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信達國際控股有限公司
CINDA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 111)

ANNOUNCEMENT OF 2022 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 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST DECEMBER 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Revenue	4	136,281	205,152
Other income	4	29,715	58,107
Other losses, net	4	(23,970)	(19,491)
		142,026	243,768
Staff costs	5(a)	65,536	101,742
Commission expenses		11,895	24,369
Other operating expenses	5(b)	61,972	76,822
Finance costs	5(c)	20,460	19,159
		159,863	222,092
		(17,837)	21,676
Share of profits of associates and a joint venture, net	9	6,457	51,906

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
(Loss)/profit before taxation		(11,380)	73,582
Income tax	6	<u>(11,028)</u>	<u>(15,788)</u>
(Loss)/profit for the year		<u>(22,408)</u>	<u>57,794</u>
Attributable to:			
Equity holders of the Company		<u>(22,408)</u>	<u>57,794</u>
Basic and diluted (loss)/earnings per share attributable to equity holders of the Company	8	<u>HK(3.49) cents</u>	<u>HK9.01 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022 HK\$'000	2021 HK\$'000
(Loss)/profit for the year	<u>(22,408)</u>	<u>57,794</u>
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	(19,088)	(14,810)
– Change in impairment allowances charged to profit or loss	2,854	11,460
– Reclassification adjustments on disposal	<u>12,661</u>	<u>(11,413)</u>
	(3,573)	(14,763)
Share of an associate's investment revaluation reserve		
– Change in fair value	<u>(831)</u>	<u>(251)</u>
Net movement in investment revaluation reserve	<u>(4,404)</u>	<u>(15,014)</u>
Share of an associate's exchange difference	(13,615)	3,545
Exchange differences on translation of:		
– Financial statements of a joint venture	(328)	335
– Financial statements of foreign operations	<u>(19,902)</u>	<u>5,586</u>
Net movement in exchange difference	<u>(33,845)</u>	<u>9,466</u>
Item that will not be reclassified subsequently to profit or loss		
Share of a joint venture's capital reserve	<u>(1,046)</u>	<u>529</u>
Net movement in capital reserve	<u>(1,046)</u>	<u>529</u>
Other comprehensive income for the year	<u>(39,295)</u>	<u>(5,019)</u>
Total comprehensive income for the year	<u><u>(61,703)</u></u>	<u><u>52,775</u></u>
Total comprehensive income attributable to:		
Equity holders of the Company	<u><u>(61,703)</u></u>	<u><u>52,775</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Intangible assets		1,439	1,439
Property and equipment		9,613	9,487
Financial assets at fair value through profit or loss	<i>11</i>	43,949	15,846
Interests in associates and a joint venture	<i>9</i>	430,745	459,276
Other assets		14,434	11,626
Right-of-use assets	<i>16</i>	47,097	25,571
Deferred tax assets		42	51
		<u>547,319</u>	<u>523,296</u>
Current assets			
Debt instruments at fair value through other comprehensive income	<i>10</i>	110,539	283,843
Financial assets at fair value through profit or loss	<i>11</i>	33,641	63,724
Trade and other receivables	<i>12</i>	374,235	441,540
Taxation recoverable		767	767
Pledged bank deposits	<i>13</i>	12,165	12,139
Bank balances and cash	<i>13</i>	587,044	781,142
		<u>1,118,391</u>	<u>1,583,155</u>
Current liabilities			
Trade and other payables	<i>14</i>	205,259	276,972
Borrowings	<i>15</i>	447,388	214,169
Taxation payable		4,814	7,965
Lease liabilities	<i>16</i>	21,491	15,575
Bonds issued		10,000	10,000
		<u>688,952</u>	<u>524,681</u>
Net current assets		<u>429,439</u>	<u>1,058,474</u>
Total assets less current liabilities		<u>976,758</u>	<u>1,581,770</u>

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Capital and reserves			
Share capital		64,121	64,121
Other reserves		437,874	477,169
Retained earnings		446,118	481,350
		<hr/>	<hr/>
Total equity attributable to equity holders of the Company		948,113	1,022,640
		<hr/>	<hr/>
Non-current liabilities			
Borrowings	<i>15</i>	–	548,800
Lease liabilities	<i>16</i>	28,645	10,330
		<hr/>	<hr/>
		28,645	559,130
		<hr/>	<hr/>
		976,758	1,581,770
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the Group's 2022 annual financial statements. The Group's 2022 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 of the laws of Hong Kong). 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 2022, 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 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1st January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1st January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1st January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1st January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue		
<i>Revenue from contracts with customers</i>		
Fees and commission		
– Asset management	15,113	18,322
– Sales and trading business	31,616	59,740
– Corporate finance	7,988	19,860
	<u>54,717</u>	<u>97,922</u>
Underwriting income and placing commission		
– Corporate finance	5,539	16,250
Management fee and service fee income		
– Asset management	58,582	68,368
	<u>118,838</u>	<u>182,540</u>
<i>Revenue from other sources</i>		
Interest income		
– Asset management	495	582
– Sales and trading business	16,579	21,944
– Corporate finance	16	11
– Others	353	75
	<u>17,443</u>	<u>22,612</u>
	<u><u>136,281</u></u>	<u><u>205,152</u></u>

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

	Asset management <i>HK\$'000</i>	Sales and trading business <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Year ended 31st December 2022</i>				
<i>Revenue from contracts with customers</i>				
Brokerage service	–	31,616	–	31,616
Underwriting and placing service	–	–	5,539	5,539
Corporate finance service	–	–	7,988	7,988
Asset management service	73,695	–	–	73,695
	<u>73,695</u>	<u>31,616</u>	<u>13,527</u>	<u>118,838</u>

