信達國際控股有限公司

CINDA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 111

2015

Annual Report

10 years+ 商界展關懷 caringcompany

Awarded by The Hong Kong Council of Social Service 香港社會服務聯會頒發

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Corporate Information

Registered office	Clarendon House 2 Church Street Hamilton, HM 11 Bermuda
Head office and principal place of business	45th Floor, COSCO Tower 183 Queen's Road Central Hong Kong
Authorised representatives	Gong Zhijian Lau Mun Chung
Company secretary	Lau Mun Chung
Legal advisers to the company	*On Hong Kong Law* Tung & Co. Office 1601, 16th Floor LHT Tower 31 Queen's Road Central Hong Kong *On Bermuda Law* Conyers Dill & Pearman Suite 2901 One Exchange Square 8 Connaught Place Central Hong Kong
Bermuda principal share registrar and transfer office	MUFG Fund Services (Bermuda) Limited The Belvedere Building 69 Pitts Bay Road Pembroke HM 08 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Secretaries Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Auditor	Ernst & Young *Certified Public Accountants* 22nd Floor, CITIC Tower 1 Tim Mei Avenue Central Hong Kong

Management Discussion and Analysis

OVERALL PERFORMANCE

The global financial market experienced high volatility in the year 2015. In addition to the slowdown of the global economy and the US interest rate hike, the deleveraging and continued depreciation of Renminbi became the focus of the market in the second half of the year. In the US, the job market continued to recover steadily, with unemployment rate dropped to 5.1%, the lowest level over the past seven years. The market expected the Federal Reserve to initiate a round of interest rate increase. Such expectation drove the US Dollar index to rise to above 100, with an annual accumulated rise of nearly 9%. Against the backdrop of expectation for interest rate hike and the slowdown in the growth rate of corporate profitability, S&P 500 Index recorded a slight decrease of 0.7%. The strong dollar had put notable pressure on the commodity price and the currencies of emerging markets, among which, the international oil price dropped by 30% during the year. The Federal Reverse announced the interest hike of 0.25% in mid-December 2015, which marked an end of the quantitative easing monetary policy since the financial tsunami. Turning to the Europe, the local economy was still sluggish, and continued to be inflicted with problems of deflation and high unemployment rate. However, driven by the market expectation that the European Central Bank would boost its quantitative easing measure, the stock market in Germany and France recorded a year-on-year growth of more than 8%. Nevertheless, to the disappointment of the market, the Central Bank did not escalate its quantitative measure, and the exchange rate of Euro to US Dollars dropped by 10% from the previous year.

China's economy maintained its steady growth, and recorded a growth rate of 6.9% in 2015, which substantially met the target growth of 7.0% set by the central government. At the beginning of the year, because of affluent liquidity in the market, the margin financing and securities lending balances followed a continuous path of rise and increased to nearly RMB2.27 trillion, which is a historic high. The Shanghai Composite Index touched the peak of 5,178 points in early June. Since the middle of the year, the regulation was tightened and the deleveraging was initiated by relevant authorities in the Mainland, which resulted in the significant fallback of the margin financing and securities lending balances, and stirred a tide of close-out. In early August, the People's Bank of China lowered the mid-exchange rate of Renminbi against the US dollar by 1.9%, which aroused the expectation for the depreciation of the Renminbi. Dragged by such negative news, the Shanghai Composite Index once tumbled and dropped to the low level of 2,851 points. Subsequently, the central government tried to boost the market and restore investor's confidence by different means. The Shanghai Composite Index closed at 3,539 points at the end of the year, representing a year-on-year increase of 9.4%, while the index of the ChiNext recorded a staggering rise of 84.4%. Despite various efforts were made by the People's Bank of China to stabilise the exchange rate of the Renminbi, the currency still depreciated by 4.6% compared with last year, and it is anticipated to face pressure of depreciation in the future.

Turning to the financial market, in 2015, the Hong Kong stock market was benefited by a number of factors, such as the surging of A shares of the Mainland China, the permission by the China Securities Regulatory Commission (CSRC) for the public funds to raise funds to invest in Hong Kong stocks through the Shanghai-Hong Kong Stock Connect mechanism, and the speculation on the launch of the Shenzhen-Hong Kong Stock Connect within the year. The Hang Seng Index (the "HSI") rose to 28,589 points in the second quarter, a peak level after the financial tsunami. During the period from April to June, the daily market turnover reached HK$162.7 billion. However, such buoyant market condition only lasted for three months. The A share had been heading downwards since the end of June, followed by the tumble of the Hong Kong stock market at the beginning of July. As a result, average daily turnover in the Hong Kong stock market dropped from the peak of more than HK$200 billion in April to approximately HK$70 billion to HK$80 billion, or even merely HK$60 billion in some days, while the Hang Seng Index once dipped to 20,583 points in the second half of the year from the first-half peak of 28,589 points, representing a decrease of 27%.

The Group kept on concentrating in the three core business. The business in asset management posted an encouraging result. It was also the growth driver of the year. The business in corporate finance and brokerage recorded a growth over last year driven by the improved market sentiment in the first half of 2015. As a result, revenue increased to HK$149.9 million (2014: HK$132.5 million). Other revenue and income increased to HK$52.7 million (2014: HK$32.5 million), which was due to the return from financing and investment opportunities, including the revenue from interest income and revenue from the exercise of some of the warrants. On the expenses side, the cost of operation (excluding commission expenses) increased by 11% due to the high inflationary pressure in Hong Kong. Share of profit of associated companies and a joint venture was HK$19.7 million (2014: HK$21.6 million) largely came from the profit contribution from one associated company. Profit for the year was HK$54.6 million (2014: HK$36.2 million) and profit attributable to equity holder was HK$40.6 million (2014: HK$28.2 million).

ASSET MANAGEMENT

After several years' effort and input, this segment result recorded significant improvement. We have successfully enlarged the value of assets under management. We focus on managing private equity ("PE") funds with special features to provide investor with alternate opportunities. We have set up a number of PE funds during the year. These funds aimed at investing in different industries. Moreover, the seed money in the fixed income fund grew well and the mode of co-investing with other investors worked well in the past few years. On the funds currently under the Group's management, the Group invested a certain amount in the retail fund which performed very well as a result of revenue from the exercise of some of the warrants it holds. The subsidiary in Fujian leveraged on its relationship in the region to facilitate investments and hence return could be seen at a later stage.

The asset management segment recorded a revenue of HK$34.6 million (2014: HK$43.3 million). Excluding the one-off income from performance fee of HK$20 million, which was recorded as a result of withdrawal from acting as the partner of a fund last year, the revenue of the segment increased by 48% compared with last year. Income was derived from management fee, performance fee and the advisory fee from the associated company engaged in managing private funds, coupled with return from seed money and other sources of income, the profit of the segment was HK$53.5 million (2014: HK$28.4 million).

Sino Rock Investment, an associated company, also contributed a profit of HK$22.5 million (2014: HK$13.6 million) to the Group. It was mainly due to the investment return on matured private equity investments and servicing income on managing funds. Meanwhile, assets under management of the company grew significantly during the year. Sino Rock Investment introduced new investors in the fourth quarter to expand and consolidate its shareholder base.

CORPORATE FINANCE

Although impacted by various uncertainties, the Group's corporate finance business still recorded considerable growth. The Group successfully sponsored the listing of Time2U International Holding Limited (Stock code: 1327) on the Main Board of the Hong Kong Stock Exchange in January 2015 by acting as its sole sponsor, sole global coordinator, sole bookrunner and the joint lead manager. The fund raised through the initial public offering was closed to HK$300 million. In addition, the Group also acted as the joint bookrunner for the initial public offering ("IPO") of Red Star Macalline Group Corporation Ltd. (Stock code: 1528), and the underwriter of the bond issuance by CCAM, its parent company. In the fourth quarter, the Group successfully completed the sponsorship and underwriting for the IPO of Jiyi Household International Holdings Limited (Stock code: 1495), the total fund raised was approximately HK$90 million. Apart from the sponsorship and underwriting business, the Group also acted as financial advisor and compliance advisor for listed companies. Revenue of the corporate finance segments for the year was HK$31.2 million (2014: HK$19.9 million), representing an increase of 57%, and the profit increased to HK$4.5 million (2014: loss HK$7 million).

BROKERAGE

Following the strong market sentiment in Hong Kong stock market in the second quarter of the year led by the booming atmosphere of the A share market, our securities turnover volume was further increased for the second quarter. Though business was improved, competition was still very keen. Some large securities firms from outside Hong Kong set up firms or acquire existing firms in Hong Kong and injected a plenty amount of capital. Profit margin was narrowed as they, with the strong capability, offered more competitive terms to clients. Moreover, although our profits were partly eroded by the slack market conditions in the second half of the year. However, a moderate increase in revenue was recorded, while the revenue of the segment increased to HK$82.5 million (2014: HK$69 million) and segment profit was HK$7.9 million (2014: loss HK$2.2 million).

Management Discussion and Analysis

FINANCIAL RESOURCES

The Group has maintained sound financial ability throughout the year. All the subsidiaries licensed by the Securities and Futures Commission (the "SFC") have maintained more than sufficient the liquid capital required. The Group recognized the need to leverage its fund in order to expand its business and hence continues to seek for different means of finance. The credit facilities available to the Group from authorized institutions was HK$510 million, of which HK$210 million was secured under the corporate guarantee of our holding company. As at the end of the year, an amount of HK$106 million was drawn. Furthermore, the aggregate principal of the Group's outstanding fixed rate medium term bond was HK$76 million at the end of the year.

