests in associates and a joint venture	**375,674**	351,314
Deferred tax assets	**192**	239
Taxation recoverable	**–**	1,270
Unallocated head office and corporate assets	**101,319**	67,651
Consolidated total assets	**2,002,834**	1,737,066
Liabilities		
Reportable segment liabilities	**980,269**	781,182
Elimination of inter-segment payables	**(35,597)**	(29,529)
	944,672	751,653
Taxation payable	**10,128**	5,375
Deferred tax liability	**429**	429
Unallocated head office and corporate liabilities	**162,601**	151,707
Consolidated total liabilities	**1,117,830**	909,164

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 revenue from external 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 assets, 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**	
	2019 ***HK$'000***	2018 *HK$'000*	**2019** ***HK$'000***	2018 *HK$'000*
Hong Kong	**221,451**	200,152	**133,211**	119,246
Mainland China	**38,929**	45,871	**252,733**	243,654
	260,380	246,023	**385,944**	362,900

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 arising in Hong Kong for the current and prior years.

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

	2019 ***HK$'000***	2018 *HK$'000*
Current taxation – Hong Kong		
Charge for current year	**3,782**	2,818
Under/(over)-provision in prior year	**1,022**	(1,607)
Current taxation – PRC		
Charge for current year	**12,442**	11,993
Under/(over)-provision in prior year	**162**	(214)
	17,408	12,990
Deferred taxation		
– Hong Kong	**47**	166
	17,455	13,156

6. DIVIDENDS

The directors do not recommend the payment of the final dividend for the year ended 31st December 2019 (2018: 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$51,559,000 (2018: HK$55,174,000) and the number of 641,205,600 ordinary shares (2018: 641,205,600 ordinary shares) in issue during the year. The calculation is as follows:

(i) Earnings attributable to equity holders of the Company

	2019 ***HK$'000***	2018 *HK$'000*
Earnings for the year attributable to equity holders of the Company	**51,559**	55,174

(ii) Number of ordinary shares

	2019	2018
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

	2019	2018
	HK$'000	*HK$'000*
Interests in associates	**366,721**	343,003
Interest in a joint venture	**8,953**	8,311
	375,674	351,314

(a) Interests in associates

	2019	2018
	HK$'000	*HK$'000*
Share of net assets at 1st January	**343,003**	329,326
Share of profits for the year, net	**36,021**	31,898
Share of other comprehensive income for the year	**(2,332)**	(11,012)
Dividend from an associate	**(9,971)**	(3,588)
Disposal of an associate	**–**	(3,621)
	23,718	13,677
Share of net assets at 31st December	**366,721**	343,003

(b) Interest in a joint venture

	2019	2018
	HK$'000	*HK$'000*
Share of net assets at 1st January	**8,311**	9,405
Share of profit/(loss) for the year	**750**	(642)
Share of other comprehensive income for the year	**83**	–
Translation difference	**(191)**	(452)
	642	(1,094)
Share of net assets at 31st December	**8,953**	8,311

9. DEBTS INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	HK$'000	*HK$'000*
Listed debt investment:		
– debt securities with fixed interest	**362,718**	328,118

As at 31st December 2019 and 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 2019	**362,718**	**–**	**–**	**362,718**
Fair value as at 31st December 2018	328,118	–	–	328,118

An analysis of the maturity profile of listed debt securities of the Group analysed by the remaining period at the end of the reporting period to the contractual maturity date is as follows:

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Indefinite	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31st December 2019	**147,110**	**103,027**	**110,973**	**1,608**	**–**	**362,718**
31st December 2018	101,089	120,834	98,290	–	7,905	328,118

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	*HK$'000*
Non-current:		
Unlisted private equity funds	**6,693**	4,616
Unlisted investment fund	**–**	22,795
	6,693	27,411
Current:		
Unlisted private equity funds	**2,891**	3,751
Listed debt securities *(note (a))*	**72,293**	38,076
Listed equity securities	**–**	7,746
Unlisted equity securities	**1**	1
	75,185	49,574
	81,878	76,985

Note:

(a) As at 31st December 2019, the debt securities with fair value of HK$72,293,000 (31st December 2018: HK$38,076,000) were listed perpetual bonds.