	Asset management <i>HK\$'000</i>	Sales and trading business <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Year ended 31st December 2021</i>				
<i>Revenue from contracts with customers</i>				
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
	<u>86,690</u>	<u>59,740</u>	<u>36,110</u>	<u>182,540</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income		
Interest income from debt securities classified as:		
– Debt instruments at fair value through other comprehensive income	13,376	31,570
– Financial assets at fair value through profit or loss	2,108	136
Investment income	5,805	6,742
Government grants (<i>Note</i>)	5,012	12,235
Others	3,414	7,424
	<u>29,715</u>	<u>58,107</u>
Other (losses)/gains, net		
Net exchange (losses)/gains	(13,468)	5,377
Net (losses)/gains on disposal of financial assets at fair value through profit or loss	(7,647)	102
Net losses on disposal of debt instruments at fair value through other comprehensive income	(12,661)	(26,216)
Gains from changes in fair value of financial assets at fair value through profit or loss	8,366	1,246
Gain on disposal of a joint venture	1,350	–
Gain on disposal of property and equipment	90	–
	<u>(23,970)</u>	<u>(19,491)</u>
	<u><u>142,026</u></u>	<u><u>243,768</u></u>

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.

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 other income.

Year ended 31st December 2022

	Asset management <i>HK\$’000</i>	Sales and trading business <i>HK\$’000</i>	Corporate finance <i>HK\$’000</i>	Total <i>HK\$’000</i>
Revenue from external customers	66,445	48,195	13,543	128,183
Revenue from an associate <i>(Note (a))</i>	8,097	–	–	8,097
Reportable segment revenue	<u>74,542</u>	<u>48,195</u>	<u>13,543</u>	<u>136,280</u>
Reportable segment results (EBIT)	<u>37,050</u>	<u>(7,325)</u>	<u>(15,601)</u>	<u>14,124</u>
Interest income from bank deposits	481	2,954	16	3,451
Interest expense	(12,762)	(5,561)	(317)	(18,640)
Depreciation of property and equipment for the year	(501)	(1,265)	(89)	(1,855)
Reportable segment assets	537,029	519,869	28,798	1,085,696
Addition to non-current segment assets during the year <i>(Note (b))</i>	354	1,472	–	1,826
Reportable segment liabilities	<u>459,941</u>	<u>175,396</u>	<u>2,312</u>	<u>637,649</u>

Year ended 31st December 2021

	Asset management <i>HK\$'000</i>	Sales and trading business <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	74,774	81,683	36,121	192,578
Revenue from an associate (Note (a))	12,498	–	–	12,498
Inter-segment revenue	–	202	–	202
Reportable segment revenue	<u>87,272</u>	<u>81,885</u>	<u>36,121</u>	<u>205,278</u>
Reportable segment results (EBIT)	<u>54,188</u>	<u>2,992</u>	<u>(6,173)</u>	<u>51,007</u>
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 (b))	629	(984)	5	(350)
Reportable segment liabilities	<u>644,639</u>	<u>324,220</u>	<u>10,655</u>	<u>979,514</u>

Notes:

- (a) Amount represents service fee income received by the Group from an associate.
- (b) Non-current segment assets consist of additions to property and equipment and other assets.

Reconciliations of reportable revenue

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	136,280	205,278
Elimination of inter-segment revenue	–	(202)
Unallocated head office and corporate revenue	<u>1</u>	<u>76</u>
Consolidated revenue	<u>136,281</u>	<u>205,152</u>

Reconciliations of reportable results

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Results		
Reportable segment profit (EBIT)	14,124	51,007
Share of profits of associates and a joint venture, net	6,457	51,906
Finance costs	(20,460)	(19,159)
Unallocated head office and corporate expenses	(11,501)	(10,172)
Consolidated (loss)/profit before taxation	(11,380)	73,582
Income tax	(11,028)	(15,788)
(Loss)/profit for the year	<u>(22,408)</u>	<u>57,794</u>

Reconciliations of reportable assets and liabilities

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Assets		
Reportable segment assets	1,085,696	1,518,643
Elimination of inter-segment receivables	(5,739)	(3,546)
Interests in associates and a joint venture	1,079,957	1,515,097
Deferred tax assets	430,745	459,276
Taxation recoverable	42	51
Unallocated head office and corporate assets	767	767
Consolidated total assets	154,199	131,260
Consolidated total assets	<u>1,665,710</u>	<u>2,106,451</u>
Liabilities		
Reportable segment liabilities	637,649	979,514
Elimination of inter-segment payables	(464)	(17,938)
Taxation payable	637,185	961,576
Unallocated head office and corporate liabilities	4,814	7,965
Consolidated total liabilities	75,598	114,270
Consolidated total liabilities	<u>717,597</u>	<u>1,083,811</u>

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	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	98,710	155,284	218,058	209,140
Mainland China	37,571	49,868	285,268	298,259
	<u>136,281</u>	<u>205,152</u>	<u>503,326</u>	<u>507,399</u>

5. (LOSS)/PROFIT BEFORE TAXATION

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

(a) Staff costs

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Salaries and allowances (<i>Note</i>)	63,124	98,865
Defined contribution plans	2,412	2,877
	<u>65,536</u>	<u>101,742</u>

Note: Wage subsidies of HK\$2,344,000 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 2022. The amount had been offset against staff costs. There are no unfulfilled conditions or contingencies relating to the subsidies. There was no such subsidies during the year ended 31st December 2021.

