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 2021 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 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31ST DECEMBER 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
Revenue	*4*	**205,152**	213,022
Other income	*4*	**58,107**	68,209
Other (losses)/gains, net	*4*	**(19,491)**	11,218
		243,768	292,449
Staff costs	*5(a)*	**101,742**	111,998
Commission expenses		**24,369**	28,418
Other operating expenses	*5(b)*	**76,822**	75,242
Finance costs	*5(c)*	**19,159**	28,981
		222,092	244,639
		21,676	47,810
Share of profits of associates and a joint venture, net	*9*	**51,906**	46,458

	Notes	**2021**	2020
		HK$'000	*HK$'000*
Profit before taxation		**73,582**	94,268
Income tax	*6*	**(15,788)**	(9,990)
Profit for the year		**57,794**	84,278
Attributable to:			
Equity holders of the Company		**57,794**	83,671
Non-controlling interests		**–**	607
		57,794	84,278
Basic and diluted earnings per share attributable to equity holders of the Company	*8*	**HK9.01 cents**	HK13.05 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2021

	2021 HK$'000	2020 HK$'000
Profit for the year	**57,794**	84,278
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	**(14,810)**	2,906
– Change in impairment allowances charged to profit or loss	**11,460**	3,003
– Reclassification adjustments on disposal	**(11,413)**	1,016
	(14,763)	6,925
Share of an associate's investment revaluation reserve		
– Change in fair value	**(251)**	–
Net movement in investment revaluation reserve	**(15,014)**	6,925
Share of an associate's exchange difference	**3,545**	6,743
Exchange differences on translation of:		
– Financial statements of a joint venture	**335**	502
– Financial statements of foreign operations	**5,586**	14,759
Net movement in exchange difference	**9,466**	22,004
Item that will not be reclassified subsequently to profit or loss		
Share of a joint venture's capital reserve	**529**	138
Net movement in capital reserve	**529**	138
Other comprehensive income for the year	**(5,019)**	29,067
Total comprehensive income for the year	**52,775**	113,345
Total comprehensive income attributable to:		
Equity holders of the Company	**52,775**	111,838
Non-controlling interests	**–**	1,507
	52,775	113,345

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Intangible assets		**1,439**	1,439
Property and equipment		**9,487**	7,453
Financial assets at fair value through profit or loss	*11*	**15,846**	15,557
Interests in associates and a joint venture	*9*	**459,276**	417,246
Other assets		**11,626**	17,810
Right-of-use assets	*16*	**25,571**	44,129
Deferred tax assets		**51**	104
		523,296	503,738
Current assets			
Debt instruments at fair value through other comprehensive income	*10*	**283,843**	621,861
Financial assets at fair value through profit or loss	*11*	**63,724**	1
Trade and other receivables	*12*	**441,540**	609,314
Taxation recoverable		**767**	246
Pledged bank deposits	*13*	**12,139**	12,137
Bank balances and cash	*13*	**781,142**	804,471
		1,583,155	2,048,030
Current liabilities			
Trade and other payables	*14*	**276,972**	517,696
Borrowings	*15*	**214,169**	394,414
Taxation payable		**7,965**	4,120
Lease liabilities	*16*	**15,575**	24,768
Bonds issued		**10,000**	42,000
		524,681	982,998

	Notes	**2021** **_HK$'000_**	2020 _HK$'000_
Net current assets		**1,058,474**	1,065,032
Total assets less current liabilities		**1,581,770**	1,568,770
Capital and reserves			
Share capital		**64,121**	64,121
Other reserves		**477,169**	482,188
Retained earnings		**481,350**	442,792
Total equity attributable to equity holders of the Company		**1,022,640**	989,101
TOTAL EQUITY		**1,022,640**	989,101
Non-current liabilities			
Bonds issued		**–**	10,000
Lease liabilities	_16_	**10,330**	20,869
Borrowings	_15_	**548,800**	548,800
		559,130	579,669
		1,581,770	1,568,770

NOTES:

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the Group's 2021 annual financial statements. The Group's 2021 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 2021, 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 revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9 HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the financial position and performance of the Group.

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

	2021	2020
	HK$'000	*HK$'000*
Revenue		
Revenue from contracts with customers		
Fees and commission		
– Asset management	**18,322**	18,847
– Sales and trading business	**59,740**	46,221
– Corporate finance	**19,860**	43,381
	97,922	108,449
Underwriting income and placing commission		
– Corporate finance	**16,250**	25,510
Management fee and service fee income		
– Asset management	**68,368**	52,351
	182,540	186,310
Revenue from other sources		
Interest income		
– Asset management	**582**	277
– Sales and trading business	**21,944**	26,275
– Corporate finance	**11**	5
– Others	**75**	155
	22,612	26,712
	205,152	213,022

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$'000*	Total *HK$'000*
Year ended 31st December 2021				
Revenue from contracts with customers				
Brokerage service	**–**	**59,740**	**–**	**59,740**
Underwriting and placing service	**–**	**–**	**16,250**	**16,250**
Corporate finance service	**–**	**–**	**19,860**	**19,860**
Asset management service	**86,690**	**–**	**–**	**86,690**
	86,690	**59,740**	**36,110**	**182,540**

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Year ended 31st December 2020				
Revenue from contracts with customers				
Brokerage service	–	46,221	–	46,221
Underwriting and placing service	–	–	25,510	25,510
Corporate finance service	–	–	43,381	43,381
Asset management service	71,198	–	–	71,198
	71,198	46,221	68,891	186,310

	2021	2020
	HK$'000	*HK$'000*
Other income		
Loan interest income	**–**	4,755
Interest income from debt securities classified as:		
– Debt instruments at fair value through other comprehensive income	**31,570**	38,665
– Financial assets at fair value through profit or loss	**136**	3,130
Investment income	**6,742**	7,293
Dividend income	**–**	1
Government grants *(Note)*	**12,235**	6,573
Others	**7,424**	7,792
	58,107	68,209
Other (losses)/gains, net		
Net exchange gains	**5,377**	7,596
Net gains on disposal of financial assets at fair value through profit or loss	**102**	7,446
Net losses on disposal of debt instruments at fair value through other comprehensive income	**(26,216)**	(4,349)
Gains from changes in fair value of financial assets at fair value through profit or loss	**1,246**	525
	(19,491)	11,218
	243,768	292,449

Note: The Group received government grants to support enterprises in business innovation and corporate transformation in Shanghai Province, Mainland China. 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 services and related auxiliary services on fund management, managing private funds and providing 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 services including underwriting and advisory services to companies listed or seeking listing in Hong Kong or other stock exchanges and other unlisted corporates, 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 assets, 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 the exception of unallocated head office and corporate liabilities.