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade and other receivables	**472,057**	360,909
Less: impairment allowance for trade and other receivables	**(17,179)**	(17,388)
Total trade and other receivables	**454,878**	343,521

The carrying amounts of trade and other receivables approximate to their fair values. All of the trade and other receivables, other than margin loans arising from securities broking, 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 2018	17,886
Reversal of impairment losses	(498)
At 31st December 2018 and 1st January 2019	17,388
Reversal of impairment losses	(209)
At 31st December 2019	17,179

As at 31st December 2019 and 31st December 2018, an analysis of the gross amount of trade and other receivables is as follows:

	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Gross amount as at 31st December 2019	**446,261**	**100**	**13,011**	**12,685**	**472,057**
Expected credit losses	**(794)**	**(1)**	**(13,011)**	**(3,373)**	**(17,179)**
	445,467	**99**	**–**	**9,312**	**454,878**

	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Gross amount as at 31st December 2018	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

For trade receivables related to margin loans arising from securities broking amounting to HK$248,529,000 (31st December 2018: HK$180,240,000), during the year, impairment allowance of HK$209,000 were reversed. As at 31st December 2019, impairment allowance of HK$13,724,000 (31st December 2018: HK$13,933,000) for the receivables from margin clients was provided. The margin clients of securities broking business are required to pledge their shares to the Group for credit facilities for securities trading. 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 receivables relating to corporate finance of HK$12,685,000 (31st December 2018: HK$8,788,000), no additional impairment allowance was provided for current year (31st December 2018: nil). As at 31st December 2019, impairment allowance of HK$3,373,000 (31st December 2018: HK$3,373,000) was provided. The settlement terms of trade receivables from corporate finance clients are usually 30 days from the date of invoice. The relevant aging analysis based on the date of invoice at the reporting date was as follows:

	2019	2018
	HK$'000	*HK$'000*
Current	**4,169**	198
30-60 days	**185**	2,600
Over 60 days	**8,331**	5,990
	12,685	8,788
Less: impairment allowance	**(3,373)**	(3,373)
	9,312	5,415

For trade receivables from clients arising from securities broking amounting to HK$113,956,000 (31st December 2018: HK$103,994,000). The amount represent outstanding unsettled trades due from clients as of the end of reporting period. It normally takes two to three days to settle after the trade date of those transactions. As at 31st December 2019, it included overdue balances of HK$3,745,000 (31st December 2018: HK$3,355,000). These overdue 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 was provided.

For trade receivables from clearing houses arising from securities broking of HK$37,654,000 (31st December 2018: HK$7,708,000), the settlement terms of trade receivables from clearing houses are usually one to two days after the trade date.

The remaining trade receivable represent the margin and other deposits from brokers and financial institutions with specific agreed terms, no impairment loss allowance has been provided as the related allowances were considered to be immaterial and there was no credit default history.

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.

12. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	2019 *HK$'000*	2018 *HK$'000*
Cash in hand	**21**	21
Bank balances		
– pledged deposits	**12,129**	12,100
– general accounts	**579,374**	503,351
	591,503	515,451
	591,524	515,472
By maturity:		
Bank balances		
– current and savings accounts	**579,374**	501,351
– fixed deposits (maturing within three months)	**12,129**	14,100
	591,503	515,451

13. LOANS RECEIVABLE

During the year the Group has granted an unsecured, interest bearing loan with a principal of HK$44,620,000 at the rates of 10% per annum with maturity dates in July 2020.

As at 31st December 2018, the Group has two unsecured, interest bearing loans with principals of HK$68,385,000 and HK$27,300,000 at the rates of 6% and 7% per annum with maturity dates in July 2019 and June 2020, respectively. The loan with a principal of HK$68,385,000 with interest was repaid in July 2019.

As at 31st December 2019 and 31st December 2018, the loans are not overdue.