FLUCTUATION IN FOREIGN EXCHANGE

A significant portion of the Group's assets and liabilities are denominated in Hong Kong ("HK") Dollars and US Dollars to which HK Dollars are pledged. The Group only exposes to the fluctuation in the exchange rate of RMB against Hong Kong Dollars because of its operation in China and holding of certain financial assets denominated in RMB. No hedging has been made against the devaluation of RMB as the size of assets held is not sufficiently large to make the hedging economically feasible.

REMUNERATION AND HUMAN RESOURCES DEVELOPMENT

During the year, the Group continues to recruit and maintain personnel of high calibre to support its business need and to meet the tightened regulatory requirement. As at the end of the year, 112 persons were employed. Employees are remunerated by a fixed monthly salary with discretionary bonus calculated in accordance to the performance of both the Group and the staff. Incentive schemes are in place to motivate front line staff. Performance of supporting staff are appraised at least twice a year to provide a basis for deciding bonus. The Group adopted multi-dimension appraisal policy. The Group also provides regulatory training to the staff and the account executives to enable them to have updated knowledge. Education allowance was also provided to staff for attending relevant pre-approved courses.

The Group's staff remuneration committee comprising the top management staff regularly reviews the remuneration policy and decides on the remuneration package of each staff member. The remuneration package of executive directors is decided by the Group's Remuneration Committee, the majority members of which are independent non-executive directors.

CONTINGENT LIABILITIES

The Group continues to provide corporate guarantees to its subsidiaries to secure banking and trading facilities. At the end of the year, it is unlikely that any material claims would arise. Outstanding litigation cases are reviewed on its merits on a case-by-case basis together with the indemnity the Group secured. Impairment will be made if economic outflow is imminent.

LOOKING FORWARD

Looking into 2016, we expect to face complicated external economic environment. The US has started its interest rate hike cycle, but the pace of increase in will influence the market sentiment. Meanwhile, the Eurozone, Japan and China will maintain the monetary easing policies, but the effectiveness of which is still not significant. In particular, according to the major indicators of China's economy, such as the figures related to the manufacturing industry and inflation, the economy still face high downward pressure. The rising expectation on the depreciation of Renminbi may lead to acceleration of capital outflow from China, which in turn results in higher volatility of the global stock market, as well as the commodities and foreign exchange market.

At the same time, the global economy lacks growth momentum. At the beginning of this year, the International Monetary Fund cut the forecast for global economic growth in the remaining of this year and next year. It is anticipated that the oil-producing countries will not cut production in the near future, and the oil price will hover around the low level, bringing impact on the economy of oil producers in the emerging market. The rising sentiment of risk aversion will translate into the driving force behind the better performance of assets with low risks, such as the US debt and bullion.

Management Discussion and Analysis

As the CCAM Group further penetrates into the international market, the acquisition of a local Hong Kong bank will be completed in the coming year. The synergy between the Group and the CCAM Group will not only speed up but also involved into more diversified aspects. Leveraging on such synergy, the Group aims to become the overseas financial service platform for the CCAM Group.

Despite the uncertainties in the global economy and the downward pressure on the Hong Kong economy in 2016, the Group will continue to expand its three main core business areas, asset management, brokerage business and corporate finance, with a focus on the asset management business, which will be developed through expansion of the size of assets under management. The Group has obtained the qualification of Qualified Foreign Limited Partner ("QFLP") in Qianhai, Shenzhen, and will strive for the Qualified Domestic Investment Enterprise ("QDIE") qualification, which will offer more extensive cross-border financing channels. At the same time, the Group will carry out research on the Qualified Domestic Investment Institutions ("QDII2") and mutual recognition policies on the cross-border financial funds, with a view to growing its size of cross-border funds and further diversifying the asset management business.

In the area of brokerage business, focus will be placed on institutional customers in line with efforts to absorb teams of brokers to increase volume of business, market share as well as to boost our margin financing business. With regard to the corporate finance segment, the team will strike to complete more IPO brought forward from the last year. As the business operation of the potential listed issuers is larger, it is expected that the size of fund to be raised will be larger so that revenue could be higher. In addition, new projects will be sought to build up a reserve so that the number of completion of IPO projects could be more even on a year-to-year basis. The Group will also explore more opportunities on merger and acquisition business as a means of diversification. Building on the established capabilities of the Group, we hope the result for the coming year will be further improved.

Biographical Details of Directors & Senior Management

EXECUTIVE DIRECTORS

Mr. Zhao Hongwei, aged 49, was appointed as an executive director and the Chairman of the Company on 2nd December 2008 and 19th January 2015 respectively. He is a member of the Nomination Committee of the Company, a director of certain subsidiaries of the Company and a director of Cinda Plunkett International Holdings Limited (an associated company of the Company). Mr. Zhao also hold a management position in China Cinda Asset Management Co., Ltd. ("China Cinda") (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 1359), effective from March 2015.

Mr. Zhao obtained a Bachelor Degree in Science from Beijing Normal University, a Master Degree in Economics from Renmin University of China, a Ph. D Degree in Economics from the Chinese Academy of Social Sciences in 1989, 1993 and 1996 respectively. He is a member of the Corporate Advisory Council of Hong Kong Securities and Investment Institute. Mr. Zhao has over 19 years of experience in investment banking, business administration and securities and finance.

Mr. Gong Zhijian, aged 49, was appointed as an executive director and the Managing Director of the Company on 2nd December 2008 and 19th January 2015 respectively. He is also a director of certain subsidiaries of the Company, a director of JianXinJinYuen (Xiamen) Equity Investment Management Limited (a joint venture company of the Company), a director of China Cinda Foundation Management Company Limited and 華建國際實業(深圳)有限公司 (both are the subsidiaries of China Cinda (HK) Holdings Company Limited, a substantial shareholder of the Company). Mr. Gong has worked and held management positions in China Construction Bank Corporation (Xiamen Branch), the Accounts Department of China Construction Bank Corporation (Head Office), China Construction Bank Corporation (Shenzhen Branch) and China Cinda (HK) Holdings Company Limited.

Mr. Gong graduated from Lujiang University and Zhongnan University of Economics and Law in 1987 and 2004 respectively. He has over 20 years of experience in commercial banking, investment banking, corporate finance and accounting management.

Mr. Lau Mun Chung, aged 51, was appointed as an executive director of the Company on 3rd March 2007. He is the Deputy General Manager of the Group, a director and/or a secretary of certain subsidiaries of the Company and the Company Secretary of the Company. Mr. Lau graduated from the University of Hong Kong with a Bachelor Degree in Social Science in 1986 and received his Master Degree in Laws (Corporate and Financial Law) in the same university in 2013. Mr. Lau is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Prior to joining the Group in 1999, Mr. Lau had already gained extensive experience in accounting, finance and taxation.

NON-EXECUTIVE DIRECTORS

Mr. Chow Kwok Wai, aged 49, was appointed as a non-executive director of the Company on 2nd December 2008. He is a member of the Remuneration Committee of the Company. Mr. Chow is currently a Deputy General Manager and the Company Secretary of Silver Grant International Industries Limited the shares of which are listed on the Stock Exchange (stock code: 171). Mr. Chow has worked in Price Waterhouse, which is now known as PricewaterhouseCoopers, and accumulated valuable audit experience there. Mr. Chow received his Bachelor Degree in Social Sciences from the University of Hong Kong in 1990. He is a fellow member of the Association of Chartered Certified Accountants, a fellow CPA of the Hong Kong Institute of Certified Public Accountants and a fellow member and a registered Certified Tax Adviser of The Taxation Institute of Hong Kong. Mr. Chow has over 20 years of experience in accounting, financial management and corporate finance. He is also an independent non-executive director of Lijun International Pharmaceutical (Holding) Co., Ltd. the shares of which are listed on the Stock Exchange (stock code: 2005), and an independent non-executive director of Youyuan International Holdings Limited the shares of which are also listed on the Stock Exchange (stock code: 2268).

Biographical Details of Directors & Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Tongsan, aged 67, was appointed as an independent non-executive director of the Company on 2nd December 2008. He is the Chairman of the Nomination Committee and a member of the Audit Committee of the Company. Mr. Wang is currently a member of the Chinese Academy of Social Sciences. Mr. Wang obtained his Master degree and Doctorate degree in Economics from the Chinese Academy of Social Sciences in 1985 and 1990 respectively. Mr. Wang has involved in the drafting of the State's reports and documents, and was the ex Dean at the Institute of Quantitative and Technical Economics, Chinese Academy of Social Sciences, and also the ex Chairman of the Chinese Association of Quantitative Economics.

Mr. Chen Gongmeng, aged 51, was appointed as an independent non-executive director of the Company on 2nd December 2008. He is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Chen is currently the President of China Equity Investment Research Institute and Professor of Finance at the School of Economics and Management of the Shanghai Jiaotong University. He received his MBA degree and Ph D. in Finance from the University of Texas at Dallas in the USA in 1991 and 1995 respectively. Mr. Chen has over 18 years of teaching experience as a professor teaching various subjects including Financial Management, International Finance, Advanced Financial Management, Chinese Communication and Corporate Finance as well as supervising research students. During his teaching career, he developed and implemented numerous academic and professional programs.