The measures used for reporting segment results are earnings before finance costs and taxes ("EBIT"). 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. 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 expenses and income tax.

Year ended 31st December 2021

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Revenue from external customers	**74,774**	**81,683**	**36,121**	**192,578**
Revenue from an associate *(Note 1)*	**12,498**	**–**	**–**	**12,498**
Inter-segment revenue	**–**	**202**	**–**	**202**
Reportable segment revenue	**87,272**	**81,885**	**36,121**	**205,278**
Reportable segment results (EBIT)	**54,188**	**2,992**	**(6,173)**	**51,007**
Interest income from bank deposits	**579**	**1,211**	**11**	**1,801**
Interest expense	**(8,508)**	**(3,728)**	**(211)**	**(12,447)**
Depreciation of property and equipment for the year	**(421)**	**(989)**	**(123)**	**(1,533)**
Reportable segment assets	**778,023**	**678,042**	**62,578**	**1,518,643**
Addition to non-current segment assets during the year *(Note 2)*	**629**	**(984)**	**5**	**(350)**
Reportable segment liabilities	**644,639**	**324,220**	**10,655**	**979,514**

Year ended 31st December 2020

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Revenue from external customers	58,370	72,496	68,896	199,762
Revenue from an associate *(Note 1)*	13,105	–	–	13,105
Inter-segment revenue	–	268	–	268
Reportable segment revenue	71,475	72,764	68,896	213,135
Reportable segment results (EBIT)	87,770	1,231	16,019	105,020
Interest income from bank deposits	273	3,493	5	3,771
Interest expense	(20,798)	(4,747)	(608)	(26,153)
Depreciation of property and equipment for the year	(471)	(942)	(132)	(1,545)
Reportable segment assets	1,089,908	880,014	70,751	2,040,673
Additions to non-current segment assets during the year (Note 2)	17	6,069	5	6,091
Reportable segment liabilities	922,443	468,954	28,799	1,420,196

Notes:

(1) This represents service fee income received by the Group from an associate.

(2) Non-current segment assets consist of additions to property and equipment and other assets.

Reconciliations of reportable revenue

	2021 ***HK$'000***	2020 *HK$'000*
Revenue		
Reportable segment revenue	**205,278**	213,135
Elimination of inter-segment revenue	**(202)**	(268)
Unallocated head office and corporate revenue	**76**	155
Consolidated revenue	**205,152**	213,022

Reconciliations of reportable results

	2021	2020
	HK$'000	*HK$'000*
Results		
Reportable segment profit (EBIT)	**51,007**	105,020
Share of profits of associates and a joint venture, net	**51,906**	46,458
Finance costs	**(19,159)**	(28,981)
Unallocated head office and corporate expenses	**(10,172)**	(28,229)
Consolidated profit before taxation	**73,582**	94,268
Income tax	**(15,788)**	(9,990)
Profit for the year	**57,794**	84,278

Reconciliations of reportable assets and liabilities

	2021	2020
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**1,518,643**	2,040,673
Elimination of inter-segment receivables	**(3,546)**	(93,009)
	1,515,097	1,947,664
Interests in associates and a joint venture	**459,276**	417,246
Deferred tax assets	**51**	104
Taxation recoverable	**767**	246
Unallocated head office and corporate assets	**131,260**	186,508
Consolidated total assets	**2,106,451**	2,551,768
Liabilities		
Reportable segment liabilities	**979,514**	1,420,196
Elimination of inter-segment payables	**(17,938)**	(54,355)
	961,576	1,365,841
Taxation payable	**7,965**	4,120
Unallocated head office and corporate liabilities	**114,270**	192,706
Consolidated total liabilities	**1,083,811**	1,562,667

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, right-of-use assets, other 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**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**155,284**	179,553	**209,140**	211,909
Mainland China	**49,868**	33,469	**298,259**	276,168
	205,152	213,022	**507,399**	488,077

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Staff costs

	2021	2020
	HK$'000	*HK$'000*
Salaries and allowances *(Note)*	**98,865**	110,087
Defined contribution plans	**2,877**	1,911
	101,742	111,998

Note: Wage subsidies of HK$6,406,000 granted from the Employment Support Scheme under Anti-Epidemic Fund by the Government of Hong Kong for the use of paying wages of employees have been received during the year ended 31st December 2020. The amount had been offset against staff costs. There are no unfulfilled conditions or contingencies relating to the subsidies. There is no such subsidies during the year ended 31st December 2021.