As at 31st December 2019 and 31st December 2018, an analysis of the gross amount of loans receivable is as follows:

	12-month ECL	**Lifetime ECL**		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Gross amount as at 31st December 2019	**71,920**	**–**	**–**	**71,920**
Expected credit losses	**(374)**	**–**	**–**	**(374)**
Net carrying amount as at 31st December 2019	**71,546**	**–**	**–**	**71,546**
Gross amount as at 31st December 2018	95,685	–	–	95,685
Expected credit losses	(608)	–	–	(608)
Net carrying amount as at 31st December 2018	95,077	–	–	95,077

The movements in the impairment allowance for the loans receivable during the year are as follows:

	HK$'000
At 1st January 2018	1,076
Reversal of impairment losses	(468)
At 31st December 2018 and 1st January 2019	608
Reversal of impairment losses	(234)
At 31st December 2019	374

14. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**171,029**	152,484
Accruals, provision and other payables *(Note)*	**83,172**	75,136
Deferred revenue	**34,020**	38,740
Total trade and other payables	**288,221**	266,360

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

The settlement terms of payables to clearing houses and securities trading clients from the ordinary course of business of brokering 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.

Note: Cinda International Securities Limited, an indirectly wholly-owned subsidiary of the Company, as a defendant received a writ of summons on 12th November 2019, through its instructed solicitors, under action number HCA 2085 issued in the High Court of Hong Kong by the solicitors acting for a client as a plaintiff (the "Plaintiff"). The Company has started a defense and sufficient provision has been provided.

15. BORROWINGS

		2019	2018
		HK$'000	*HK$'000*
Non-current			
Bank loans	*Note (a)*	**450,000**	450,000
Current			
Bank loans	*Note (a)*	**30,000**	125,000
Borrowings under repurchase agreements	*Note (b)*	**242,425**	–
		272,425	125,000
		722,425	575,000

(a) At 31st December 2019 and 31st December 2018, the bank loans were repayable and carried interest with reference to HIBOR as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**30,000**	125,000
More than one year	**450,000**	450,000
	480,000	575,000

As at 31st December 2019, the Group had total banking facilities of HK$1,500,000,000 (31st December 2018: HK$1,890,000,000).

Among these banking facilities, HK$200,000,000 (31st December 2018: HK$200,000,000) of it was secured by pledged deposits with principals of HK$12,000,000 (31st December 2018: HK$12,000,000).

Further, HK$1,400,000,000 (31st December 2018: HK$1,400,000,000) 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 2019, HK$480,000,000 (31st December 2018: HK$575,000,000) was drawn from the banking facilities under the specific performance obligation.

As at 31st December 2019 and 2018, 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) The Group has entered into several repurchase agreements with financial institutions in which the Group sold a portfolio of debt securities it held to the financial institutions in exchange for cash considerations of HK$242,425,000. There are no maturity dates stated in the agreements and the interests are calculated with reference to LIBOR. The Group is required to repurchase the debt securities at HK$242,425,000 plus interest at variable rates calculated with reference to LIBOR upon the termination of the agreements. As at 31st December 2019, the borrowings under repurchase agreements were collateralised by the Group's debt securities with a fair value of HK$300,713,000 (31st December 2018: nil).

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of land and buildings used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Right-of-use assets and lease liabilities

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year are as follows:

	Right-of-use assets Land and buildings *HK$'000*	**Lease liabilities** *HK$'000*
As at 1st January 2019	65,940	65,940
Depreciation expenses	(22,752)	–
Interest expense	–	1,189
Payments	–	(22,502)
As at 31st December 2019	43,188	44,627
Analysed into:		
Current portion		19,894
Non-current portion		24,733

MANAGEMENT DISCUSSION AND ANALYSIS

Market Conditions

In 2019, as the world financial market continued to be affected by trade protectionism, geopolitical instability, Brexit and other factors, the downward pressure in the global economy increased, among which, economic growth in the Mainland China slowed down and European manufacturing industry contracted. The United States (the "US") Federal Reserve (the "Fed") started the interest rate reduction cycle in the second half of 2019. It cut interest rates three times in July, September and October consecutively, resulting in a total cut of 0.75% of the federal funds rate. At the same time, the Fed started to purchase short-term bonds of less than one year from 15th October and purchased 60 billion US dollars ("US$") every month. This policy may last until the second quarter of 2020 to ensure that there is sufficient liquidity in the market. Central banks worldwide also adopted accommodative monetary policies. In the fourth quarter, global stock markets rebounded with the support of the first-phase agreement reached from the Sino-US trade negotiations. Driven by satisfactory corporate profitability and continued share repurchases, the three major US stock indexes hit record highs successively. Annual performance was the best for S&P 500 Index and National Association of Securities Dealers Automated Quotations Index ("Nasdaq Index") for the last six years. In particular, Nasdaq Index closed at 8,972.60, rose by 35.2% in the year. Dow Jones Industrial Average Index closed at 28,538.44, rose by 22.3% and recorded its best annual performance for the last two years. However, as the global trade friction continued to heat up, funds flowed into safe-haven assets. The US Dollar Index once hit a two-year high of 99.674, and the gold price rose by 18.3%, the best annual performance in the last nine years.