Mr. Hung Muk Ming, aged 51, was appointed as an independent non-executive director of the Company on 2nd December 2008. He is the Chairman of the Audit Committee and the Remuneration Committee of the Company. Mr. Hung is a Certified Public Accountant (Practising) and is a Fellow CPA of the Hong Kong Institute of Certified Public Accountants. He is also a fellow member of the Association of Chartered Certified Accountants, a fellow of the Hong Kong Institute of Directors, an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He is a Certified Tax Adviser and a member of The Taxation Institute of Hong Kong. Mr. Hung received his Bachelor Degree in Social Sciences from the University of Hong Kong in 1990, and a Master Degree in Corporate Governance from the Hong Kong Polytechnic University in 2008. He has over 20 years of experience in the accounting and audit sector. Mr. Hung is an independent non-executive director of Silver Grant International Industries Limited the shares of which are listed on the Stock Exchange (stock code: 171), an independent non-executive director of Century Sage Scientific Holdings Limited the share of which are listed on the Stock Exchange (stock code: 1450) and an independent non-executive director of China Animation Characters Company Limited the shares of which are listed on the Stock Exchange (stock code: 1566).

SENIOR MANAGEMENT

Ms. Lau Yuk Ping, aged 50, is the Deputy General Manager of the Group responsible for overseeing the divisions of compliance and internal audit function, human resources, administration and settlement of the Group. Prior to joining the Group in August 1999, Ms. Lau worked in the compliance division of the Stock Exchange. Ms. Lau holds a Bachelor Degree in Business from Monash University, Australia and is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. She has over 20 years of experience in regulatory and compliance matters.

Mr. Liu Jialin, aged 53, is the Managing Director of the Group's asset management department responsible for overseeing the operation of various funds. He is also a shareholder and a director of Cinda Plunkett International Holdings Limited, an associated company of the Company and an independent non-executive director of Far East Horizon Limited the shares of which are listed on the Stock Exchange (stock code: 3360). Prior to joining the Group in February 2011, Mr. Liu worked for Morgan Stanley group of companies and once served as a member of the Management Committee and Asia Executive Committee as well as a Managing Director in the Fixed Income Division in Hong Kong between 1992 to 2007. In 2008, Mr. Liu established Shelter Cove Capital Limited. Mr. Liu has over 20 years of experience in finance and securities industry.

Mr. Liu obtained a bachelor's degree in science from Peking University and master of science in Physics from Massachusetts Institute of Technology.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

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

Throughout the financial year 2015, the Group has complied with all the code provisions set out in the CG Code save for the deviation from code provisions specified below:

- Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Wang Tongsan and Mr. Chen Gongmeng, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 10th June 2015 as they have other engagements.

The Board continues to monitor and review the Group's corporate governance practices to ensure compliance.

The key corporate governance principles and practices of the Company are summarized as follows:

BOARD OF DIRECTORS

The Board assumed overall responsibility for leading and supervising the Group. The Board laid down the direction of business for the Group and decided on important issues. The implementation of policies laid down by the Board rests with the Executive Management Committee ("EMC"), which at material time comprised certain executive directors and member from the senior management.

Composition

As at the date of this annual report, the Board comprises three executive Directors, one non-executive Director ("NED") and three independent non-executive Directors ("INEDs") and is in compliance with the minimum number of independent non-executive directors required under Rule 3.10(1) and the proportion of INEDs in the Board required by Rule 3.10A of the Listing Rules.

The Board comprises the following Directors:

Executive Directors
Chen Xiaozhou (the then Chairman) (resigned effective from 19th January 2015)
Zhao Hongwei (the then Managing Director, appointed Chairman effective from 19th January 2015)
Gong Zhijian (appointed Managing Director effective from 19th January 2015)
Lau Mun Chung

NED
Chow Kwok Wai

INEDs
Wang Tongsan
Chen Gongmeng
Hung Muk Ming

The Board possesses, with regard to individual Directors and collectively, appropriate experience, competencies and personal qualities, including professionalism and integrity, to discharge its responsibilities adequately and effectively. In addition, the Board collectively has adequate knowledge and expertise relevant to each of the core business activities that the Group pursues and the associated risks in order to ensure effective governance and oversight.

Corporate Governance Report

Members of the Board, who come from different backgrounds, have a diverse range of financial and professional expertise. The biographical particulars of all Directors are disclosed in the section "Biographical Details of Directors and Senior Management". None of the Directors has any financial, business, family or other material/relevant relationship with one another. The list of Directors is also available on the websites of the Company and the Stock Exchange from time to time.

The Board adopted the Board Diversity Policy in August 2013. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company remains committed to meritocracy in the boardroom, which requires a diverse and inclusive culture where Directors believe that their views are heard and their concerns are attended to and they serve in an environment where bias and discrimination on any matter are not tolerated.

Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are separate and performed by different individuals.

Mr. Chen Xiaozhou serves as the Chairman since 2nd December 2008 and resigned effective from the conclusion of the Board meeting held on 19th January 2015. Immediately following his resignation, Mr. Zhao Hongwei was appointed the Chairman. The Chairman is primarily responsible for leading the Board and ensuring that it functions effectively and smoothly. Directors are encouraged to participate actively in all Board and committee meetings.

Mr. Zhao Hongwei serves as the Managing Director of the Company since 18th January 2009 and ceased upon his appointment as the Chairman effective from 19th January 2015. Mr. Gong Zhijian was appointed the Managing Director of the Company effective from 19th January 2015 who is responsible for the overall operation of the Group and performs the role of Chief Executive Officer.

NED and INEDs

NED and the INEDs provide the Group with diversified expertise and experience. Their views and participation in Board and committee meetings bring independent judgment and advice on issues relating to the Group's strategies, performance, conflicts of interest and management process, to ensure that the interests of all shareholders are taken into account.

The current NED and the three INEDs are appointed for a term of two years and are subject to rotation in accordance with the provisions in the bye-laws of the Company. The Board has received annual written confirmation from all the INEDs for the year 2015 and is satisfied that all of them were acting independently throughout the year. No INED has served the Company for more than nine years.

INEDs are identified as such in all corporate communications containing their names.

Board Meetings

The Board meets regularly and at other time when necessary. All Directors have access to relevant and timely information. They can seek independent professional advice at the Company's expenses when the situation required. They also have access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials, and ensuring that Board procedures are followed. Where queries are raised by Directors, steps would be taken to respond as promptly and as fully as possible.

The attendance of the Directors at the Board meetings and general meetings held during the financial year 2015 was set out below:

Name of Director	Number of Board meetings attended	Number of general meetings attended
Executive Directors		
Mr. Chen Xiaozhou (resigned effective from 19th January 2015)	1/1	0/0
Mr. Zhao Hongwei	4/4	1/1
Mr. Gong Zhijian	4/4	1/1
Mr. Lau Mun Chung	4/4	1/1
NED		
Mr. Chow Kwok Wai	4/4	1/1
INEDs		
Mr. Wang Tongsan	4/4	0/1
Mr. Chen Gongmeng	2/4	0/1
Mr. Hung Muk Ming	4/4	1/1

In case Directors are unable to meet together, issues are resolved through written resolution in the manner prescribed under the bye-laws of the Company. Materials are circulated and commented mainly through electronic mail.

Notice of at least 14 days is given of a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice will be given. Minutes of the Board meetings are prepared and circulated to all Directors in reasonable time.

During the year, the Chairman of the Board held a meeting with the NED and the INEDs without the presence of the executive Directors.

Board papers are sent to all Directors to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

Commencing from 1st April 2012, the management provides each Director with updates and financial information of the Group on a monthly basis giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

Rotation of Directors

The bye-laws of the Company provide that every Director, including the Chairman and/or the Managing Director of the Company, shall retire by rotation at least once every three years. Directors appointed by the Board during the year shall hold office only until the following annual general meeting, at which time they shall retire and be eligible for re-election by the shareholders.

Corporate Governance Report

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in directors' biographical details since the date of the Interim Report 2015 of the Company which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules, are set out below:

Professional qualification

- Mr. Lau Mun Chung ~ admitted as Associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators both effective from 30th November 2015.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its code of conduct for Directors dealing in its shares. All Directors confirmed that they had complied with the required standards at all times throughout the financial year 2015.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members including two INEDs, Mr. Hung Muk Ming and Mr. Chen Gongmeng, and one NED, Mr. Chow Kwok Wai. It is chaired by Mr. Hung Muk Ming.

A written terms of reference was adopted by the Remuneration Committee at its inception and is updated when necessary. The Remuneration Committee is responsible for devising the remuneration policy for the Group and determining the specific package of executive Directors. The Remuneration Committee also approves the terms of all executive Directors' service contracts. Recommendations on the remuneration of NEDs (including INEDs) are submitted to the Board for consideration. Full minutes and related materials of the meetings are kept by a designated secretary.

The Remuneration Committee held two meetings in the financial year 2015. The following is the attendance record:

Name of Committee Members	Number of meeting attended	Attendance rate
Mr. Hung Muk Ming *(Chairman)*	2/2	100%
Mr. Chow Kwok Wai	2/2	100%
Mr. Chen Gongmeng	0/2	0%

In case members are unable to meet together, issues are resolved through written resolution in the manner prescribed under the bye-laws of the Company. Materials are circulated and commented mainly through electronic mail.