(b) Other operating expenses

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Advertising and promotion	489	1,153
Auditor's remuneration	2,175	2,066
Advisory fee expenses	3,120	6,653
Bank charges	174	618
Data service fee	7,458	8,619
Depreciation of property and equipment	3,605	3,073
Depreciation of right-of-use assets (<i>Note 16</i>)	23,799	24,164
Employee relation expense	332	634
Entertainment	361	1,529
Impairment allowances charged/(reversed) on:		
– debt instruments at fair value through other comprehensive income	2,854	11,460
– trade and other receivables	(54)	(319)
Insurance	2,342	2,583
Legal and professional fee	(73)	(1,491)
Printing and stationery fee	723	971
Property management and other related fee	4,728	4,262
Repair and maintenance fee	2,573	2,553
Service fee	1,022	1,165
Staff recruitment fee	369	429
Telecommunication fee	2,402	2,463
Others	3,573	4,237
	<u>61,972</u>	<u>76,822</u>

(c) Finance costs

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on borrowings	18,278	16,384
Interest on bonds issued	351	1,358
Interest on lease liabilities (<i>Note 16</i>)	1,831	1,417
	<u>20,460</u>	<u>19,159</u>

6. INCOME TAX

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.

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.

The amount of taxation charged/(credited) to the consolidated statement of profit or loss is as follows:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Current taxation – Hong Kong:		
– Charge for current year	35	–
– (Over)/under-provision in prior year	(1,821)	43
Current taxation – PRC:		
– Charge for current year	12,805	15,692
	11,019	15,735
Deferred taxation:		
– Hong Kong	9	53
	11,028	15,788

7. DIVIDENDS

The Board does not recommend the payment of the final dividend for the year ended 31st December 2022.

The Board paid a final dividend of HK\$0.02 per ordinary share for the year ended 31st December 2021 on 13th June 2022.

Dividend paid to equity holders of the Company attributable to the previous financial year:

	2022 HK\$'000	2021 <i>HK\$'000</i>
2021 final dividend declared and paid: HK2 cents (2020: HK3 cents) per ordinary share	12,824	19,236

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to equity holders of the Company of HK\$(22,408,000) (2021: HK\$57,794,000) and the number of 641,205,600 ordinary shares (2021: 641,205,600 ordinary shares) in issue during the year. The calculation is as follows:

(i) (Loss)/earnings attributed to equity holders of the Company

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/earnings for the year attributable to equity holders of the Company	<u>(22,408)</u>	<u>57,794</u>

(ii) Number of ordinary shares

	2022	2021
Issued ordinary shares at 1st January and at 31st December	<u>641,205,600</u>	<u>641,205,600</u>

(b) Diluted (loss)/earnings per share

No diluted (loss)/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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interests in associates	430,745	444,317
Interest in a joint venture	<u>–</u>	<u>14,959</u>
	<u>430,745</u>	<u>459,276</u>

(a) **Interests in associates**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Share of net assets at 1st January	444,317	407,910
Share of profits for the year, net	6,394	47,147
Share of other comprehensive income for the year	(14,446)	3,294
Dividend income from an associate	(5,520)	(14,034)
	<u>(13,572)</u>	<u>36,407</u>
Share of net assets at 31st December	<u><u>430,745</u></u>	<u><u>444,317</u></u>

(b) **Interest in a joint venture**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Share of net assets at 1st January	14,959	9,336
Share of profit for the year	63	4,759
Share of other comprehensive income for the year	(1,046)	529
Translation difference	(328)	335
Gain on disposal	1,350	–
Less: Proceeds from disposal	(14,998)	–
	<u>(14,959)</u>	<u>5,623</u>
Share of net assets at 31 December	<u><u>–</u></u>	<u><u>14,959</u></u>

10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Listed debt investments		
– debt securities with fixed interest	<u><u>110,539</u></u>	<u><u>283,843</u></u>

As at 31st December 2022 and 31st December 2021, 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 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Fair value as at 31st December 2022	<u>109,107</u>	<u>–</u>	<u>1,432</u>	<u>110,539</u>
Fair value as at 31st December 2021	<u>267,999</u>	<u>–</u>	<u>15,844</u>	<u>283,843</u>

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 <i>HK\$'000</i>	Between 1 and 2 years <i>HK\$'000</i>	Between 2 and 5 years <i>HK\$'000</i>	Overdue <i>HK\$'000</i>	Total <i>HK\$'000</i>
31st December 2022	<u>83,208</u>	<u>25,899</u>	<u>–</u>	<u>1,432</u>	<u>110,539</u>
31st December 2021	<u>117,051</u>	<u>90,990</u>	<u>75,802</u>	<u>–</u>	<u>283,843</u>

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current:		
Unlisted private equity funds	<u>43,949</u>	<u>15,846</u>
Current:		
Listed debt securities fund	14,763	23,676
Listed debt securities (<i>Note</i>)	14,804	40,047
Unlisted equity securities	1	1
Unlisted private equity funds	<u>4,073</u>	<u>–</u>
	<u>33,641</u>	<u>63,724</u>
	<u>77,590</u>	<u>79,570</u>

Note: As at 31st December 2022, the debt securities with fair value of HK\$14,804,000 (2021: HK\$40,047,000) were listed perpetual bonds.

12. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade and other receivables	387,419	458,151
Less: impairment allowances	<u>(13,184)</u>	<u>(16,611)</u>
	<u>374,235</u>	<u>441,540</u>

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 <i>HK\$'000</i>
At 1st January 2021	17,012
Reversal of impairment allowances	(319)
Written off of impairment allowances	<u>(82)</u>
At 31st December 2021 and 1st January 2022	16,611
Reversal of impairment allowances	(54)
Written off of impairment allowances	<u>(3,373)</u>
At 31st December 2022	<u>13,184</u>

As at 31st December 2022 and 31st December 2021, an analysis of the gross amount of trade and other receivables is as follows:

	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Simplified approach <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross amount as at 31st December 2022	372,090	100	12,929	2,300	387,419
Expected credit losses	<u>(255)</u>	<u>–</u>	<u>(12,929)</u>	<u>–</u>	<u>(13,184)</u>
	<u>371,835</u>	<u>100</u>	<u>–</u>	<u>2,300</u>	<u>374,235</u>

	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Simplified approach <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross amount as at 31st December 2021	430,092	99	12,929	15,031	458,151
Expected credit losses	<u>(309)</u>	<u>–</u>	<u>(12,929)</u>	<u>(3,373)</u>	<u>(16,611)</u>
	<u>429,783</u>	<u>99</u>	<u>–</u>	<u>11,658</u>	<u>441,540</u>

For trade receivables related to margin loans arising from securities brokering amounting to HK\$142,268,000 (2021: HK\$181,572,000), during the year, impairment allowances of HK\$54,000 (2021: HK\$319,000) were reversed. As at 31st December 2022, impairment allowances of HK\$13,184,000 (2021: HK\$13,238,000) 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\$2,300,000 (2021: HK\$15,031,000), no additional impairment allowance was provided for the year (2021: nil). As at 31st December 2022, impairment allowances of HK\$3,373,000 were written off (2021: nil). 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current	–	2,948
30–60 days	–	2,451
Over 60 days	<u>2,300</u>	<u>9,632</u>
	2,300	15,031
Less: impairment allowances	<u>–</u>	<u>(3,373)</u>
	<u>2,300</u>	<u>11,658</u>

Trade receivables from clients arising from securities brokering amounting to HK\$123,237,000 (2021: HK\$141,392,000), represent outstanding unsettled trades due from clients as at the year end. It normally takes two to three days to settle after trade date of those transactions. As at 31st December 2022, it included overdue balances of HK\$11,903,000 (2021: HK\$17,423,000). 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\$670,000 (2021: HK\$19,439,000), 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cash in hand	21	21
Bank balances		
– pledged deposits	12,165	12,139
– general accounts	587,023	781,121
	<u>599,188</u>	<u>793,260</u>
	<u>599,209</u>	<u>793,281</u>
By maturity:		
Bank balances		
– current and savings accounts	587,023	781,121
– fixed deposits (maturing within three months)	12,165	12,139
	<u>599,188</u>	<u>793,260</u>

14. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	169,376	207,083
Accruals, provision and other payables	35,630	62,939
Deferred revenue	253	6,950
	<u>205,259</u>	<u>276,972</u>
Total trade and other payables	<u><u>205,259</u></u>	<u><u>276,972</u></u>

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.

15. BORROWINGS

		2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current			
Bank loans	<i>(Note (a))</i>	–	548,800
Current			
Bank loans	<i>(Note (a))</i>	378,300	–
Borrowings under repurchase agreements	<i>(Note (b))</i>	69,088	214,169
		<u>447,388</u>	<u>214,169</u>
		<u><u>447,388</u></u>	<u><u>762,969</u></u>

Notes:

- (a) At 31st December 2022 and 2021, the bank loans were repayable and carried interest with reference to the HIBOR/LIBOR as follows:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Within one year	378,300	–
More than one year	–	548,800
	378,300	548,000

As at 31st December 2022, the Group had total banking facilities of HK\$2,088,000,000 (2021: HK\$1,954,000,000).

Among these banking facilities, HK\$200,000,000 (2021: HK\$200,000,000) of it was secured by pledged deposits with a principal of HK\$12,000,000 (2021: HK\$12,000,000).

Further, HK\$1,932,000,000 (2021: HK\$1,620,000,000) was under specific performance obligation on the Company's controlling shareholders, for which the current controlling shareholder shall hold over 50% (or 51% in one of the facilities) directly or indirectly of the entire issued share capital of the Company.

As at 31st December 2022, HK\$378,300,000 (2021: HK\$548,800,000) was drawn from the banking facilities under the specific performance obligation. Among these bank facilities, US\$11,500,000 (equivalent to HK\$89,700,000) (2021: US\$24,000,000 (equivalent to HK\$187,200,000)) was drawn in US dollars.

As at 31st December 2022 and 2021, 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\$8,857,000 (equivalent to HK\$69,088,000) (2021: US\$27,458,000 (equivalent to HK\$214,169,000)). 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 the original cash consideration plus interest at variable rates calculated with reference to the LIBOR upon the termination of the agreements. As at 31st December 2022, the borrowings under repurchase agreements were collateralised by the Group's debt securities with a fair value of HK\$83,642,000 (2021: HK\$293,147,000).

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 2021	44,129	45,637
Addition	5,606	5,606
Depreciation expenses (<i>Note 5(b)</i>)	(24,164)	–
Interest expense (<i>Note 5(c)</i>)	–	1,417
Payments	–	(26,755)
	<hr/>	<hr/>
As at 31st December 2021 and 1st January 2022	25,571	25,905
Addition	45,325	45,325
Depreciation expenses (<i>Note 5(b)</i>)	(23,799)	–
Interest expense (<i>Note 5(c)</i>)	–	1,831
Payments	–	(22,925)
	<hr/>	<hr/>
As at 31st December 2022	47,097	50,136
	<hr/> <hr/>	<hr/> <hr/>
	2022	2021
	HK\$'000	HK\$'000
Lease liabilities analysed into:		
Current portion	21,491	15,575
Non-current portion	28,645	10,330
	<hr/>	<hr/>
As at 31st December	50,136	25,905
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET CONDITIONS

The Covid-19 pandemic continued to spread worldwide in 2022, coupled with the Russia-Ukraine conflict and consecutive sanctions against Russia imposed by European and American countries, which have impacted the global supply chains, causing a sluggish recovery progress in economic activities and striking inflation. Major central banks picked up the pace of raising interest rates with a tightened market liquidity and triggered the slump on both stock and bond markets. The Federal Reserve of the United States of America (the “Fed” and “U.S.”) took the initiative in raising interest rates from March onwards and accelerated the pace of rate hikes significantly thereafter, with four consecutive sharp increases of 75bps in total between June and November. Following the successive interest rate hikes, U.S. inflation eased slightly with the core Personal Consumption Expenditure (PCE) price index falling from a high level of 7.0% in June to 5.5% in November. The Fed has slowed the pace of interest rate hikes to 50bps since December and raised the federal funds rate to a range of 4.25% to 4.5%, the highest level since 2008, with a cumulative increase of 4.25% since 2022.