In Europe, in addition to the decline of manufacturing industry in the Euro zone, political instability continued to be the focus of the market in 2019. In particular, the Brexit negotiation process continued to impact the market during the year. The European Commission lowered its 2019 and 2020 gross domestic product ("GDP") growth rate in the Euro zone to 1.1% and 1.2% respectively, and expected it to remain unchanged for the next two years, reflecting increasing worries of the market about the slowdown in the Euro zone's economic growth. The European Central Bank ("ECB") announced a number of measures to stimulate the economy after its interest rate meetings in September 2019, including a 0.1% interest rate cut as expected by the market, further reducing the deposit interest rate to a record low of -0.5%, resuming quantitative easing from November by purchasing bonds of 20 billion Euros each month and revising forward guidance from the original expectation that interest rates would remain unchanged until the middle of 2020, to maintain interest rates at current or lower levels until inflation rate approaches the ECB's target of 2%. These measures will help European financial conditions remain accommodative and provide support to the stock market. In addition, the economy of Euro zone began to recover in the fourth quarter, and in general driving up the performance in stock markets of the Euro zone.

In Mainland China, due to the impact of Sino-US trade frictions, the downward pressure on economy in Mainland China increased. Nonetheless, in 2019, its GDP still recorded a year-on-year growth of 6.1%, in line with the target of 6.0% to 6.5%. As for the stock market, the whole year of 2019 showed a trend of steady movement after starting high. The Shanghai Stock Exchange Composite Index (the "SSECI") reached a peak of 3,288 points in April, hitting a new record high since April 2018, and then hovered around 3,000 points. The SSECI recorded an overall increase of 22.3% throughout the year, mainly due to the market's expectation of the first-phase trade agreement between China and the United States, the Central Government's moves for stabilizing growth, and the plans for inclusion or increase of A shares into their indices by international index companies including MSCI, FTSE Russell and S & P Dow Jones Indices. The RMB exchange rate declined at the beginning followed by a trend of stabilization in the year of 2019. The onshore and offshore RMB exchange rates fell below the psychological threshold of US$1 to RMB7 on 5th August, and then gradually stabilized. The onshore RMB and offshore RMB closed at US$1 to RMB6.9632 and RMB6.9617 respectively, down by 1.2% and 1.4% respectively.

In Hong Kong, there were signs of capital outflows since late February 2019. The US dollar against Hong Kong dollar ("HK$") once hit the 7.85 weak-side convertibility undertakings, forcing the Hong Kong Monetary Authority ("HKMA") to step in and purchase HK$ to safeguard the linked exchange rate. The HKMA made eight purchases in March and purchased a total of more than HK$22.1 billion, causing a reduction in the banking system's balance to approximately HK$54 billion. After the intensive purchases by the HKMA, short-term and medium-term Hong Kong Interbank Offered Rate ("HIBOR") increased across the board. The overnight HIBOR rose to a high of 3.32% in the first half of the year, while one-month HIBOR and three-month HIBOR both rose to over 2.5%, and one-month HIBOR once hit 2.99%, a new record high since the financial tsunami in 2008. Later on, the Hong Kong Association of Banks followed the Fed to lower interest rates in October. However, major banks in Hong Kong only lowered the best lending rate by 12.5 basis points, which was followed by some small and medium-sized banks.