Directors' Remuneration

Each executive Director is entitled to a director's fee determined by the Remuneration Committee. Executive Directors Mr. Zhao Hongwei, Mr. Gong Zhijian and Mr. Lau Mun Chung have entered into service contracts the terms of which were approved by the Remuneration Committee whilst the then executive Director Mr. Chen Xiaozhou has signed letter of appointment with the Company. The director's service contracts provide the executive Directors with a fixed monthly salary determined in accordance with the Director's qualification, experience and the prevailing market conditions together with a discretionary bonus decided with reference to the Group's financial performance, the individual's performance during the year and the market conditions. NED and the INEDs are entitled to a director's fee decided by the Board. The Board confirms that no Directors or their associates (as defined in the Listing Rules) are involved in determining their own remuneration.

NOMINATION COMMITTEE

The Nomination Committee comprises three members including two INEDs, Mr. Wang Tongsan and Mr. Chen Gongmeng, and one executive Director, Mr. Zhao Hongwei. It is chaired by Mr. Wang Tongsan.

A written terms of reference was adopted by the Nomination Committee at its inception and is updated when necessary. The main duties of the Nomination Committee are as follows:

1. review the structure, size and composition of the Board at least annually and make recommendations to the Board regarding any proposed changes;

2. identify suitable individuals qualified to become Board members and make recommendations to the Board on suitable candidates to be nominated for directorships;

3. assess the independence of INEDs on its appointment or when their independence is called into question; and

4. make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee held one meeting in the financial year 2015. The following is the attendance record:

Name of Committee Members	Number of meeting attended	Attendance rate
Mr. Wang Tongsan *(Chairman)*	1/1	100%
Mr. Chen Gongmeng	1/1	100%
Mr. Zhao Hongwei	1/1	100%

TRAINING FOR DIRECTORS

The Company will provide a comprehensive, formal and tailored induction to each newly appointed Director on his first appointment in order to enable him/her to have appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the Directors. Three seminars were organized for all the Directors during the year and their respective attendance are as follows:

	Number of seminar attended
Executive Directors	
Mr. Chen Xiaozhou (resigned effective from 19th January 2015)	0/0
Mr. Zhao Hongwei	2/3
Mr. Gong Zhijian	3/3
Mr. Lau Mun Chung	3/3
NED	
Chow Kwok Wai	0/3
INEDs	
Mr. Wang Tongsan	3/3
Mr. Chen Gongmeng	0/3
Mr. Hung Muk Ming	3/3

INSURANCE COVER FOR DIRECTORS

The Company has arranged appropriate insurance cover in respect of legal action against its Directors to comply with the requirement of the code provision.

AUDITORS' REMUNERATION

Ernst & Young ("EY") was appointed as auditor of the Company on 10th June 2015 subsequent to the retirement of Deloitte Touche Tohmatsu ("Deloitte"). The financial statements for the year ended 31st December 2013 and 31st December 2014 were audited by Deloitte whereas the financial statements for the year ended 31st December 2012 were audited by KPMG.

During the year, the fees paid/payable to EY are set out below:

Category of services	**Fee paid/payable**
Audit service	836,000
Non-audit service	456,000
Total	1,292,000

AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are INEDs. The Committee is chaired by Mr. Hung Muk Ming who possesses appropriate professional qualifications and experience in accounting and financial management. The other members are Mr. Wang Tongsan and Mr. Chen Gongmeng.

The major roles and functions of the Audit Committee include:

1. evaluating the effectiveness of the Group's internal control system;

2. reviewing the financial reporting process;

3. reviewing the interim and annual financial statements before they are approved by the Board;

4. endorsing the annual audit plans proposed by the auditor;

5. reviewing and approving connected transactions; and

6. monitoring the appointment and remuneration of the auditor.

The Audit Committee held two meetings during 2015. Representative from the executive Directors and a deputy general manager who supervises, among others, the compliance and internal audit department ("CAIA") of the Group are answerable in the Audit Committee meetings. During the year, two private sessions between the auditor and the INEDs were held immediately after the Audit Committee meeting in March and August 2015 respectively. The following is the attendance record of the meetings held by the Audit Committee during the year:

Name of Committee Members	Number of meetings attended	Attendance rate
Mr. Hung Muk Ming *(Chairman)*	2/2	100%
Mr. Wang Tongsan	2/2	100%
Mr. Chen Gongmeng	1/2	50%

A summary of the work performed by the Audit Committee during the financial year 2015 is listed below:

(1) reviewed and approved the remuneration and the terms of engagement of the external auditor;

(2) reviewed and commented on each of the half-year and annual financial statements of the Group and the independent auditors' report before their submission to the Board;

(3) reviewed the Group's financial control, internal control and risk management systems;

(4) reviewed the results of the audit on connected transactions and continuing connected transactions;

(5) reviewed the findings and the recommendations of the Group's internal auditor on the Group's operations and the regulatory review carried out by the regulators; and

(6) monitored the financial reporting process of the Group.

The work and findings of the Audit Committee have been reported to the Board. During the year, no issue brought to the attention of the Board was of sufficiently important to require disclosure in the annual report.

ACCOUNTABILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for the preparation of financial statements for the Company which gives a true and fair view of the state of affairs of the Company as at 31st December 2015, and its profit and the cash flows for the year ended. The financial statements are prepared on the assumption of going concern and are in accordance with the statutory requirements and applicable accounting and financial reporting standards. The Directors also ensure that the publication of the financial statements of the Group is done in a timely manner.

The statements of the Directors and the auditor of the Company regarding their respective responsibilities on the financial statements of the Company are set out in the Independent Auditors' Report on pages 26 to 27 of this annual report.

INTERNAL CONTROL

The Group strives to maintain a sound and effective internal control system to safeguard the assets of the Group and its clients. To achieve this end, a proper segregation of duties and responsibilities is in place. The Directors have assessed the effectiveness of the internal control system during the year with the assistance of the CAIA. The CAIA assesses the internal control procedures to validate its effectiveness and regularly reports its findings to the Audit Committee. In addition, to ensure full compliance with related rules and regulations promulgated by the SFC, the CAIA performs regular compliance and internal control testing. Exceptional results are brought to the management's attention. Disciplinary actions are in place to deal with identified non-compliance cases.

The Directors have also reviewed from time to time adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function.

The Group acknowledges that the strengthening of the internal control system is an ongoing process and will continue to design and implement appropriate measures to meet the changing business environment of the Group.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out below:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;

5. to review the Company's compliance with the corporate governance code and disclosure in the corporate governance report.

OTHER CORPORATE GOVERNANCE PRACTICE

There are three management committees, each charged with specific duties of leading and controlling the daily operation and management of the Group. Chaired by the Managing Director of the Group, the Executive Management Committee (the "EMC") is responsible for setting up and implementing Group policy, exercising control over operational activities, reviewing and approving budgets, and making decisions on all major issues. Other members of the EMC include an executive Director and a member from the senior management of the Group.

The Risk Management Committee (the "RMC") and the Marketing Management Committee (the "MMC") are accountable to the EMC. The RMC is responsible for dealing with all risk management issues of the Group and reviewing clients' complaints, whilst the MMC is responsible for formulating marketing policies.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to ensuring that the Group complies with disclosure obligations under the Listing Rules and other applicable laws and regulations, and that all shareholders and potential investors have an equal opportunity to receive and obtain externally available information issued by the Company. Information regularly provided to the shareholders includes annual and interim reports, circulars and announcements in accordance with the Listing Rules.

The Company welcomes the attendance of shareholders at general meetings to express their views. All the Directors are encouraged to attend the general meetings in order to have personal communication with shareholders. The external auditor is also required to be present to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor's independence.

For both institutional and retail investors, the Company's website, www.cinda.com.hk, provides up-to-date information about the Group. All key information such as announcements, annual and interim reports can be downloaded from this website.

Corporate Governance Report

SHAREHOLDERS' RIGHT

(1) Procedures for shareholders to convene a special general meeting ("SGM") and putting forward proposals at shareholders' meeting

The Board shall, on the requisition in writing of the shareholders of not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the shareholders' meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's office in Hong Kong at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong, for the attention of the Company Secretary.

If within twenty-one days of such deposit the Board fails to proceed to convene the SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

As regards proposing a person for election as a director, please refer to the procedures as set out in the "Procedure for shareholders to propose a person for election as a director" on the website of the Company at www.cinda.com.hk.

(2) Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's Registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publically available. Shareholders may also make enquiries to the Board by writing to the Company Secretary at the Company's office in Hong Kong at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong.

CONSTITUTIONAL DOCUMENTS

There are no changes in the Company's constitutional documents during the year.

COMPANY SECRETARY

The Company Secretary is responsible for advising the Board on governance matters and also facilitates induction and professional development of Directors. The Company Secretary reports to the Chairman of the Board. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, all applicable laws, rules and regulations are followed.

Mr. Lau Mun Chung who is a certified public accountant (as defined in the Professional Accountants Ordinance) was appointed Company Secretary of the Company since 25th May 2000. During the financial year 2015, Mr. Lau had received no less than 15 hours of relevant professional training.

Corporate Governance Report

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to actively contributing to the community and fostering a caring culture. To achieve this end, the Group has organised various social services activities and encourages staff to participate in voluntary works. In addition, the Company has become a Silver Member of WWF-Hong Kong since October 2011 in order to support environmental conservation and education works. The Company has been awarded the 10 years plus Caring Company logo in 2015/16 in recognition of its contribution to community service continuously. Furthermore, the Company was awarded the Hong Kong Awards for Environmental Excellence under the sector of Servicing and Trading (Merit) for seven consecutive years. As a corporate citizen, the Group will continue to uphold its corporate social responsibility.