Based on the aggressive pace of interest rate hikes, the U.S. dollar index rose significantly in 2022, reaching a high level of 114.778 in September, a record high since June 2002, and then with the slowdown in U.S. inflation, the market expected the Fed to slow down the pace of interest rate hikes and pulled the U.S. dollar index down from the high, ending the year with a cumulative increase of 8.2%. With the Fed’s aggressive interest rate hikes and increased risk of economic recession, the three major U.S. stock indices have fiercely declined for the year, with a cumulative decline ranging from 8.8% to 33.1%, while in Europe, due to the slower pace in tapering by the European Central Bank as compared to other major central banks, European stocks oscillated downwards during the year. Overall, except for the U.K. stock market, which rose slightly by 0.9% for the year, the pan-European Stoxx 600 index, and German and French stocks fell between 9.5% and 12.9%.

As to the bond market, the market was concerning about the increasing pressure on inflation of the U.S., which prompted the Fed to accelerate the pace of raising interest rate and reducing bond purchases and leading to a rapid increase in the yield of the U.S. treasury bonds in 2022, among which, the yield on U.S. 10-year treasury bond once exceeded 4%. However, as the Fed began to slow down the pace of interest rate hikes, the JPM Emerging Markets Government Bond Index rebounded by 7.8% in the fourth quarter, with a cumulative fall of 10.2% for the whole year. In addition, the Mainland property sales remained weak in 2022, market concerns over the risk of default by certain enterprises, and Chinese offshore U.S. dollar bonds were under pressure, among which, Markit iBoxx Asian Chinese U.S. Dollar Bond Index fell by 9.9% compared to the end of 2021, Markit iBoxx Asian Chinese U.S. Dollar High-yield Bond Index and Markit iBoxx Asian Chinese U.S. Dollar Real Estate Bond Index fell by 14.0% and 36.0%, respectively.

In Mainland China, the economy was deeply affected by the pandemic and the international situation in 2022. Although gross domestic product (“GDP”) grew by 3.9% year-on-year in the third quarter, 3.5 percentage points more than 0.4% growth in the second quarter, the recovery was not sustained and GDP grew by 2.9% year-on-year in the fourth quarter, 1.0 percentage point slower than the third quarter. The cumulative 12-month fixed asset investment grew by 5.1% year-on-year, slowing by 0.2 percentage point compared with the first 11 months. In December, the added value of the industrial enterprises above designated size increased by 1.3% year-on-year, slowing by 0.9 percentage point compared with November, and the total retail sales of consumer goods decreased by 1.8% year-on-year, falling for three consecutive months. In addition, imports and exports remained weak in December, with exports down 9.9% and imports down 7.5% year-on-year in U.S. dollars, intensifying the downward pressure on the economy. The People’s Bank of China (“PBOC”) announced in November to lower the deposit reserve requirement ratio for financial institutions by 0.25 percentage point with effect from 5th December, another reduction since April 2022. However, the medium-term lending facility (MLF) rate and the loan prime rate (LPR) remained unchanged in the fourth quarter.

As to the stock market of the Mainland China, the annual turnover of A shares in 2022 was RMB224 trillion, failing to exceed the historical highest record of RMB257 trillion set in 2021, with daily average turnover of RMB925.1 billion, decreasing from RMB1,058.2 billion of 2021. SSE Composite Index (“SSE Index”) fluctuated downwards in 2022, falling below the 3,000 points several times, reaching a yearly low of 2,863 points in April and another low of 2,885 points in October. The SSE Index finally closed at 3,089 points with a cumulative decline of 15.1% for the year. The continued dislocation of monetary policies between the U.S. and China triggered a significant pressure on devaluation of RMB with onshore RMB (“CNY”) and offshore RMB (“CNH”) having been as low as 7.3274 and 7.3749 respectively in November. The PBOC announced in early September to lower the deposit reserve requirement ratio for foreign exchange deposits by 2 percentage points to 6% and raise the foreign exchange risk reserve ratio to 20% to ease the pressure of sharp depreciation of the RMB exchange rate. As Mainland China has gradually loosened its pandemic prevention measures since November, the market outlook on the Mainland China economy turned positive, and CNY and CNH both rebounded by 3.1% in the fourth quarter, but still dropping 7.9% and 8.1% for the year, respectively.

In Hong Kong, the fifth wave of the pandemic severely hit its economy as we entered 2022. The Hong Kong government implemented the most stringent preventive measures since the pandemic which had a serious impact on Hong Kong’s extensive economic activities and global supply chain. But as the vaccination rate improved, the cases of community infection declined and Hong Kong’s economic activities resumed as most preventive measures were relaxed. Hong Kong’s annual GDP contracted by 3.5% year-on-year in 2022. However, Hong Kong’s labor market continued to improve, with the unemployment rate falling for the eighth consecutive months to 3.5% from October to December, but still higher than the pre-pandemic level, and the underemployment rate fell to 1.5%.