As to Hong Kong economy, the growing trade frictions between China and the US, and the continuous social activities since June, have further hit Hong Kong economy and the employment market. Since the second quarter of 2019, the Hong Kong economy has recorded quarterly declines for three consecutive quarters and has fallen into a technical recession. In particular, the economic growth in the fourth quarter contracted by 2.9% on a year-on-year basis, which was more than the decline in the third quarter. For the full year of 2019, the real GDP contracted by 1.2%, which was the first yearly decline since 2009. The labor market also weakened at the same time. The seasonally adjusted unemployment rate for October to December 2019 rose to 3.3%, a new record high since March 2017. Unemployment rate in the industries of consumption, catering and tourism (including retail industry and hotel industry) reached 5.2% which was the new record high in the last three years. Social unrest in Hong Kong continued to heat up, and two international credit rating agencies successively downgraded Hong Kong's credit rating and rating outlook in September.

As to Hong Kong stock market, after reaching a high of 30,280 points in April, the Hang Seng Index dipped to the lowest level of 24,899 points in mid-August, as a result of substantial pressure arising from the escalation of Sino-US trade frictions, continuous social activities in Hong Kong and performance adjustment among enterprises. However, it gradually rebounded from the low level with the expectation of the first-phase trade agreement between China and the US and the Central Government's moves for stabilizing growth. The Hang Seng Index rose by 9.1% and the Hang Seng China Enterprises Index rose by 10.3% throughout the year. The Hong Kong stock market in 2019 also suffered from a number of uncertainties that led to a sharp decrease in trading volume. The average daily turnover during the year was HK$87.2 billion, representing a decrease of nearly 19% as compared to that of HK$107.4 billion in 2018. With respect to the bonds, the US$ bonds issued by Chinese enterprises also benefited from continuous US$ interest rate cuts, which increased the attractiveness of financing by issuing offshore bonds. However, in 2019, the National Development and Reform Commission (the "NDRC") strengthened the management of local government financing platforms and the medium and long-term foreign debt of real estate enterprises. The NDRC successively issued the Notice of the Relevant Requirements for the Application for Recordation and Registration of Foreign Debt Issuance by Local State-owned Enterprises (Fa Gai Ban Wai Zi [2019] No. 666), Notice of the Relevant Requirements for the Application for Recordation and Registration of Foreign Debt Issuance by Real Estate Enterprises (Fa Gai Ban Wai Zi [2019] No. 778) and other policy documents, which put forward further requirements for companies that issued foreign debt, especially local financing platforms and real estate enterprises for the purpose of preventing medium and long-term foreign debt risks and hidden risks of local government debts, and being in line with China's debt supervision policies for real estate industry and local government. The total volume of US$ bonds issued by Chinese enterprises was US$231.8 billion in 2019, representing an increase of over 20% as compared to that of 2018 and hitting a historical high. Although a satisfactory growth was seen in the issue volume, the default of bonds also increased, which led to market unrest, and especially affected some well-known enterprises. Data from Bloomberg showed that the default size of offshore bonds issued by Chinese enterprises rose to US$3.57 billion in 2019, and the size climbed slightly as compared to the US$3.31 billion in 2018.

Overall Performance

It had no signs of improvement in local investment market with the harsh market environment in 2019, especially in the second half of the year as a result of the social unrest in Hong Kong. The Group completed the equity restructuring on 6th June 2019 and Cinda Securities Co., Ltd. ("Cinda Securities") has thus become the direct controlling shareholder of the Company. The Group strengthened collaboration with Cinda Securities and planned to provide integrated financial services by linking up both domestic and overseas investment markets. At the same time, the Group closely followed China Cinda Asset Management Co., Ltd. ("China Cinda") in development of the principal business of distressed assets and served as an overseas asset management center of the head office and continued to develop the three core business segments.