Report of the Directors

The Directors have pleasure in submitting their annual report together with the audited financial statements of Cinda International Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31st December 2015.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATION

The principal activity of the Company is investment holdings. The activities of the subsidiaries are set out in Note 1 to the financial statements. An analysis of the Group's performance for the year by business segments is set out in Note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 28.

No interim dividend has been declared for the year (2014: Nil). The Directors do not recommend the payment of a final dividend in respect of the year ended 31st December 2015 (2014: Nil).

BUSINESS REVIEW

The business review of the Group for the year ended 31st December 2015 is set out in the sections headed "Management Discussion and Analysis" and "Corporate Governance Report" on pages 3 to 6 and 9 to 18 respectively of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

Save as disclosed in this annual report, the Company is not aware of any principal risks and uncertainties in this annual report.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 24 to the financial statements.

BONDS ISSUED

On 21st August 2013, the Company resolved to issue 5-year unsecured, non-guaranteed, fixed interest corporate bonds up to a maximum aggregate principal amount of HK$200,000,000 to independent third parties at an interest rate between 3% and 5%, determined by market conditions from time to time. The bonds will mature on the fifth anniversary from the date of issue and the net proceeds from the issuance will be utilized for the development of and working capital for the Group.

As at 31st December 2015, the Company issued the bonds to nine individuals for an aggregate principal of HK$76,000,000 at the interest rate of 4% per annum in which an aggregate principal of HK$34,000,000 will mature in 2018 and the remaining of HK$42,000,000 will mature in 2019. Details of the corporate bonds of the Company are set out in Note 28 to the financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 85 and in Note 25 to the financial statements.

Distributable reserves of the Company as at 31st December 2015 calculated under the Company Act 1981 of Bermuda (as amended) amounted to HK$67,082,000 (2014: HK$53,067,000). Details are set out in Note 25 to the financial statements.

DONATIONS

Charitable donations made by the Group during the year amounted to HK$35,000 (2014: HK$35,000).

Report of the Directors

PROPERTY AND EQUIPMENT
Movements in property and equipment of the Group during the year are set out in Note 13 to the financial statements.

FIVE-YEAR FINANCIAL SUMMARY
A summary of the results and the assets and liabilities of the Group for the last five years is set out on page 112.

DIRECTORS
The Directors of the Company during the year and up to the date of this report are:

Chairman
Mr. Chen Xiaozhou (resigned effective from 19th January 2015)
Mr. Zhao Hongwei (the then Managing Director, appointed Chairman effective from 19th January 2015)

Executive Directors
Mr. Gong Zhijian (appointed Managing Director effective from 19th January 2015)
Mr. Lau Mun Chung

Non-executive Director
Mr. Chow Kwok Wai

Independent Non-executive Directors
Mr. Wang Tongsan
Mr. Chen Gongmeng
Mr. Hung Muk Ming

In accordance with bye-law 87 of the Company, Mr. Lau Mun Chung and Mr. Hung Muk Ming shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACT
None of the Directors proposed for re-election has entered into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS
No contract of significance to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, or in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION
The Company's bye-laws provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any Directors. A Directors Liability Insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

CONTINUING CONNECTED TRANSACTION
Pursuant to an agreement dated 22nd October 2013 (the "Master Agreement") entered between the Company and China Cinda Asset Management Co., Ltd. ("China Cinda") (a substantial shareholder of the Company which indirectly holds 63% of the issued share capital of the Company) (together with its associates, the "China Cinda Group") in relation to the provision by the Group of certain financial services to the China Cinda Group and vice versa.

Pursuant to the Master Agreement, the Group has agreed to provide to the China Cinda Group (i) the brokering services for securities, futures and options trading; placing, underwriting and sub-underwriting services for securities; (ii) the corporate financial advisory services; (iii) the asset management services; and the China Cinda Group would provide to the Group (iv) the brokering services for RQFII, A shares, B shares and other securities, and trust products; (v) the asset management services; and (vi) the sub-underwriting services. The Master Agreement, the transactions contemplated thereunder and the proposed annual caps were approved by the independent shareholders at the special general meeting held on 25th November 2013. The Master Agreement commenced on 25th November 2013 and ended on 31st December 2015 (both days inclusive).

In contemplation of the expiry of the Master Agreement and in view of the intention of the Company to continue certain types of transactions contemplated thereunder with the China Cinda Group after such expiry, and to facilitate the development of the business of the Group, on 18th December 2015, the Company entered into the new master agreement (the "New Master Agreement") with China Cinda for the provision by the Group of certain financial services to the China Cinda Group and for the receiving of newly proposed services from the China Cinda Group.

Pursuant to the New Master Agreement, the Group has agreed to provide (i) brokering services for securities, futures and options trading; placing and underwriting and sub-underwriting services for securities; (ii) corporate finance advisory services; and (iii) asset management services, to the China Cinda Group; as well as to (iv) pay advisory fee to the China Cinda Group for their provision of corporate finance advisory services to the Group. The New Master Agreement shall have a term of 1 year commencing from 1st January 2016 to 31st December 2016 (both days inclusive).

The above-mentioned continuing connected transactions were determined after arm's length negotiations between the parties thereto and will be no less favourable to the Group than terms offered to or by other independent third parties. The Directors, including the INEDs, are of the view that the terms of the Master Agreement and the New Master Agreement are fair and reasonable so far as the shareholders are concerned and that the Master Agreement and the New Master Agreement were entered into on normal commercial terms and in the interest of the Company and its shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Directors have received a letter from the auditor containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

CONNECTED TRANSACTION

On 28th October 2015, Cinda International (Shanghai) Investment Consulting Co., Ltd.* (信達國際(上海)投資諮詢有限公司), a wholly-owned subsidiary of the Company, Cinda Capital Management Company Limited* 信達資本管理有限公司 ("Cinda Capital"), China Cinda Asset Management Co., Ltd. ("China Cinda"), Ningbo Juxin Tongda Investment Management Partnership (Limited Partnership)* 寧波聚信通達投資管理合伙企業(有限合伙) ("Juxin Tongda"), Cinda Real Estate Co., Ltd. ("Cinda Real Estate"), Shenzhen Jianxin Investment Development Company Limited* 深圳市建信投資發展有限公司 ("Shenzhen Jianxin") and Shenzhen Qianhai Huajian Equity Investment Ltd.* 深圳市前海華建股權投資有限公司 ("Qianhai Huajian") entered into the partnership agreement (the "Partnership Agreement") in relation to the establishment and management of Shenzhen Cinda Urban Development Investment Partnership (Limited Partnership)* 深圳信達城市發展投資合伙企業(有限合伙) (the "Fund"). The Fund will be registered in the People's Republic of China with the primary objective of investment in, among others, urban renewal and renovation projects, residential commodity property projects, merger of property development enterprises projects and land development projects in competitive regional locations.

* *for identification purposes only*

At as the date of the Partnership Agreement, China Cinda is a controlling shareholder of the Company and therefore is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Cinda Capital, Shenzhen Jianxin and Qianhai Huajian are indirectly wholly owned by China Cinda. Cinda Real Estate is indirectly owned by China Cinda as to 52.96% of its equity interest and Juxin Tongda is a limited partnership managed by Cinda Capital. Therefore, each of Cinda Capital, Juxin Tongda, Cinda Real Estate, Shenzhen Jianxin and Qianhai Huajian is an associate of China Cinda and, thus each a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Partnership Agreement constitute connected transactions of the Company.

Pursuant to the terms of the Partnership Agreement, the initial total capital commitment of the Fund will be RMB5,101 million, and the initial capital commitment payable by each of the General Partner and Limited Partners is as follows:

	Capital Commitment (RMB)	Percentage of equity interest in the Fund	Status
Cinda Capital	1 million	0.02	General Partner
China Cinda	2,000 million	39.21	Limited Partner
Juxin Tongda	1,000 million	19.60	Limited Partner
Cinda Real Estate	700 million	13.72	Limited Partner
Shenzhen Jianxin	700 million	13.72	Limited Partner
Cinda International (Shanghai)	30 million	0.59	Limited Partner
Qianhai Huajian	670 million	13.13	Limited Partner

The Fund shall be managed by Cinda Capital, which is acting as the General Partner and the Executive Partner pursuant to the Partnership Agreement. The Executive Partner is entitled to a management fee of the Fund in the amount equal to 0.3% per annum of the actual cash contribution by the Limited Partners for the Fund.

The term of the Fund shall be five years starting from the date on which the business license of the Fund is obtained. The term of the Fund can be further extended for 1 year for at most two times subject to the unanimous approval of the General Partner and all Limited Partners.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

On 19th June 2015, the Company as borrower entered into a facility agreement ("Facility Agreement") with a licensed bank in Hong Kong in relation to a revolving term loan facility up to HK$156,000,000. Pursuant to the Facility Agreement, it shall be an event of default if:

1. the Company is not, or ceases to be, beneficially owned as to at least 50% by China Cinda (HK) Holdings Company Limited ("China Cinda (HK)"); or

2. China Cinda (HK) is not, or ceases to be, 100% beneficially owned by China Cinda; or

3. the shareholding of China Cinda is not, or ceases to be, hold at least 50% by the Ministry of Finance of the People's Republic of China.

If an event of default under the Facility Agreement occurs, the bank may demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement.

As at 31st December 2015, HK$46,000,000 has been drawn.