Hong Kong stock market trended higher and then lower throughout the year. Due to the soaring U.S. debt interest rates and the weakening RMB exchange rate, the Hang Seng Index (“HS Index”) recorded a 13-year low of 14,597 points in October, while the Hang Seng China Enterprises Index (“HSCE Index”) recorded a 14-year low of 4,919 points at a time and Hang Seng Technology Index (“HSTECH Index”) recorded a low of 2,720 points since its inception in July 2020. However, benefiting from the Mainland China policy shift toward easing pandemic prevention measures and the expected ending of the U.S. interest rate hike cycle, Hong Kong stock market have rebounded substantially since November, with the HS Index, HSCE Index and HSTECH Index rising 14.9%, 13.4% and 19.7% respectively in the fourth quarter. Overall, the HS Index closed at 19,781 points, down 15.5% from the end of 2021, the HSCE Index closed at 6,704 points, down 18.6% from the end of 2021, and the HSTECH Index closed at 4,128 points, down 27.2% from the end of 2021. In terms of trading volume of Hong Kong stocks, the turnover of the Hong Kong stock market had also traded high before low, among which, the average daily turnover of Hong Kong stocks in March reached a high of HK\$174.8 billion and gradually declined, and the average daily turnover of Hong Kong stocks for two consecutive months in August and September was less than HK\$100 billion, with a cumulative decrease of 25.1% to HK\$124.9 billion for the whole year.

As to the market of initial public offering (“IPO”) in Hong Kong, as affected by the adverse factors such as the resurgence of the pandemic in the Mainland China, interest rate hikes by global central banks and external political instability, the global IPO markets performed tranquilly, among which, according to market data, 80 companies was listed in Hong Kong for IPO in 2022, representing a year-on-year decrease of 15.8%, with a total financing amount of HK\$104.5 billion, a substantial year-on-year decrease of 68.4%.

In Chinese U.S. dollar bond amount market, the tightening of U.S. dollars liquidity and the continued weakness of market sentiment have dampened the issuance during the year. According to market statistics, the total issuance size of offshore bonds issued by Chinese enterprises in 2022 was approximate US\$165.8 billion (calculated based on the interest date and excluding convertible bonds), a year-on-year decrease of 43.6%. Among them, the total issuance size of offshore bonds issued by Chinese enterprises fell below the US\$10 billion for two consecutive months from September to October, which indicated that investors were still concerned about the current volatile market environment and credit issues in certain industries under the background of the rising interest rate of U.S. treasury bonds and the widening interest spread of corporate bonds. The expectation of the Fed’s accelerated tightening of monetary policy and the negative impact of credit risk events occurred in the first half of the year even affected certain enterprises with good basic quality, resulting in corresponding rating downgrades, and substantial significant fluctuations in market prices volatility.

OVERALL PERFORMANCE

In 2022, the Group adhered to its operation strategy and as the only fully licensed securities company established outside the Mainland China within the system of China Cinda Asset Management Co., Ltd. (“China Cinda”, together with its associates, the “China Cinda Group”), continued to serve the China Cinda Group ecosphere and provide cross-border businesses covering major markets. During the year, the Group continued to develop its three core business segments (i.e. asset management, corporate finance, and sales and trading businesses). The global financial market was affected by negative factors including high inflation, accelerated monetary tightening policy, geopolitical tensions and global trade disputes during the year, resulting in earnings from the three business segments decline sharply. In addition, the share of profits of associates was significantly decreased due to the impairment of the fair value of financial assets held by associates. The Group’s overall loss after tax for the whole year was HK\$22.41 million, as compared to the profit after tax of HK\$57.79 million recorded last year. The total revenue for the year amounted to HK\$142.03 million (2021: HK\$243.77 million), representing a decrease of 42% compared to last year, of which, the operating income was HK\$136.28 million (2021: HK\$205.15 million), representing a decrease of 34% compared to last year. Other income amounted to HK\$29.72 million (2021: HK\$58.11 million), representing a decrease of 49% compared to last year. Other net loss amounted to HK\$23.97 million (2021: HK\$19.49 million), representing an increase of 23% compared to last year. As for expenses, the Group focused on controlling cost, with a significant decrease in staff costs down 36% year-on-year and a reduction in other operating expenses. As a result, the operating expenses (excluding commission expenses and finance costs) amounted to HK\$127.51 million (2021: HK\$178.56 million), representing a decrease of 28% compared to last year. Finance cost increased by 7% compared to last year, mainly due to higher market interest rates outweighed the impact of lower overall borrowing size.

The Group recorded a share of profits of associates and a joint venture amounting to HK\$6.46 million (2021: HK\$51.91 million), representing a decrease of 88% compared to last year, mainly due to the loss on the Group’s investment in the absolute return fund. As a result, the Group’s loss before tax for the year amounted to HK\$11.38 million (2021: profit of HK\$73.58 million). The loss after tax attributable to equity holders of the Company amounted to HK\$22.41 million (2021: profit of HK\$57.79 million).

ASSET MANAGEMENT

In 2022, the asset management segment of the Group continued to operate under the light-asset strategy. As the overseas asset management service center 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. During the year, the segment developed two

special asset management projects on offloading overseas stocks and some domestic troubled asset funds. It also actively explored suitable opportunities and invested in a photovoltaic packaging film research and production company earlier this year, and recorded a fair value increase of approximately 43%. However, due to the impact of the pandemic during the year, the implementations of new projects slowed down significantly. Coupled with the withdrawal of some projects, the operating revenue of the segment was HK\$74.54 million (2021: HK\$87.27 million), representing a year-on-year decrease of 15%. In addition, due to the rising market interest rates and uncertainties in the capital market, the bond investment income recorded a loss after deducting the disposal loss and the decrease in fair value of assets during the year, resulting in a decrease of 32% in the profit from this segment to HK\$37.05 million (2021: HK\$54.19 million).