In spite of a nearly 19% decline in trading volume in the Hong Kong stock market in 2019 and the prosperity of the private sector in Hong Kong fell to its lowest level since the outbreak of SARS in April 2003, the Group minimized the market impact, kept risks under control and developed steadily. The Group's results fell less than that of the market, and the profit after tax attributable to equity holders amounted to HK$51.56 million, representing a decrease of 7% year-on-year. This year, the Group recorded a total revenue of HK$307.69 million (2018: HK$278.74 million), representing an increase of 10% year-on-year, of which turnover was HK$260.38 million (2018: HK$246.02 million), representing an increase of 6% year-on-year. Other income and other losses, net were HK$47.31 million (2018: HK$32.71 million), representing an increase of 45% year-on-year, mainly attributable to the increase in investment income and the decrease in loss on foreign exchange for RMB held. In respect of expenses, the Group endeavored to control costs, and human resources expenses remain stable under strict control, while operating expenses increased significantly. Operating expenses (excluding commission expenses and finance costs) amounted to HK$234.52 million (2018: HK$200.14 million), representing an increase of 17% year-on-year, mainly due to the substantial increase in expenditure on advisory fee paid by the Group to an associate, as well as the renewal of tenancy agreement of the Group's office in the midyear. After negotiation with the landlord, rental was increased by 17% compared with the tenancy agreement three years ago. The Group's operating lease expenses for land and buildings was zero due to the inclusion of such expenses in depreciation as a result of the adoption of the Hong Kong Financial Reporting Standard 16. In addition, the finance costs also rose by 15%, mainly due to the increase in market rates at the beginning of the year.

The Group recorded a share of profits from associates and a joint venture amounting to HK$36.77 million (2018: HK$31.26 million), which was mainly contributed by a fund management company, an absolute return fund the Group invested in and an associate engaged in private equity investment. The Group's profit before tax for the year amounted to HK$69.94 million (2018: HK$69.67 million), representing an increase of 0.39% year-on-year. Profit after tax attributable to equity holders amounted to HK$51.56 million (2018: HK$55.17 million), representing a decrease of 7% year-on-year.

Asset Management

In 2019, the asset management segment was the Group's most important business segment and operations continued to be stable. The segment profits for the year were HK$83.68 million (2018: HK$81.76 million), representing an increase of 2% year-on-year. Currently, the Group operates under light-asset strategy. As the service center of China Cinda Group's overseas asset management, the Group proactively developed its business revolving around the main business of China Cinda Group, concentrated its efforts to branch out to the troubled asset business, and actively explored innovative cross-border distressed asset business by strengthening its business operations. Against the severe situations, the Group, in collaboration with its parent company, focused on developing products such as the offshore troubled asset merger and acquisition ("M&A") fund and onshore distressed asset M&A fund so as to provide supporting asset management services to the main business of China Cinda Group and expand the size of assets under management. Moreover, the seed fund invested in the fixed income funds saw satisfactory growth under tight risk controls, which included debt investments and investments in other structured products. As the Group developed structured products management business together with an associate and its scale increased during the year, the asset management segment recorded revenue from external customers for the year of HK$140.59 million (2018: HK$118.55 million), rose by 19% year-on-year.

The Group proactively cooperated with associates and joint ventures in development of diversified businesses and achieved impressive results. The Group recorded a share of profits from associates and a joint venture amounting to HK$36.77 million (2018: HK$31.26 million) in the year, representing an increase of 17.63% year-on-year, which was generally attributable to the Group's share of profits of HK$15.29 million (2018: HK$13.11 million) from an associate of the Group, Cinda Plunkett, representing an increase of 17%. Cinda Plunkett group's business gradually matured after years of development. It seized market opportunities by not only providing traditional fund management services but also developing towards structured products management recently. Both the fund management company and the absolute return fund invested by the Group posted desirable results. In addition, an associate of the Group engaging in private equity investment business contributed a profit of HK$20.99 million (2018: HK$18.40 million), representing an increase of 14% year-on-year, due to an increase in management fee income and investment income.

Corporate Finance

The corporate finance business delivered a satisfactory performance in 2019, with operating revenue increased by 38% to HK$57.70 million from HK$41.88 million in 2018, and segment profits amounted to HK$13.17 million (2018: a loss of HK$960,000). In the year, the segment continued to provide equity issuance and debt issuance services to clients. With respect to equity issuance business, it acted as sponsor and underwriter in the initial public offering ("IPO") of four PRC companies which successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). One of the companies is located in Huzhou and engaged in textile manufacturing, printing and dyeing, raising gross proceeds of HK$80 million from its IPO; the second one is a Beijing-based financial leasing company, raising gross proceeds of HK$420 million from its IPO; the third one is a company engaged in the manufacturing of eyeglass frame, raising gross proceeds of HK$125 million; and the fourth one is a company engaged in driving training service in Zhumadian City, Henan Province, the PRC, raising gross proceeds of HK$128 million. In addition, the segment has been appointed sole sponsor by a number of companies seeking listing on the Stock