(b) Other operating expenses

	2021 *HK$'000*	2020 *HK$'000*
Advertising and promotion	**1,153**	1,223
Auditor's remuneration	**2,066**	2,155
Advisory fee expenses	**6,653**	8,217
Bank charges	**618**	722
Data service fee	**8,619**	8,707
Depreciation of property and equipment	**3,073**	3,210
Depreciation of right-of-use assets *(Note 16)*	**24,164**	23,049
Employee relation expense	**634**	852
Entertainment	**1,529**	679
Impairment allowances charged/(reversed) on:		
– debt instruments at fair value through other comprehensive income	**11,460**	3,003
– loans receivable	**–**	(374)
– trade and other receivables	**(319)**	(167)
Insurance	**2,583**	2,118
Legal and professional fee	**(1,491)**	6,549
Printing and stationery fee	**971**	683
Property management and other related fee	**4,262**	3,897
Repair and maintenance fee	**2,553**	2,566
Service fee	**1,165**	876
Short-term lease payment not included in the measurement of lease liabilities	**–**	957
Staff recruitment fee	**429**	113
Telecommunication fee	**2,463**	2,305
Others	**4,237**	3,902
	76,822	75,242

(c) Finance costs

	2021 *HK$'000*	2020 *HK$'000*
Interest on borrowings – repayable on demand and within one year	**5,939**	16,190
Interest on borrowings – repayable more than one year but not more than three years	**10,445**	8,985
Interest on bonds issued – repayable within one year	**1,358**	1,689
Interest on bonds issued – repayable in more than one year but not more than three years	**–**	391
Interest on lease liabilities *(Note 16)*	**1,417**	1,726
	19,159	28,981

6. 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 the 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/(credited) to the consolidated statement of profit or loss is as follows:

	2021	2020
	HK$'000	*HK$'000*
Current taxation – Hong Kong:		
– Charge for current year	**–**	1,389
– (Over)/under-provision in prior year	**43**	(1,181)
Current taxation – PRC:		
– Charge for current year	**15,692**	10,095
	15,735	10,303
Deferred taxation:		
– Hong Kong	**53**	(313)
	15,788	9,990

7. DIVIDENDS

The Board proposed a final dividend of HK$0.02 per ordinary share for the year ended 31st December 2021 (2020: HK$0.03 per ordinary share). The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting and not reflected as dividend payable in the financial statements. The Board paid a final dividend of HK$0.03 per ordinary share for the year ended 31st December 2020 on 9th July 2021.

	2021	2020
	HK$'000	*HK$'000*
2020 Final dividend paid in 2021:		
HK3 cents per ordinary share	**19,236**	–

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of HK$57,794,000 (2020: HK$83,671,000) and the number of 641,205,600 ordinary shares (2020: 641,205,600 ordinary shares) in issue during the year. The calculation is as follows:

(i) Earnings attributed to equity holders of the Company

	2021	2020
	HK$'000	*HK$'000*
Earnings for the year attributable to equity holders of the Company	**57,794**	83,671

(ii) Number of ordinary shares

	2021	2020
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 were presented for both years because there were no potential dilutive ordinary shares during both the current and prior years.

9. INTERESTS IN ASSOCIATES AND A JOINT VENTURE

	2021	2020
	HK$'000	*HK$'000*
Interests in associates	**444,317**	407,910
Interest in a joint venture	**14,959**	9,336
	459,276	417,246

(a) Interests in associates

	2021	2020
	HK$'000	*HK$'000*
Share of net assets at 1st January	**407,910**	366,721
Share of profits for the year, net	**47,147**	45,082
Share of other comprehensive income for the year	**3,294**	6,743
Dividend income from an associate	**(14,034)**	(10,636)
	36,407	41,189
Share of net assets at 31st December	**444,317**	407,910

(b) Interest in a joint venture

	2021	2020
	HK$'000	*HK$'000*
Share of net assets at 1st January	**9,336**	8,953
Share of profit for the year	**4,759**	1,376
Share of other comprehensive income for the year	**529**	138
Translation difference	**335**	502
Dividend income	**–**	(1,633)
	5,623	383
Share of net assets at 31st December	**14,959**	9,336

10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021	2020
	HK$'000	*HK$'000*
Listed debt investments		
– debt securities with fixed interest	**283,843**	621,861

As at 31st December 2021 and 31st December 2020, 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 2021	**267,999**	**–**	**15,844**	**283,843**
Fair value as at 31st December 2020	621,861	–	–	621,861

An analysis of the maturity profile of listed debt securities of the Group analysed by the remaining tenor from 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	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31st December 2021	**117,051**	**90,990**	**75,802**	**–**	**283,843**
31st December 2020	206,251	241,389	172,466	1,755	621,861

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	HK$'000	*HK$'000*
Non-current:		
Unlisted private equity funds	**15,846**	15,557
Current:		
Listed debt securities fund	**23,676**	–
Listed debt securities *(Note (a))*	**40,047**	–
Unlisted equity securities	**1**	1
	63,724	1
	79,570	15,558

Note:

(a) As at 31st December 2021, the debt securities with fair value of HK$40,047,000 (2020: nil) were listed perpetual bonds.

12. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade and other receivables	**458,151**	626,326
Less: impairment allowances	**(16,611)**	(17,012)
Total trade and other receivables	**441,540**	609,314

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 brokering, are expected to be recovered or realised within one year.

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

	Movement
	HK$'000
At 1st January 2020	17,179
Reversal of impairment allowances	(167)
At 31st December 2020 and 1st January 2021	17,012
Reversal of impairment allowances	(319)
Written off of impairment allowance	(82)
At 31st December 2021	**16,611**

As at 31st December 2021 and 31st December 2020, 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 2021	**430,092**	**99**	**12,929**	**15,031**	**458,151**
Expected credit losses	**(309)**	**–**	**(12,929)**	**(3,373)**	**(16,611)**
	429,783	**99**	**–**	**11,658**	**441,540**

	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 2020	597,384	306	13,011	15,625	626,326
Expected credit losses	(627)	(1)	(13,011)	(3,373)	(17,012)
	596,757	305	–	12,252	609,314

For trade receivables related to margin loans arising from securities brokering amounting to HK$181,572,000 (31st December 2020: HK$188,683,000), during the year, impairment allowances of HK$319,000 (31st December 2020: HK$167,000) were reversed. As at 31st December 2021, impairment allowances of HK$13,238,000 (31st December 2020: HK$13,557,000) for the receivables from margin clients was provided. The margin clients of securities brokering business are required to pledge their shares to the Group for credit facilities for securities trading. No ageing analysis is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of revolving margin loans.