Report of the Directors

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31st December 2015, the Directors of the Company who held office and their respective associates did not hold any interest or short position in the shares and underlying shares or debentures of the Company, its holding company, subsidiaries and other associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register of directors' interests and short positions required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

INFORMATION ON SHARE OPTIONS

The share option scheme currently in force was adopted in the 2006 annual general meeting of the Company held on 29th May 2006. No option has been granted in the year ended 31st December 2015 and as at 31st December 2015, there were no outstanding share options granted under the scheme.

The following is a summary of the purpose and terms of the share option scheme:

1	Purpose of the Scheme	(a) Provide incentives or rewards to participants for their contribution to the Group. (b) Recruit and retain high-calibre employees and attract human resources that are valuable to the Group.
2	Participants of the Scheme	(a) Employees including executive Directors of the Group and its invested entities. (b) Other persons who have made contributions to the Group as determined by the Board.
3	Total number of shares available for issue under the Scheme and percentage of issued share capital that it represents as at 31st December 2015	41,413,000 shares, equivalent to approximately 6.46% of the issued share capital of the Company as at 31st December 2015.
4	Maximum entitlement of each participant under the Scheme	No options may be granted to any participant, which if exercised in full would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such participant under the Scheme or any other schemes of the Company (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital as at the date of such new grant. Any grant of further options above this limit shall be subject to the approval of the shareholders of the Company in a general meeting.
5	Period within which the securities must be taken up under an option	The Directors may determine the period but this shall not end on a date later than ten years from the date of grant.
6	Minimum period for which an option must be held before it can be exercised	There is no such requirement, but the Directors can determine the period of holding.

7	Amount payable on application or acceptance of the option and the periods within which payments or calls must be made or loans made for such purposes must be repaid	Within 28 days from the date of the offer letter, the grantee must accept the offer in writing and remit in favour of the Company HK$10 per option, irrespective of the number of shares covered by the option.
8	Basis of determining the exercise price	The exercise price is determined by the Directors and it must be no less than the highest of: (a) the closing price of the Company's shares in the Stock Exchange's daily quotations sheet on the date of the grant of the relevant options (b) an amount equivalent to the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant options (c) the nominal value of the Company's shares.
9	Remaining life of the scheme	The Scheme shall end on 29th May 2016.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE EQUITY OR DEBT SECURITIES

As at 31st December 2015, so far as was known by the Directors and the chief executives of the Company, the following are details of the persons (other than Directors or chief executives of the Company) who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which need to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position

Name of substantial shareholder	Capacity	Number of shares or underlying shares held	Approximate percentage of the Company's issued share capital
Sinoday Limited	Beneficial owner	403,960,200 *(Note)*	63.00%
China Cinda (HK) Holdings Company Limited ("China Cinda (HK)")	Interest through a controlled corporation	403,960,200 *(Note)*	63.00%
China Cinda Asset Management Co., Ltd. ("China Cinda")	Interest through a controlled corporation	403,960,200 *(Note)*	63.00%

Note:

These shares were held by Sinoday Limited. The issued share capital of Sinoday Limited was wholly owned by China Cinda (HK) which was a wholly-owned subsidiary of China Cinda. By virtue of the provisions of the SFO, China Cinda (HK) and China Cinda were deemed to be interested in all the shares in which Sinoday Limited was interested.

Report of the Directors

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of turnover for the year attributable to the Group's major customers are as follows:

— the largest customer	11%
— the five largest customers combined	35%

Except that an intermediate holding company of the Company through a controlled corporation and an associated company of the Company, each of which is one of the top five customers (not the largest customer), at no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers.

As the Group is engaged in the provision of financial services, the Directors are of the opinion that giving information on counterparties would be of limited or no value.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year ended 31st December 2015. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31st December 2015.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that was publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

The financial statements of the Company for the year ended 31st December 2015 have been audited by Ernst & Young ("EY"). EY were appointed as auditor of the Company at the annual general meeting of the Company held on 10th June 2015 upon the retirement of Deloitte Touche Tohmatsu who have acted as auditor of the Company for the preceding two financial years.

EY shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of EY as auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

By order of the Board

Zhao Hongwei
Chairman

Hong Kong, 29th March 2016

Independent Auditors' Report

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

EY 安永

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF CINDA INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements Cinda International Holdings Limited (the "Company") and its subsidiaries set out on pages 28 to 111, which comprise the consolidated statement of financial position as at 31st December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31st December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong

29th March 2016

Consolidated Statement of Profit or Loss

For the year ended 31st December 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	5	**149,926**	132,453
Other income	5	**33,237**	22,719
Other gains, net	5	**19,447**	9,797
		202,610	164,969
Staff costs	6	**75,361**	70,839
Commission expenses		**23,171**	26,850
Operating leases for land and buildings		**17,613**	17,401
Other operating expenses	7	**32,279**	28,970
Finance costs	8	**7,861**	3,101
		156,285	147,161
		46,325	17,808
Share of profits of associates, net	*16(a)*	**18,221**	23,072
Share of profit/(loss) of a joint venture	*16(b)*	**1,449**	(1,451)
Profit before taxation		**65,995**	39,429
Income tax	9	**(11,360)**	(3,192)
Profit for the year		**54,635**	36,237
Attributable to:			
Equity holders of the Company		**40,586**	28,230
Non-controlling interests		**14,049**	8,007
		54,635	36,237
Basic and diluted earnings per share attributable to equity holders of the Company	11	**HK6.33 cents**	HK4.40 cents

The notes on pages 34 to 111 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2015

	2015 HK$'000	2014 HK$'000
Profit for the year	**54,635**	36,237
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss		
Change in fair value of available-for-sale financial assets	**12,521**	(1,007)
Reclassification adjustments for loss on disposal of available-for-sale financial assets	**710**	—
Share of an associate's investment revaluation reserve relating to available-for-sale securities:		
— Change in fair value, net of deferred tax	**(49,157)**	44,046
Release of investment revaluation reserve to profit or loss on share dilution in an associate	**2,539**	—
Share of a joint venture's investment revaluation reserve relating to available-for-sale securities:		
— Transfer to profit or loss on disposal	**—**	(380)
Net movement in investment revaluation reserve	**(33,387)**	42,659
Share of an associate's exchange difference	**3,550**	(12,043)
Release of exchange difference to profit or loss on share dilution in an associate	**(1,250)**	—
Exchange differences on translation of:		
— Financial statements of a joint venture	**(1,168)**	(534)
— Financial statements of foreign operations	**(1,847)**	(377)
Net movement in exchange difference	**(715)**	(12,954)
Item that would not be reclassified subsequently to profit or loss		
Share of a joint venture's capital reserve	**180**	—
Net movement in capital reserve	**180**	—
Other comprehensive income for the year	**(33,922)**	29,705
Total comprehensive income for the year	**20,713**	65,942
Total comprehensive income attributable to:		
Equity holders of the Company	**7,050**	58,081
Non-controlling interests	**13,663**	7,861
	20,713	65,942

The notes on pages 34 to 111 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31st December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Intangible assets	*12*	**1,439**	1,439
Property and equipment	*13*	**5,071**	4,990
Available-for-sale financial assets	*14*	**48,380**	3,387
Interests in associates	*16(a)*	**273,956**	297,976
Interest in a joint venture	*16(b)*	**20,715**	20,254
Other assets	*17*	**7,987**	10,698
Loans receivable	*18*	**77,392**	48,000
		434,940	386,744
Current assets			
Loan receivable	*18*	**—**	70,000
Available-for-sale financial assets	*14*	**283,498**	247,071
Financial assets designated at fair value through profit or loss	*20*	**65,280**	55,000
Financial instruments held-for-trading	*21*	**16,220**	22,000
Trade and other receivables	*22*	**296,048**	394,786
Pledged bank deposits	*23*	**15,074**	15,062
Bank balances and cash	*23*	**208,678**	135,957
		884,798	939,876
Current liabilities			
Trade and other payables	*26*	**193,805**	314,413
Borrowings	*27*	**280,672**	191,218
Taxation payable	*19(a)*	**8,934**	387
		483,411	506,018
Net current assets		**401,387**	433,858
Total assets less current liabilities		**836,327**	820,602

Consolidated Statement of Financial Position

As at 31st December 2015

	Notes	2015 HK$'000	2014 HK$'000
Capital and reserves			
Share capital	*24*	**64,121**	64,121
Other reserves		**477,861**	511,397
Retained earnings		**154,814**	114,228
Total equity attributable to equity holders of the Company		**696,796**	689,746
Non-controlling interests		**61,666**	53,734
TOTAL EQUITY		**758,462**	743,480
Non-current liabilities			
Bonds issued	*28*	**76,000**	76,000
Deferred tax liability	*19(b)*	**1,865**	1,122
		836,327	820,602

Approved and authorised for issue by the Board of Directors on 29th March 2016 and are signed on its behalf by:

Gong Zhijian
Executive Director

Lau Mun Chung
Executive Director

The notes on pages 34 to 111 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st December 2015