Exchange and as financial advisor of various companies including M&A projects. The Group maintains sufficient project reserves for business development in the upcoming years. With respect to debt issuance business, the Group successfully completed eight Chinese enterprises offshore US$ bond issuance projects in the year, totalling US$5.12 billion. The Group served as the joint global coordinator in five of the eight projects.

Sales And Trading Business

In the year, the sales and trading business of the Group was significantly impacted by the market slump. At the beginning of the year, the Hong Kong stock market rebounded and hit a peak of 30,280 points in the first half of the year on 15th April. However, market sentiment reversed sharply amid the escalating Sino-US trade war, resulting in a material adjustment in May, investors turning cautious and becoming wary to tap the stock market. The second half of the year saw a significant drop in trading volume in the stock market as a result of the escalating deterioration of economic situation due to the violent demonstrations in consecutive months. In view of the continuing uncertainty in the market, the Group cautiously maintained margin loans and focused on improving the quality of loans through strict risk control, with no bad or doubtful debts occurred throughout the year. In addition, the securities business competition in Hong Kong was still extremely fierce in the year. According to the information from the Stock Exchange, the number of brokers increased from 625 at the beginning of the year to 656 at the end of the year. In particular, the peers who provide online trading platforms continuously lowered the commission rate and some peers even did not charge commission, resulting in severe competitions. As a result, the Group recorded commission from sales and trading business of HK$30.38 million (2018: HK$46.14 million); and interest income from securities financing and other interest income of HK$20.71 million (2018: HK$26.38 million), posting a loss of HK$14.01 million (2018: a loss of HK$6.38 million) for the segment.

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 in the middle of 2018, each with duration of three years totalling HK$450 million from two different banks to provide stable funding for the purpose of development of the Group, which in turn strengthen the Group's current ratio. In addition, as at the end of the year, the Group had revolving bank loans and overdrafts facilities for HK$1,050 million, of which, a total of HK$30 million were utilised. In addition, the Group had outstanding fixed-rate medium-term bonds in the principal amount of HK$52 million. 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 HK$ and US$ to which HK$ is pegged with. Some assets are denominated in RMB, mainly because the Group has two wholly-owned subsidiaries incorporated and operated in the Mainland China which account for all their assets and incomes in RMB. During the year, the exchange rate of RMB against US$ declined since the middle of 2019 as affected by the strong US$ and the Sino-US trade frictions, and the exchange rate stabilized at the end of 2019 due to the market's expectation of the first-phase trade agreement between China and the US. The Group considered that the decline of exchange rate of RMB would be of short-term, 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. To encourage employees to deliver better performance and strengthen risk control, the Group has set up an incentive mechanism, according to which, performance and work targets for the year 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 provide a basis for bonus. 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 pertinent to their work. The Group has established a staff remuneration committee comprising the top 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 international and external environment will still be complicated in 2020. Although China and the US officially signed the first-phase trade agreement in mid-January, meetings between the two parties on the second-phase agreement may be held in the middle of the year. However, the second-phase trade agreement may only be signed after the US presidential election in November 2020, which means that the progress of trade negotiations between the two parties remains uncertain. In addition, the outbreak of novel coronavirus pneumonia has continued to spread since the beginning of 2020, affecting the activities of major economies and adding another haze to global economic growth of this year. The Mainland China and Hong Kong economies may face greater downward pressure, and the market has also lowered its forecast for economic growth for the whole year, for which the year-on-year contraction has expanded from 1.3% at the beginning of 2020 to 1.6% and the year-on-year economic decline rate for the first half of the year may reach 5.0%. It will further crack down on the tourism, retail and transportation industries and drive the unemployment rate to rise further. Under the combined influence of more stringent regulatory requirements, external uncertainties and the epidemic, the financial industry will face more severe challenges this year. In particular, it is expected to accelerate the consolidation of the Hong Kong securities industry. Hong Kong's financial industry supports local anti-epidemic work and has successively introduced temporary relief measures to help customers overcome difficulties. In Europe and the US, the US saw its stable economic growth in the beginning of 2020, and local employment market continued to be strong, driving wages and consumption growth. At the same time, US$ has fallen recently, which is favorable for exports. With the temporary easing of Sino-US trade frictions which reduces the pressure of tariffs on enterprises, it is expected that the US manufacturing industry will gradually pick up, which is good for US economic growth. On the other hand, the economy of Euro zone is estimated to remain weak in 2020 for lacking driving forces. The unemployment rate will remain high and the decline in desire for consumption continues to be detrimental to business investment. The United Kingdom formally withdrew from the European Union (the "EU") at the end of January 2020, and started subsequent trade negotiations with the EU. In 2020, it still faces a series of uncertain factors, which may lead to continuous sluggish trade. In China, even if the Mainland China has been affected by the epidemic year-to-date and the short-term economic activities have slowed down, the Central Government has recently decided to minimize the impact of the epidemic, work hard to achieve the goals of economic and social development throughout the year, complete the "13th Five-Year Plan" and promote the development of medical equipment, medicine, 5G network and industrial internet. For the work of next stage, it will focus on epidemic prevention and control on one hand, and the resumption of work and production on the other hand. It will implement the precise resumption of work and production by zoning and grading, increase macroeconomic policy adjustments and continue to introduce phased and targeted tax and fee reduction policies to help small and medium-sized enterprises overcome difficulties. It will also focus on the flexibility and moderation of prudent monetary policy, make good use of the existing financial support policies and introduce new policies and measures in due course.