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 the collateral available to the Group.

For trade receivables related to corporate finance of HK$15,031,000 (31st December 2020: HK$15,625,000), no additional impairment allowance was provided for the year (31st December 2020: nil). As at 31st December 2021, impairment allowances of HK$3,373,000 (31st December 2020: HK$3,373,000) were provided. The settlement terms of trade receivables from corporate finance clients are usually 30 days from the date of invoice. The relevant ageing analysis based on the date of invoice at the reporting date was as follows:

	2021	2020
	HK$'000	*HK$'000*
Current	**2,948**	8,042
30–60 days	**2,451**	360
Over 60 days	**9,632**	7,223
	15,031	15,625
Less: impairment allowances	**(3,373)**	(3,373)
	11,658	12,252

For trade receivables from clients arising from securities brokering amounting to HK$141,392,000 (31st December 2020: HK$277,710,000), the amounts represent outstanding unsettled trades due from clients as of the period end. It normally takes two to three days to settle after trade date of those transactions. As at 31st December 2021, it included overdue balances of HK$17,423,000 (31st December 2020: HK$11,644,000). 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 that there was a significant change in credit quality of the balance. No impairment allowance has been provided.

The trade receivables from clearing houses arising from securities brokering of HK$19,439,000 (31st December 2020: HK$56,477,000), the settlement terms of trade receivables from clearing houses are usually one to two days after the trade date.

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

Clients trading in commodities and futures contracts and obtaining securities margin financing from the Group are required to observe the Group's margin policies. For commodities and futures contracts, initial margins are required before trading and thereafter clients are required to keep the equity position at a prescribed maintenance margin level.

13. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	2021	2020
	HK$'000	*HK$'000*
Cash in hand	**21**	21
Bank balances		
– pledged deposits	**12,139**	12,137
– general accounts	**781,121**	804,450
	793,260	816,587
	793,281	816,608

By maturity:

	2021	2020
Bank balances		
– current and savings accounts	**781,121**	804,450
– fixed deposits (maturing within three months)	**12,139**	12,137
	793,260	816,587

14. TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables	**207,083**	405,541
Accruals, provision and other payables *(Note)*	**62,939**	96,797
Deferred revenue	**6,950**	15,358
Total trade and other payables	**276,972**	517,696

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 ("**CISC**"), 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. On 25th March 2021, CISL entered into a settlement agreement with the plaintiff. Hence, the plaintiff's claim against CISL in this action has been wholly discontinued. And the excess provision was reversed during the year.

15. BORROWINGS

		2021	2020
		HK$'000	*HK$'000*
Non-current			
Bank loans	*Note (a)*	**548,800**	548,800
Current			
Bank loans	*Note (a)*	**–**	185,000
Borrowings under repurchase agreements	*Note (b)*	**214,169**	209,414
		214,169	394,414
		762,969	943,214

Notes:

(a) At 31st December 2021 and 31st December 2020, the bank loans were repayable and carried interest with reference to the HIBOR/LIBOR as follows:

	2021 *HK$'000*	2020 *HK$'000*
Within one year	**–**	185,000
More than one year	**548,800**	548,800
	548,000	733,800

As at 31st December 2021, the Group had total banking facilities of HK$1,954,000,000 (31st December 2020: HK$2,054,000,000).

Among these banking facilities, HK$200,000,000 (31st December 2020: HK$200,000,000) of it was secured by pledged deposits with a principal of HK$12,000,000 (31st December 2020: HK$12,000,000).

Further, HK$1,620,000,000 (31st December 2020: HK$1,720,000,000) was under specific performance obligation on the Company's controlling shareholder, for 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 2021, HK$548,800,000 (31st December 2020: HK$658,800,000) was drawn from the banking facilities under the specific performance obligation. Among these bank facilities, US$24,000,000 (equivalent to HK$187,200,000) (31st December 2020: US$24,000,000 (equivalvent to HK$187,200,000)) was drawn in US dollars.

As at 31st December 2021 and 2020, the Group has not utilised any of the banking facilities secured by the pledged deposits.

The effective interest rate of the bank loans 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 a cash consideration of US$27,458,000 (equivalent to HK$214,169,000) (31st December 2020: US$26,848,000 (equivalent to HK$209,414,000)). There are no maturity dates stated in the agreements and the interest is calculated with reference to the LIBOR. The Group is required to repurchase the debt securities at US$27,458,000 (equivalent to HK$214,169,000) (31st December 2020: US$26,848,000 (equivalent to HK$209,414,000)) plus interest at variable rates calculated with reference to the LIBOR upon the termination of the agreements. As at 31st December 2021, the borrowings under repurchase agreements were collateralised by the Group's debt securities with a fair value of HK$293,147,000 (31st December 2020: HK$280,703,000).

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 2020	43,188	44,627
Addition	23,990	23,990
Depreciation expenses *(Note 5(b))*	(23,049)	–
Interest expense *(Note 5(c))*	–	1,726
Payments	–	(24,216)
Rent concessions from lessor	–	(490)
As at 31st December 2020 and 1st January 2021	44,129	45,637
Addition	5,606	5,606
Depreciation expenses *(Note 5(b))*	(24,164)	–
Interest expense *(Note 5(c))*	–	1,417
Payments	–	(26,755)
As at 31st December 2021	25,571	25,905

	2021 ***HK$'000***	2020 *HK$'000*
Lease liabilities analysed into:		
Current portion	**15,575**	24,768
Non-current portion	**10,330**	20,869
As at 31st December	**25,905**	45,637

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET CONDITIONS

In 2021, the variant of COVID-19 spread globally and affected economic activities. Nonetheless, with mass vaccinations and some countries even adopting a "live with the virus policy" by lifting all anti-infection measures, people were able to return to their normal lives. Some regions refused to implement lockdown measures even though the pandemic situation was worsening, thus allowing their economic activities to continue. Therefore, the risk of concern about economic slowdown in the market was reduced, but with that came the problem of rising inflation due to higher prices in a prolonged low interest rate environment. In the United States of America ("US"), Personal Consumption Expenditure ("PCE") price index rose by 5.8% year-on-year in December, the highest since June 1982, and the core PCE price index, an inflation indicator which the Federal Reserve ("Fed") of the US attaches importance to, rose by 4.9% year-on-year, the highest since October 1983, and was well above 2%, the target inflation level of the Fed, for eight consecutive months. As a result, the latest interest rate chart suggests that the Fed will raise interest rates for the first time in March or April 2022 at the earliest.