		Attributable to equity holders of the Company								
	Note	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1st January 2014		64,121	421,419	42,879	5,288	11,960	85,998	631,665	49,991	681,656
Profit for the year		—	—	—	—	—	28,230	28,230	8,007	36,237
Other comprehensive income		—	—	—	42,659	(12,808)	—	29,851	(146)	29,705
Total comprehensive income for the year		—	—	—	42,659	(12,808)	28,230	58,081	7,861	65,942
Capital contributions from Non-controlling interests		—	—	—	—	—	—	—	1,302	1,302
Distribution to Non-controlling interest	*37(e)*	—	—	—	—	—	—	—	(5,420)	(5,420)
Balance at 31st December 2014		64,121	421,419	42,879	47,947	(848)	114,228	689,746	53,734	743,480
Balance at 1st January 2015		**64,121**	**421,419**	**42,879**	**47,947**	**(848)**	**114,228**	**689,746**	**53,734**	**743,480**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**40,586**	**40,586**	**14,049**	**54,635**
Other comprehensive income		**—**	**—**	**180**	**(33,387)**	**(329)**	**—**	**(33,536)**	**(386)**	**(33,922)**
Total comprehensive income for the year		**—**	**—**	**180**	**(33,387)**	**(329)**	**40,586**	**7,050**	**13,663**	**20,713**
Distribution to Non-controlling interest	*37(e)*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(5,731)**	**(5,731)**
Balance at 31st December 2015		**64,121**	**421,419**	**43,059**	**14,560**	**(1,177)**	**154,814**	**696,796**	**61,666**	**758,462**

The notes on pages 34 to 111 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31st December 2015

	Notes	2015 HK$'000	2014 HK$'000
Net cash inflow from operating activities	33	**63,403**	89,994
Investing activities			
Purchase of property and equipment	13	**(2,218)**	(2,937)
Purchase of equity securities upon exercise of warrants	21	**(9,000)**	(4,200)
Purchase of financial instruments held-for-trading		**(4,500)**	(3,075)
Interest received from debt securities		**21,573**	8,965
Proceeds from disposal of financial instruments held-for-trading	21	**23,978**	8,735
Purchase of available-for-sale financial assets		**(200,462)**	(248,571)
Proceeds from disposal of available-for-sale financial assets		**130,752**	1,268
Proceeds from disposal of financial instruments held-for-trading		**3,963**	3,688
Advance of a loan to a third-party investee		**(30,832)**	—
Placement/(withdrawal) of fixed deposits with maturity over three months	23	**1,000**	(4,000)
Net cash outflow used in investing activities		**(65,746)**	(240,127)
Financing activities			
Interest paid		**(6,523)**	(3,101)
Proceeds from bank loans	27	**291,000**	91,000
Repayment of bank loans	27	**(271,000)**	(40,000)
Proceeds from borrowing under a securities sales agreement	27	**101,400**	105,218
Repayment of margin loan from a broker	27	**(31,946)**	—
Issue of new bonds	28	**—**	42,000
Capital contribution from non-controlling interests		**—**	1,302
Distribution to non-controlling interests		**(5,731)**	(5,420)
Net cash inflow from financing activities		**77,200**	190,999
Increase in cash and cash equivalents		**74,857**	40,866
Cash and cash equivalents at the beginning of the period		**131,957**	91,464
Effect of foreign exchange rate changes, net		**(1,136)**	(373)
Cash and cash equivalents at the end of the period	23	**205,678**	131,957
Analysis of balances of cash and cash equivalents:			
Bank balances — general accounts and cash in hand	23	**205,678**	131,957

The notes on pages 34 to 111 form part of these financial statements.

Notes to the Financial Statements

1 CORPORATE AND GROUP INFORMATION

The principal activity of the Company is investment holding.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.

The Company has its listing on The Stock Exchange of Hong Kong Limited.

Information about subsidiaries

The following is the list of subsidiaries at 31st December 2015 and 2014:

Name	Place of incorporation and operation	Principal activities	Particulars of issued share capital/share capital held	Interest held directly		Interest held indirectly	
				2015	2014	**2015**	2014
Cinda International Capital Limited	Hong Kong	Corporate finance services	14,000,100 ordinary shares of HK$1 each, and 21,000,000 non-voting deferred shares of HK$1 each	**—**	—	**100%**	100%
Cinda International Securities Limited	Hong Kong	Securities broking and margin financing services	100,000,100 ordinary shares of HK$1 each, and 50,000,000 non-voting deferred shares of HK$1 each	**—**	—	**100%**	100%
Cinda International Futures Limited	Hong Kong	Commodities and futures broking	40,000,100 ordinary shares of HK$1 each, and 10,000,000 non-voting deferred shares of HK$1 each	**—**	—	**100%**	100%
Cinda International Asset Management Limited	Hong Kong	Asset management	15,500,100 ordinary shares of HK$1 each, and 2,000,000 non-voting deferred shares of HK$1 each	**—**	—	**100%**	100%
Cinda Asset Management (Cayman) Limited	Cayman Islands	Fund management	1 ordinary share of US$1 each	**—**	—	**100%**	100%
Cinda International Wealth Management Advisor Limited	Hong Kong	Financial planning and insurance broking	13,500,000 (2014: 9,500,000) ordinary shares of HK$1 each	**—**	—	**100%**	100%
Chinacorp Nominees Limited	Hong Kong	Provision of administrative support services	100 ordinary shares of HK$1 each and 10,000 non-voting deferred shares of HK$1 each	**—**	—	**100%**	100%
Cinda Strategic (BVI) Limited	British Virgin Islands	Investment holding	50,000 ordinary shares of US$1 each	**100%**	100%	**—**	—
Cinda (BVI) Limited	British Virgin Islands	Investment holding	7 ordinary shares of US$1 each	**100%**	100%	**—**	—
Cinda International Direct Investment Limited	British Virgin Islands	Investment holding	1,000 ordinary shares of US$1 each	**100%**	100%	**—**	—

1 CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation and operation	Principal activities	Particulars of issued share capital/ share capital held	Interest held directly 2015	Interest held directly 2014	Interest held indirectly 2015	Interest held indirectly 2014
Cinda International Research Limited	Hong Kong	Provision of research services	1,000,000 ordinary shares of HK$1 each	—	—	**100%**	100%
Cinda International Nominees Limited	Hong Kong	Provision of administrative support services	100,000 ordinary shares of HK$1 each	—	—	**100%**	100%
Cinda International Consultant Limited	Hong Kong	Investment holding	120,000 ordinary shares of HK$1 each	**100%**	—	—	100%
Cinda International Capital Management Limited	British Virgin Islands	Investment holding	1 ordinary shares of US$1 each	—	—	**100%**	100%
信達國際(上海)投資諮詢有限公司	PRC	Provision of consultancy services	RMB20,000,000 (2014: RMB5,000,000)	—	—	**100%**	100%
Cinda Resources Investment Limited	Cayman Islands	Asset management	1 ordinary share of US$1 each	—	—	**100%**	100%
Cinda International Strategic Limited	Hong Kong	Investment	100,000 ordinary shares of HK$1 each	—	—	**100%**	100%
Cinda International FX Limited	Hong Kong	Dormant	100 ordinary shares of HK$1 each, and 100,000,000 non-voting deferred shares of HK$1 each	—	—	**100%**	100%
Cinda Agriculture Investment Limited	Cayman Islands	Dormant	1 ordinary share of US$1 each	—	—	**100%**	100%
Rainbow Stone Investments Limited	British Virgin Islands	Investment holding	1 ordinary share of US$1 each	—	—	**100%**	100%
Cinda General Partner Limited	Cayman Islands	Asset management	1 ordinary share of US$1 each	—	—	**100%**	100%
Cinda Asia Investments Limited	Cayman Islands	Asset management	1 ordinary share of US$1 each	—	—	**100%**	100%
福建海峽文化產業股權投資管理有限公司	PRC	Private equity investment and fund management	RMB10,000,000	—	—	**55%**	55%
Cinda Retail and Consumer Fund L.P.	Cayman Islands	Investment	US$9,273,078	—	—	**38.89% *(Note 1)***	38.89% *(Note 1)*
Cinda Agriculture Industry Investments Fund L.P.	Cayman Islands	Dormant	US$2	—	—	**50%**	50%
Cinda International Finance Limited	Hong Kong	Money lender	1,000,000 ordinary shares of HK$1 each	—	—	**100%**	100%
Full Creation Investments Ltd	British Virgin Islands	Investment holding	1 ordinary share of US$1 each	—	N/A	**100%**	N/A
Cinda International GP Management Limited	Cayman Islands	Dormant	1 ordinary share of US$1 each	—	N/A	**100%**	N/A
信達匯理(深圳)投資諮詢有限公司	PRC	Provision of consultancy services	RMB500,000	—	N/A	**100%**	N/A
Wisdom Fortune Investments Limited	British Virgin Islands	Investment holding	1 ordinary share of US$1 each	—	N/A	**100%**	N/A
Cinda International High Grade Fund A, L.P	Cayman Islands	Investment	US$2	—	N/A	**50%**	N/A

1 CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Note:

(1) Notes 4.4 and 15 describe the details of CRC Fund. Note 37(e) describe its transactions with its non-controlling interest.

These financial statements are presented in thousands of units of Hong Kong dollars (HK$'000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29th March 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These 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 (the "Hong Kong Companies Ordinance"). 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. A summary of the significant accounting policies adopted by the Group is set out below.

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 and the Company. 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.

2.2 Basis of preparation

These financial statements have been prepared under historical cost convention, except that certain financial instruments are measured at their fair value as explained in the accounting policies set out below.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Basis of Consolidation

The consolidated financial statements for the year ended 31st December 2015 comprise the Company and all its subsidiaries (together referred to as the "Group") and the Group's interest in associates and a joint venture.