The Group had been actively working with associates and a joint venture to diversify its businesses. With the negative impact of capital markets during the year, the Group recorded a share of profits of associates and a joint venture amounting to HK\$6.46 million during the year (2021: HK\$51.91 million), mainly attributable to the decrease in fair value of an absolute return fund invested as compared to the beginning of the year. In addition, two associates engaged in fund management and private equity investment were affected by the poor market conditions respectively, contributing less profit as compared with last year.

CORPORATE FINANCE

In 2022, the Group's corporate finance business continued to serve clients with equity and debt issuances, but it was still deeply affected by the blockage of the border between Hong Kong and the Mainland China for nearly three years, resulting in a slow progress of cases on hand and inability to increase project reserves. In addition, following the trend of the global IPO market, the Hong Kong IPO market in 2022 saw a decline in both the total amount and volume of financing during the year, with the number of IPOs and the total amount of financing both at their lowest level since 2013, with 80 IPOs in 2022, down 15.8% year-on-year and the total amount of financing significantly dropped by 68.4% year-on-year. There was no new listing on the GEM, which had a serious impact on small and medium-sized enterprises' financing. As a result, the overall performance was not satisfactory. The equity business continued to be active during the year, including several sponsorship projects for certain small-sized enterprises' proposed IPOs in Hong Kong, several financial and compliance advisory projects. With respect to debt issuance business, the Group successfully completed five Chinese offshore U.S. dollar bond issuance projects in the year, totaling US\$1.944 billion, representing a decrease of 59% year-on-year. As a result, the operating revenue of this segment was HK\$13.54 million, representing a decrease of 63% from HK\$36.12 million of last year, and the segment recorded a loss of HK\$15.60 million (2021: HK\$6.17 million), with an increase of loss of 152%.

SALES AND TRADING BUSINESS

The Hong Kong securities market was highly volatile in 2022, with the HS Index hitting a 13-year low of 14,597 points in October and the HSTECH Index hitting a record low of 2,720 points since its inception in July 2020 and the trading volume fell along with the market. The average daily turnover decreased by 25.1% year-on-year to HK\$124.9 billion. As a result, the operating revenue decreased by 41% to HK\$48.19 million during the year from HK\$81.89 million of last year, of which the Group recorded a commission of HK\$31.61 million (2021: HK\$59.74 million) and interest from securities financing and other income of HK\$16.58 million (2021: HK\$21.94 million). In view of the unsatisfactory performance of the Hong Kong stock market, the Group remained prudent in margin loans through strict risk control, instead of expanding the scale, with no bad or doubtful debts throughout the year. Facing fierce competition from online trading platform securities firms, the Group continued to optimise its trading platforms and mobile trading applications during the year. In addition, the segment strengthened its collaboration with, Cinda Securities Co., Ltd. (“Cinda Securities”, the indirect controlling shareholder of the Company) during the year on one hand, and on the other hand it actively explored institutional clients and high-net-worth clients, in order to provide China concept-focused services to counteract the low commission-based securities firms. In the end, the segment recorded a loss of HK\$7.32 million (2021: profit of HK\$2.99 million).

LOOKING FORWARD

Looking forward to 2023, the external environment remains complex and volatile. Although inflation in the U.S. has initially peaked and the economy has shown signs of slowing down, the Fed believes that inflation remains high, and it may be appropriate to continue to raise interest rates. The Fed’s proactive anti-inflation stance is expected to continue to suppress local wages, consumer confidence and consumption growth in the U.S., which may exacerbate downward pressure on the economy. After raising the interest rate by 0.25% in February 2023, Powell, chairman of the Fed, made it clear that the interest rate increase would continue and that it was not expected to reduce interest rates within the year. The prolonged U.S. interest rate increase cycle may further dampen global investment sentiment. In addition, the continued rivalry between China and the U.S. may trigger a new round of market turbulence.

In Europe, in the face of the triple dilemma of high inflation, energy crisis and economic slowdown, the recovery of economic activities in certain highly indebted economies in the Eurozone continues to be uneven. Therefore, the European and American regions still face multiple uncertainties in 2023, and the market may even face the risk of economic recession.

In the Mainland China, the pandemic prevention policy has turned around, economic activities have entered into a recovery phase, which will release the pent-up demand in the short term. However, there are still multiple challenges in the process of economic normalization. As to the stock market in the Mainland China, the Shanghai Stock

Exchange and Shenzhen Stock Exchange ranked first and second in the world in terms of IPO financing scale in 2022 respectively, driven by years of deepening reforms, encouraging the return of red-chip enterprises to the domestic market from abroad and the reform of the registration system for issuing new shares. With the continued deepening reforms of the capital market in the Mainland China, the IPOs and trading volume of A shares are expected to remain prosperous.

The downside risks faced by Hong Kong stock market continued to include rising geopolitical risks, Sino-U.S. rivalries, continued interest rate hikes in the U.S. and further tightening of U.S. dollar liquidity, which may lead to capital withdrawal from Hong Kong. In addition, the pressure on the capital chain in the real estate market in the Mainland China has not been fully relieved, which will continue to suppress investors' risk appetite. However, the outlook for Hong Kong stock market is cautiously optimistic due to the expected improvement in the profitability of Chinese and Hong Kong enterprises and the unchanged trend of Chinese stocks returning to Hong Kong for listing or secondary listing. In terms of economy, Hong Kong's exports of goods will benefit from lifting of travel restrictions between the Mainland China and Hong Kong, the resumption of economic activities between the two places, the economic recovery in the Mainland China and the relaxation of restrictions on cross-border freights. In addition, it is expected that inbound tourism will rebound after lifting of travel restrictions, supporting the recovery of service exports. Meanwhile, driven by the interconnection between the Mainland China and Hong Kong, as well as the "One Belt One Road" and "Guangdong-Hong Kong-Macao Greater Bay Area" initiatives, Hong Kong's offshore RMB business will benefit in the long run. At the same time, the continued deepening integration of the Mainland China and Hong Kong stock and bond markets is conducive to steadily promoting the opening up of Mainland China's financial markets, and on the other hand, it is also conducive to consolidating the position of Hong Kong as an international financial center.