The Fed accelerated tapering, driving the U.S. dollar index to fluctuate upwards in 2021. The US dollar index rebounded from a low of 89.535 in May to a high of 96.938 in November, the highest since August 2020, up 1.5% in the fourth quarter and up 6.4% for 2021. In terms of yield on treasury bonds, the yield of long-term treasury bonds of the US rose and then receded in the first half of the year. In the second half of 2021, the job market recovered as expected, driving the yield of the 10-year treasury bonds to bottom out in August. The three major US stock indices reached new record highs again in the fourth quarter, with the Dow Jones Industrial Average Index reaching a record high of 36,679 points, while the S&P 500 Index and NASDAQ Index hit new highs of 4,809 points and 16,212 points, respectively. Overall, the three major US stock indices rose from 7.4% to 10.7% in the fourth quarter and from 18.7% to 26.9% for the year. In Europe, due to the slower pace in tapering by the European Central Bank as compared to other major central banks, European stocks oscillated upwards during the year, with the pan-European Stoxx 600 and German, French and British stocks rising between 14.3% and 28.9%.

As to the bond market, since the second half of the year, market concerned that the expected overheat of US inflation might trigger the Fed to tighten the monetary policies earlier, leading to a rapid increase in the yield of the US treasury bonds, and the JPM Emerging Markets Government Bond Index fell 9.2% for the year. In addition, in the Mainland, the second half of 2021 was marked by strict enforcement of policies on real estate companies and market concerned over the risk of default by real estate companies, offshore Chinese US dollar bonds were under pressure, and as a result, the bond market picked up at the beginning and fell later, among which, Markit iBoxx Asian Chinese US Dollar Bond Index fell by 5.5% for the year, Markit iBoxx Asian Chinese US Dollar High-yield Bond Index and Markit iBoxx Asian Chinese US Dollar Real Estate Bond Index fell by 21.3% and 27.6%, respectively.

In the Mainland, the pandemic was under control and there were only sporadic cases in some areas. However, in 2021, the economy faced the challenge of a high base and the economic situation picked up at the beginning and fell later. The gross domestic product ("GDP") in the first quarter grew by 18.3% year-on-year, and significantly slowed down to 7.9% in the second quarter. At the executive meeting of the State Council held in June 2021, it was proposed to deploy and guide financial institutions to offer further reasonable advantages to enterprises so as to stabilize the basic economic situation; at the meeting, it was also proposed to comprehensively use such tools as lowering deposit reserve ratio and refinancing to maintain reasonably sufficient liquidity in the market and ease the capital pressure on enterprises. In July, the People's Bank of China ("PBOC") announced a 0.5 percentage point reduction on deposit reserve ratio for financial institutions, releasing approximately RMB1 trillion of long-term funds to support the market recovery. The GDP for the whole year recorded a year-on-year growth of 8.1%, higher than the Chinese government's target of over 6%. As for the capital market, with expectation in the market that the pandemic would be under control in the Mainland and the PBOC would continue to lower the deposit reserve ratio, the capital flew into the A share market constantly. As for A shares, SSE Index fluctuated upwards in the fourth quarter, dipped to 3,448 points in November and then rebounded to 3,708 points in December. SSE Index finally rose by 2.0% in the fourth quarter, and 4.8% for the whole year. The yield of the 10-year government bonds fell by 3.4% in the fourth quarter, and 11.7% for the whole year. In 2021, RMB exchange rate had shown a strengthening trend, and both the exchange rates of onshore RMB and offshore RMB against US dollar appreciated by 1.4% in the fourth quarter, and appreciated by 2.6% and 2.2% respectively for the whole year.

In Hong Kong, the economic growth resumed from 2021 onwards as the situation of the COVID-19 pandemic stabilised and preventive measures were gradually relaxed. The GDP of Hong Kong in the fourth quarter of 2020 decreased by 2.8% year-on-year, and resumed growth in the first quarter of 2021, increasing by 8.0% year-on-year, ending the decline for six consecutive quarters. Economic growth slowed down to 7.6% in the second quarter, and 5.5% and 4.8% in the third and the fourth quarters respectively. As for the unemployment rate, benefiting from the improvement in the consumption atmosphere in the fourth quarter of the preceding year, the overall unemployment rate of the consumer and tourism-related industries fell by 0.9 percentage point to 5.4%.

As to Hong Kong stock market, in 2021, Hong Kong stock prices had risen initially but then dropped. In February, the Hang Seng Index reached a high of 31,183 points, and the Hang Seng China Enterprises Index reached 12,271 points, a new high since June 2018. The Hang Seng Technology Index rose to 11,001 points in the same period, hitting a new high since the index was launched in July 2020. However, investors worried that rising inflation would lead to higher interest rates. The market sentiment deteriorated and therefore selling pressure emerged in the market. In addition, the debt crisis for the domestic real estate enterprises stocks continued to fester, and the US may taper ahead of schedule, the Hang Seng Index once plunged to a low level of 23,771 points in September. Until the fourth quarter, the regulatory policies for the real estate sector in the Mainland was slightly relaxed, and the PBOC stated that the reasonable financing needs of the domestic real estate enterprises should be met. However, Hong Kong stocks remained weak, with the Hang Seng Index reaching a low of 22,665 points in the quarter and fell by 4.8% in the fourth quarter. In summary, the Hang Seng Index fell by 14.1% for the whole year of 2021, while the Hang Seng China Enterprises Index and the Hang Seng Technology Index fell by 23.3% and 32.7%, respectively, making it the worst-performing major market in the world. In terms of trading volume, the daily average transaction volume in 2021 was HK$166.7 billion, representing an increase of 29% as compared to HK$129.5 billion in 2020. According to the data from Wind, the cumulative net inflow of Southbound capital for the whole year of 2021 was HK$454.4 billion, representing a decrease of 32% from 2020. The performance of the new shares market was sluggish. According to The Stock Exchange of Hong Kong Limited ("Stock Exchange") data, a total of 98 new share listings were recorded in 2021, raising HK$328.9 billion, representing a year-on-year decrease of 36% and 18%, respectively. In terms of amount of funds raised, Hong Kong ranked fourth among global exchanges in 2021.