The Group will strengthen its comprehensive integration with Cinda Securities and further build a business structure of "three economic drivers". Firstly, the Group will continue to provide cross-border professional services with focus on main business of non-performing assets of China Cinda Group based on the summary of previous experience. The Group will fully open up businesses of non-performing asset and asset management, extend its main business chain and collaborate with China Cinda and its branches and subsidiaries for their offshore cross-border professional services. Secondly, the Group will expand local traditional main business in Hong Kong, focus on the three major areas of investment banking in local market of Hong Kong, bond investment and brokerage business, seize the development opportunity of the return of China concept stocks, and actively explore projects listed overseas. Thirdly, the Group will strive to become an overseas platform for Cinda Securities which is a domestic broker in China. Relying on the professional advantages of full licenses of the Group, the Group will cooperate with Cinda Securities to become a full-licensed cross-boarder broker in China. Throughout the year, we will focus on the investment banking businesses including overseas issuance of US$ bonds by domestic institutions, IPO of domestic companies in Hong Kong and restructuring of the listed major assets of the H shares companies, the offshore brokerage business on the full circulation of H shares in China, the creation of cross-border asset management products, and the establishment of mechanism in which research departments of the two institutions to share their research resources.

The Group will continue to promote the development of the three core business segments. On one hand, we will stimulate the internal synergy among the three core business segments 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 focus on capitalising on market opportunities, especially the occasion for supporting China Cinda Group in handling troubled assets by emphatically setting up asset management products with different characteristics such as the troubled asset fund, M&A fund, special opportunity fund for the "Belt and Road" Initiative and the strategy of developing the Guangdong-Hong Kong-Macau Greater Bay Area. 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 M&A projects. Besides, we will also actively 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 issuing windows. In respect of the sales and trading business, we will make greater efforts to explore corporate and institutional customers leveraging on 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. 2020 will still be a year full of difficulties, but we would endeavor to bring satisfactory returns to our shareholders through different measures by virtue of the solid foundations the Group has laid so far.

FINAL DIVIDEND

Since the coronavirus pneumonia created great uncertainties to the market, and in order to preserve financial resources to meet challenges ahead, the Directors do not recommend the payment of a final dividend for the year ended 31st December 2019 (2018: 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 2019 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 2019. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the year ended 31st December 2019.

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 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 2019, 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 INEDs, and Ms. Zheng Yi, the NED, were unable to attend the annual general meeting of the Company held on 23rd May 2019 as they had other engagements.

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 2019.

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 2019.

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 2019 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, 31st March 2020

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