The Group will continue to strengthen the business integration with Cinda Securities, which was listed on the Main Board of the Shanghai Stock Exchange on 1st February 2023. In the future, the Group will step up its efforts to jointly plan to provide domestic and foreign integrated financial services, and play the role as an overseas business platform of Cinda Securities. We will focus on the investment banking businesses including overseas issuance of U.S. dollar bonds by domestic institutions, IPO of domestic companies in Hong Kong and overseas major assets restructuring of domestic institutions, the cross-border brokerage business for 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 services.

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, while continue to maintain sound and compliant operation. On the other hand, 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 strive to increase our business volume and market share, strengthen the collaboration and interaction with Cinda Securities; take initiative to expand to domestic and overseas institutional, corporate and high net worth clients in a prudent and risk-averse manner; the Group's securities company has been granted the license to carry out Type 4 (advising on securities) regulated activity by the Securities and Futures Commission ("SFC") in July 2022, we will therefore develop towards the direction of wealth management and diversify our products to cover securities, futures, bonds, fixed income and asset management so as to meet the client's need in asset allocation. In terms of the asset management business, we will further identify the opportunities in the capital markets and investment opportunities in related sectors for supporting China Cinda ecosphere in handling troubled assets by emphatically setting up asset management products with different characteristics such as the troubled asset fund, merger and acquisition fund and special opportunity fund. We will continue to deepen our market-oriented transformation and actively explore equity-based assets management business in specific sectors, while continuing to consolidate and improve our market-oriented bond assets management product line. As for the corporate finance business, we will maintain the parallel development of equity and debt businesses. For the equity-related business, we will proactively provide sponsor and underwriting services and expand the acquisition and merger financial advisor business. As for the debt-related business, the Group will explore demands for bond issuance of domestic and Hong Kong clients of China Cinda Group and provide tailor-made issuance plans and services and catch issuing windows to serve the clients, so as to achieve the "equity-debt" integration. In addition, the Group believes that after the improvement of the external economy and the post-pandemic recovery of Hong Kong, the local market sentiment will remain positive. The Group will strengthen the synergy and expand its market-oriented businesses through various initiatives by virtue of the solid foundations the Group has established. The Group's financial position remains sound and is well positioned to respond to the current difficult business environment. The Group would endeavor to capitalise on various market opportunities to strengthen the full-year results of the Group and bring satisfactory long term returns to our shareholders in the coming year.

FINANCIAL RESOURCES

The Group maintained sound financial strength during the year, and all subsidiaries licensed by the SFC had liquid capital in excess of regulatory requirements. As at 31st December 2022, the Group had term loan facility of HK\$550 million from banks, of which a total of HK\$332 million had been utilised. In addition, as at 31st December 2022, the Group had revolving loans and overdrafts facilities of HK\$1,538 million from banks, of which a total of HK\$47 million were utilised. In addition, as at 31st December 2022, the Group had an outstanding bond principal amount of HK\$10 million. The Group did not issue any bonds during the year.

FLUCTUATION IN FOREIGN EXCHANGE RATES

A majority of assets and liabilities of the Group are denominated in Hong Kong dollars and U.S. dollars to which Hong Kong dollars 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 income in RMB. During the year, the rise in the exchange rate of U.S. dollars against RMB was due to the acceleration of climbing in the U.S. dollars index during the period. Given the current favourable statistics on export and foreign direct investment in the Mainland China, the Group considered that the decline in exchange rate of RMB would be temporary and hedging was not cost-effective, there is no hedging against 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 regular staff assessments are carried out 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 does not recommend the payment of a final dividend for the year ended 31st December 2022 (2021: HK\$0.02 per ordinary share, totaling HK\$12.82 million).

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 2022 as set out in the preliminary announcement have been agreed by the Group's independent 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 2022. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the year ended 31st December 2022.

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 of Hong Kong Limited ("Stock Exchange" and "Listing Rules" respectively).

Throughout the financial year 2022, the Company has applied and complied with the code provisions set out in the CG Code, with exception sets out as below:

- Pursuant to provision C.5.1 of the CG Code, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. For the year ended 31st December 2022, two regular meetings of the board of directors (the “Directors”) of the Company (the “Board”) were held in the first quarter and the third quarter, instead of four as required by code provision C.5.1 of the CG Code. The Board considers that the two regular meetings were sufficient to deal with matters of the Company. In addition, apart from the Board meetings, consent of Directors on issues was also sought through circulating written resolutions.

All directors were present in all Board meetings held during the financial year at the relevant time.

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 2022.

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 2022.

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 2022 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
Zhang Yi
Chairman

Hong Kong, 13th March 2023

As at the date hereof, the Board comprises:

Executive Directors: Mr. Zhang Yi *(Chairman)*
 Mr. Zhang Xunyuan *(Chief Executive Officer)*
 Mr. Lau Mun Chung *(Deputy Chief Executive Officer)*

Independent Non-executive Directors: Mr. Xia Zhidong
 Mr. Liu Xiaofeng
 Mr. Zheng Minggao

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