During the year, volatility in the market of the US dollar bonds issued by Chinese enterprises was high. According to the statistics from Bloomberg, in 2021, US dollar bonds issued by Chinese enterprises amounted to US$194.2 billion, representing a decrease of 3.63% year-on-year. In the second half of the year, the market of the US dollar bonds issued by Chinese enterprises experienced severe turbulence and credit risk incidents occurred continuously, especially in the real estate sector, where there were frequent defaults, and the yield of high-yield US dollar bonds issued by Chinese enterprises rose to record high. As a result, the issuance volume in the real estate sector was significantly reduced. Even some high quality domestic real estate enterprises had been affected. On the whole, the market of the US dollar bonds issued by Chinese enterprises shrank in 2021 as compared to previous years, with the Composite Index falling by 5.47% and the high-yield US dollar bonds issued by Chinese enterprises index plummeting by 21.32%, with only the investment grade bond index remaining at last year's level.

OVERALL PERFORMANCE

In conclusion, in 2021, the Hong Kong economy benefited from the relaxation of the anti-pandemic measures and the Group adhered to the operating strategies formulated at the beginning of the year. The Group is the only fully licensed securities company established outside the Mainland within the system of China Cinda Asset Management Co., Ltd. ("China Cinda", together with its associates, the "China Cinda Group"). As the hub connecting to international capital markets and overseas asset management centre of the China Cinda ecosphere, the Group provides cross border businesses covering major markets around the world with China concept as its focus. During the year, the Group continued with the development of the three core business segments (i.e. asset management business, corporate finance business and sales and trading business). Although the market of the US dollar bonds issued by Chinese enterprises was volatile and the new share market was inactive during the year, sales and trading segment of the Group grasped opportunities of the signs of economic recovery in Hong Kong under strict risk controls and compliance with laws and regulations in the course of operation. Together with the increase in the profit contribution from associates and joint ventures which offset the impact of the significant decrease in the net gain of bond investments and the decrease in revenue of the corporate finance business. For the overall performance of the year, the Group still recorded a profit after tax of HK$57.79 million, representing a decrease of 31% year-on-year. The total revenue for the full year amounted to HK$243.77 million (2020: HK$292.45 million), representing a decrease of 17% year-on-year, among which, the turnover was HK$205.15 million (2020: HK$213.02 million), representing a decrease of 4% year-on-year. Other income and gains amounted to HK$38.62 million (2020: HK$79.43 million), representing a decrease of 51% year-on year, mainly due to the decrease in investment income on bonds. As for expenses, the Group endeavored to control costs, and except that the rental and impairment allowances increased, other expenses decreased. As a result, operating expenses (excluding commission expenses and finance costs) amounted to HK$178.56 million (2020: HK$187.24 million), representing a decrease of 5% year-on-year. Finance cost decreased by 34% year-on-year, mainly due to the decrease in the overall borrowing size and market interest rates as well as certain bank loans were replaced by repurchase agreements with low cost.

The Group recorded a share of profits from associates and a joint venture amounting to HK$51.91 million (2020: HK$46.46 million), representing an increase of 12% year-on-year, which was mainly due to the increase in profit contribution by an associate engaging in fund management and a joint venture engaging in private equity investment. As a result, the Group's profit before tax for the year amounted to HK$73.58 million (2020: HK$94.27 million). Profit after tax attributable to equity holders amounted to HK$57.79 million (2020: HK$83.67 million), representing a decrease of 31% year-on-year.

Asset management

In 2021, the operations of the asset management segment of the Group continued to be stable. The turnover was HK$87.27 million (2020: HK$71.48 million), representing an increase of 22% year-on-year. Currently, the Group operates under light-asset strategy and remains the overseas asset management service centre of China Cinda ecosphere connected with the international capital markets. 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 marketized asset management business operations. The segment developed a special opportunity investment fund with offshore US dollar bonds issued by Chinese enterprises and some domestic troubled asset funds during the year, leading to an increase in the scale of assets under management by 5% as compared with the end of last year. Profit from this segment decreased by 38% to HK$54.19 million as the net gain of bond investments significantly decreased for the year after recording a loss of disposal and the scales of other structured product investments contracted under the strict risk controlling measures during the year.

The Group actively cooperated with associates and joint ventures to expand diversified businesses. With the favorable effect of the revival of capital markets, during the year, the Group recorded a share of profits from associates and a joint venture amounting to HK$51.91 million (2020: HK$46.46 million), mainly attributable to a significant growth in the profit contribution by an associate engaged in fund management as compared to the previous year. Moreover, the fair values of the stocks held through funds by a joint venture as compared with the beginning of the year increased.

Corporate finance

As affected by the blockage of the boarder between Hong Kong and the Mainland, the progress of certain projects were slow and the corporate finance business did not record satisfactory performance in 2021, with operating revenue amounting to only HK$36.12 million, representing a decrease of 48% as compared with HK$68.90 million of last year, and segment loss amounted to HK$6.17 million (2020: profit of HK$16.02 million). The Group 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 a company engaged in property management in Hangzhou which successfully listed on the Stock Exchange, with fund raised amounting to HK$200 million. Number of IPO projects completed decreased when compared with four in the previous year. During the year, some projects of the segment that are still in progress include several sponsorship projects for listing in Hong Kong and several compliance advisory projects. Moreover, the segment completed a financial advisory project on the privatization of a state-owned H share company listed on the Stock Exchange during the year. With respect to debt issuance business, the Group successfully completed six Chinese enterprises offshore US dollar bond issuance projects in the year, totaling US$4.79 billion, representing an increase of 11% year-on-year.

Sales and trading business

Although the Hong Kong stock market was highly volatile in the year, the trading volume rose instead. The Group benefited from the increase in the trading volume and the expansion of its own business scale, leading to an increase in its market share. As a result, the operating revenue increased by 13% to HK$81.89 million during the year from HK$72.76 million in 2020, of which the Group recorded commission of

HK$59.74 million (2020: HK$46.22 million) and interest from securities financing and other income of HK$21.94 million (2020: HK$26.28 million). In view of the continuing uncertainty in the market, the Group remained prudent in margin loans through strict risk control, instead of expanding the scale, with no bad or doubtful debts occurred throughout the year. Facing fierce price competition from online trading platform securities firms, on one hand, the segment strengthened its collaboration with its parent company, Cinda Securities Co., Ltd. ("Cinda Securities"), during the year; on the other hand, it actively explored institutional clients and high net worth customers, in order to provide a China concept-focused service to contend with the securities firms that operated with the strategy of reduction of commission. In the end, the Group recorded segment profit of HK$2.99 million in the year (2020: HK$1.23 million), representing an increase of approximately 1.4 times.

LOOKING FORWARD

The external environment will remain complex and uncertain in 2022. It is expected that the spreading of new variants of the coronavirus will be under control throughout the world due to mass vaccination, which will boost the global economic recovery. However, the consequent problem is the rising inflation, and the central banks in all nations need to change their monetary policies to curb inflation. As for the relationship between the US and China, their confrontation is expected to continue in 2022, which has raised concern that the US may take further steps to damage the relationship between both parties, causing market turmoil, making Hong Kong continue to be a battleground for Sino-US rivalry. Looking forward to 2022, the Hong Kong economy is expected to expand further, but the pace of growth will be affected by uncertainties, particularly those related to the development of the pandemic in the region. Due to the outbreak of a new wave of pandemic, the Government of the Hong Kong SAR tightened its pandemic prevention measures once again since early January, adding a new round of pressure on local economic activities and dampening the economic climate. In addition, supply bottlenecks amidst the evolving global epidemic may cause inflation in some major economies to remain high for a longer period of time. These developments will increase inflationary pressure locally and may also prompt major central banks to accelerate the pace of tightening monetary policy, causing volatility in the global economy and financial markets. In addition, the market expects that profits of enterprises may regress against the backdrop of a high base and the headwinds of the economy in the Mainland. In addition, the US has entered into a cycle of interest rate hikes, and initiates reduction on its balance sheet as and when appropriate. The risk of weakening Hong Kong-US exchange rate will increase if the interest margin between Hong Kong and the US is further narrowed. If the US raises interest rates and the reduction on balance sheet is too fast, the withdrawal of its funds out of Hong Kong will be accelerated. In addition, the first half of 2022 will be the peak of debt maturity for domestic real estate enterprises in the Mainland, while the US mid-term election will fall in the second half of 2022, coupled with the geopolitical risks in the Middle East and Eastern Europe, which will increase the volatility of Hong Kong stocks, and at the same time continue to suppress the space for recovery of valuation of Hong Kong stocks in 2022.

In Europe and the US, as the pandemic eases up and the economic data continue to improve in the US, inflation is rising while the economy is growing, forcing the Fed to propose raising interest rates earlier than the market expected, which hit the US stock market. Against this backdrop, the Fed will end its bond purchase programme in March 2022 and may raise interest rates for the first time in March, followed by a reduction in its balance sheet from the third quarter at the earliest, which may be a reason for retracement of risk assets during the year. However, once inflation shows no signs of cooling down and it is expected that high inflation will remain for a longer period of time, the Fed will have to take more and more vigorous actions to curb inflation during the year. Once the yield rate of the 10-year US treasury bonds accelerates to rise and the difference between the yield rate and the stock yield further narrows, it will appear that the valuation of US stocks is high and the extent of retracement of the stock market will be larger than expected. Especially for high-growth stocks, attention should be paid to the increase in the risk of subsequent adjustment in the stock market. In Europe, the continued slowdown of the spread of the pandemic resulted in sustained economic growth in some regions, but they are also under inflationary pressure. Lagarde, president of the European Central Bank, expressed increased concerns about the recent surge in inflation but did not indicate that interest rates would not be raised this year. The market expects the European Central Bank to raise interest rates in June at the earliest, causing concern that Europe will taper in the second to third quarters of 2022, putting pressure on stock market.

In the Mainland, the COVID-19 pandemic has been under control and economic activities have returned to normal. The main focus of economic work in 2022 will be to maintain stability while seeking development. It is expected that the policy will be positive and tend to be "maintaining steady growth". In December, the Mainland unexpectedly lowered its one-year loan prime rate ("LPR") by 5 basis points, monetary policies tended to be marginal looseness. Fiscal policy is expected to take effect, with a new round of tax and fee cuts and measures to stimulate consumption. At the Central Economic Working Conference, it is proposed to "moderately advance the investment in infrastructure", reflecting that investment in infrastructure will increase in 2022. In terms of real estate policy, it is proposed at the meeting to promote the construction of subsidised housing, support the commercial housing market to better meet the reasonable housing needs of purchasers, and promote the healthy development and virtuous cycle of the real estate industry. The fixed guidance of "housing properties for accommodation, not speculation" will remain unchanged in 2022, but the policy flexibility for different cities has increased. In the Mainland, the 5-year LPR remained unchanged in December 2021, reflecting the authorities' intention not to stimulate the real estate market. To conclude, the Mainland economic development is facing triple pressure from demand contraction, supply shock and weakening expectations. It is also pointed out that cross-cycle and counter-cycle policies should be organically integrated, reflecting a heavy downward pressure on the Mainland economy in 2022, and the policy is expected to tend to be "stable growth, loosened currency and easing credit". It is expected that there will still be opportunities to lower the deposit reserve ratio and interest rate during the year, and the first half of the year is the time window for key policy, which is expected to bring support for A shares. In addition, with the regular regulation over sectors such as technology and education, the revision to the policies on regulation over domestic real estate enterprises, and the coincidence of the 20th National Congress of the Communist Party of China in the second half of the year, the trend of A shares is expected to stabilise.

The Group will further enhance the business integration with Cinda Securities, and jointly plan to provide domestic and foreign integrated financial services, and play the role as a cross-border business platform of Cinda Securities well. We will focus on the investment banking businesses including issuance of US dollar bonds by domestic institutions, IPO of domestic companies in Hong Kong and cross-border restructuring of major assets of domestic institutions, the cross-border brokerage business on the full circulation of H shares, the creation of cross-border asset management products, and the establishment of a mechanism in which research departments of the two institutions to share their research resources to expand the cross-border integrated investment banking service.

Meanwhile, the Group will continue to focus on the main business of China Cinda Group and serve as the only fully licensed outside border securities company of the China Cinda ecosphere. The Group will continue to promote the development of the three core business segments. On one hand, we will further boost the development of our synergistic businesses, continue to optimize the internal management and enhance our asset capacity, as well as continue to maintain stable and compliant operation. On the other hand, externally we will deepen the cooperation with Cinda Securities and China Cinda ecosphere in a bid to achieve win-win results. In respect of the sales and trading business, we will continue to consolidate the market position of the traditional industry, strengthen the collaboration and interaction with the parent company, Cinda Securities, take initiative to explore retail customers and expand institutional, corporate and high net worth clients; develop towards the direction of wealth management and diversify the products to cover stocks, futures, bonds as well as products with fixed income, and asset management so as to satisfy the customers' need in asset allocation. In terms of asset management business, 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 and special opportunity fund. We will deepen our understanding of individual projects, further explore the highlights of the Group's market-oriented businesses and provide unique corporate value points in order to enhance customer stickiness. As for corporate finance business, we will maintain the parallel development of both equity and debt businesses. For the equity-related business, we will proactively provide sponsor and underwriting services and expand advisory business on merger and acquisition, and financial restructuring. As for debt-related business, the Group will explore demands for debt issuance of domestic and Hong Kong customers of China Cinda Group and provide tailor-made issuance plans and services to such customers and catch issuing windows to serve the clients, so as to achieve the "equity-debt" integration. In addition, the Group believes that for the rest of the year, the external economy will be improving and positive market sentiment will be maintained. The Group will strengthen the synergy and expand its market-oriented businesses through different measures by virtue of the solid foundations the Group has laid so far. The Group would endeavor to capitalise on various market opportunities to further enhance the results for next year and bring satisfactory returns to our shareholders.

FINANCIAL RESOURCES

The Group maintained sound financial strength during the year, and all subsidiaries licensed by the Securities and Futures Commission of Hong Kong had liquid capital in excess of regulatory requirements. As of 31st December 2021, the Group had term loan facility of HK$550 million from banks, which were fully utilised. In addition, as of 31st December 2021, the Group had revolving bank loans and overdrafts facilities of HK$1,404 million, all of which were not utilised. In addition, during the year, the Group repaid fixed-rate medium-term bonds of HK$42 million, and the Group had outstanding principal amount of HK$10 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 Hong Kong dollar and US dollar to which Hong Kong dollar is pegged with. Some assets are denominated in RMB, mainly because the Group has two wholly-owned subsidiaries incorporated and operated in the Mainland which account for all their assets and incomes in RMB. During the year, the exchange rate of RMB against US dollar increased as benefited from the growth of China's economy, the favourable figures on the import and export, the measures for domestic economic protection. The Group considered that the trend of exchange rate of RMB remained positive, and hedging was not carried out for such fluctuation in the exchange rate of RMB.

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, 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 management and 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 middle and back-end 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, such as leave for professional examinations. The Group also implemented a "New Employee Mentorship Programme" and organized 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, certain of which were conducted through electronic video means. 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.

FINAL DIVIDEND

The Board appreciates the continuing support of the Shareholders and has resolved to propose a final dividend of HK$0.02 (2020: HK$0.03) per ordinary share for the year ended 31st December 2021, totaling HK$12.82 million (2020: HK$19.24 million), which is expected to be paid on or before 13th June 2022 to the Shareholders as appeared on the register of members of the Company on 20th May 2022 subject to the final approval at the annual general meeting of the Company to be held on 12th May 2022.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the proposed final dividend for the year ended 31st December 2021, the register of members of the Company will be closed from 18th May 2022 to 20th May 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 17th May 2022.

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 2021 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 2021. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the year ended 31st December 2021.

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 2021, the Group has complied with all the code provisions set out in the CG Code.

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 2021.

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 2021.

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 2021 Annual Report of the Company will be published on the same websites and dispatched to the Shareholders in due course.

By Order of the Board
Cinda International Holdings Limited
Zhu Ruimin
Chairman

Hong Kong, 4th March 2022

As at the date hereof, the Board comprises:

Executive Directors:	Ms. Zhu Ruimin	*(Chairman)*
	Mr. Zhang Yi	*(Chief Executive Officer)*
	Mr. Lau Mun Chung	*(Deputy Chief Executive Officer)*
Non-executive Director:	Mr. Chow Kwok Wai	
Independent Non-executive Directors:	Mr. Hung Muk Ming	
	Mr. Xia Zhidong	
	Mr. Liu Xiaofeng	

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