(a) Subsidiaries and non-controlling interests

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

When the Group has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Basis of Consolidation *(continued)*

(a) Subsidiaries and non-controlling interests (continued)

The Group also acts as investment managers of various funds. The determination of whether the Group has control over those funds require the Group to assess whether it is acting as a principal or an agent. An investment manager that can be removed without cause by a single party with substantive removal rights would be considered an agent. If no single party holds substantive removal rights, then an investment manager, in assessing whether it is a principal or agent, would consider the following factors:

- The scope of its decision-making authority over the investee;
- The rights held by other parties;
- The remuneration to which it is entitled in accordance with the remuneration agreement(s); and
- Its exposure to variability of returns from other interests that it holds in the investee.

The financial statements of the subsidiaries (including funds) are prepared for the same period as the Company, using consistent accounting policies. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Basis of Consolidation *(continued)*

(b) Associates and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting less any impairment losses. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Basis of Consolidation *(continued)*

(b) Associates and joint venture (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

2.4 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong Dollars ("HK Dollars"), which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in profit or loss during the financial period in which they are incurred.

Depreciation of property and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold improvements	over the lease periods or 5 years if shorter
Furniture and fixtures	20%
Office and computer equipment	20%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.8).

2.7 Intangible assets

(a) Trading rights

Trading rights held in The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited (the "Stock Exchange trading rights" and "Futures Exchange trading right" respectively) are classified as intangible assets. Trading rights have an indefinite useful life and are carried at cost less accumulated impairment losses (see note 2.8). The trading rights have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading rights are considered by the management of the Group as having an indefinite useful life because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

The useful life of the trading rights is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is account for on a prospective basis.

(b) Club membership

Club membership is classified as intangible assets. Club membership has an indefinite useful life and is carried at cost less accumulated impairment losses (see note 2.8).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Financial instruments

The Group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial instruments are acquired. Management determines the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represents financial assets held for trading and those designated at fair value through profit or loss.

A financial asset is classified as held for trading if:

— it has been acquired principally for the purpose of selling it in the near term; or

— on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

— it is a derivative that is not designated and effective as a hedging instrument as defined by HKAS 39.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial instruments *(continued)*

(a) *Financial assets at fair value through profit or loss (continued)*

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

— such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

— the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

— it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains/(losses)' line item. Fair value is determined in the manner described in note 36.2.

Financial assets under this category are carried at fair value. Changes in the fair value exclude any interest earned (which is included in "other income") and are included in the consolidated statement of profit or loss in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in the statement of profit or loss.

(b) *Loan and note receivables*

Loan and note receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities more than 12 months after the end of the reporting period which are classified as non-current assets. Loan and note receivables are carried at amortised cost using the effective interest methods less impairment losses, if any (see note 2.10(b)). Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial instruments *(continued)*

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months after the end of the reporting period.

Purchases and sales of financial instruments are recognised on a trade date basis — the date on which the Group commits to purchase or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial instruments are derecognised when the rights to receive cash flows from the financial instruments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are removed from other comprehensive income and recognised in the statement of profit or loss.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

(d) Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial instruments *(continued)*

(e) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(f) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

2.10 Trade and other receivables

(a) Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(b) A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.12 Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2.17, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.14 Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Income tax *(continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    — the same taxable entity; or

    — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Employee benefits

(a) Pension obligations

The Group contributes to the mandatory provident fund ("MPF Scheme"), a defined contribution plan in Hong Kong, which is available to all employees. The assets of the MPF Scheme are held separately from the Group in an independently administered fund.

The Group's contribution to the MPF Scheme is based on 5% of the monthly relevant income of each employee up to a maximum monthly relevant income of HK$30,000 since 1st June 2014 in accordance with the Mandatory Provident Fund Schemes Ordinance. The contributions are recognised as employee benefit expenses when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(b) Equity-settled share-based transactions

The fair value of share options granted to employees and directors is recognised as an employee cost with a corresponding increase in capital reserve within equity. The fair value is measured at grant date using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that are expected to vest is reviewed. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company shall account for the cancellation or settlement as an acceleration of vesting, and shall therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. Any payment made to the employees on the cancellation or settlement of the grant shall be accounted for as the repurchase of an equity interest, as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments granted, measured at the repurchase date. Any such excess shall be recognised as an expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.17 Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Brokerage commission income arising from securities broking and commodities and futures broking are recognised and accounted for on a trade date basis.

Brokerage commission income arising from the brokerage insurance products is recognised when services are rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Revenue recognition *(continued)*

Underwriting commissions and management fee income are recognised when the relevant work or service has been rendered.

Revenue from corporate finance and investment advisory services is recognised in accordance with the terms of agreement for the underlying transactions and/or when the relevant work or service has been rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.19 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are expensed in profit or loss on a straight-line basis over the period of the lease.

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21 Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.22 Finance costs

Finance costs are charged to profit or loss in the year in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Borrowings

Borrowings, including bonds issued, are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

2.24 Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

2.25 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when both of the following conditions are satisfied: (i) the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable; and (ii) the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time in the current year financial statements:

Amendments to HKAS19 Defined Benefit Plans: Employee Contributions
Annual Improvements to HKFRSs 2010–2012 Cycle
Annual Improvements to HKFRSs 2011–2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have no impact on the Group as the Group does not have defined benefit plans.

(b) The Annual Improvements to HKFRSs 2010–2012 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgments made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortization of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 Related Party Disclosures: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The Annual Improvements to HKFRSs 2011–2013 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 Business Combinations: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as there is no joint arrangement in the Group.

- HKFRS 13 Fair Value Measurement: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendments is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(c) *(continued)*

- HKAS 40 Investment Property: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group did not hold any property.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.2 Deferred tax assets

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.

Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences arising from depreciation of non-current assets. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised. Management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. Further details are available in note 19 to the financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

4.3 Litigation

The Group considers each case involving litigation individually to assess the probability of any outflow of resources. If in the opinion of the directors, an outflow of resources embodying economic benefits will be required to settle the litigation, a provision will be made to the extent of the probable outflow. In other cases, unless the possibility of an outflow of resources embodying economic benefits is remote, a contingent liability will be disclosed.

4.4 Estimation of fair values

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. For unlisted investments held by the Group and the Group's associate, where direct market prices in an active market are not available, the fair value of such instruments is calculated on the basis of valuation techniques using current market parameters. These techniques involve uncertainties and are significantly affected by the assumptions used and judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experiences and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values. In particular, the fair value is a theoretical value applicable at a given reporting date, and hence cannot be used as an indicator of value realisable in a future sale.

4.5 Control over Cinda Retail and Consumer Fund L.P. ("CRC Fund")

Note 15 describes that CRC Fund, which was set up in prior year, is a subsidiary of the Group although the Group has only 38.89% ownership interest in CRC Fund as at 31st December 2015 and 2014. The Group is the investment manager, general partner and limited partner of CRC Fund. The Group considered that it has the power to direct the relevant activities of CRC Fund taking into account (a) 38.89% ownership in CRC Fund, and (b) its roles as the investment manager and general partner of CRC Fund which give it wide ranging discretion in directing CRC Fund's relevant activities, pursuant to the agreement entered into between the Group and the other limited partner, a fellow subsidiary of the Group. Accordingly, the Group has accounted for CRC Fund as a subsidiary.

4.6 Significant influence over Cinda Plunkett International Asia Absolute Return Fund ("CPIAAR Fund")

Note 16(a) describes that CPIAAR Fund is an associate of the Group. The assessment was made taking into account (a) the Group has 11.96% (2014: 17.38%) ownership in CPIAAR Fund, (b) the Group has significant influence over the investment manager of CPIAAR Fund and (c) the Group is the investment advisor which holds the license to perform regulatory activities — asset management under the SFO of CPIAAR Fund which give it significant influence over CPIAAR Fund.

Details of CPIAAR Fund are set out in note 16(a).

4.7 Classification of JianXinJinYuan (Xiamen) Equity Investment Management Limited ("JXJY") as a joint venture

JXJY is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. Pursuant to the shareholder agreement between the parties to the joint arrangement, the decisions about the relevant activities of JXJY require the unanimous consent of these parties. Furthermore, there are no contractual arrangements or any other facts and circumstances that give the parties to the joint arrangement rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, JXJY is classified as a joint venture of the Group. See note 16(b) for details.

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

	2015 HK$'000	2014 HK$'000 (restated)
Revenue		
Fees and commission		
— Asset management	**10,286**	18,619
— Corporate finance	**13,413**	19,884
— Brokerage	**57,352**	44,574
— Others	**1,647**	240
	82,698	83,317
Underwriting income and placing commission		
— Corporate finance	**17,782**	—
— Brokerage	**12,083**	14,924
	29,865	14,924
Interest income		
— Asset management	**120**	24
— Corporate finance	**11**	37
— Brokerage	**12,997**	9,442
— Others	**10**	5
	13,138	9,508
Management fee and service fee income		
— Asset management	**24,225**	24,704
	149,926	132,453
Other income		
Loan interest income	**6,643**	11,649
Interest income from debt securities classified as:		
— Available-for-sale financial assets	**14,723**	1,847
— Financial assets designated at fair value through profit or loss	**7,118**	7,118
Others	**4,753**	2,105
	33,237	22,719
Other gains/(losses), net		
Net exchange losses	**(760)**	(451)
Net gains on disposal of financial instruments held-for-trading	**14,441**	5,148
Net losses on disposal of available-for-sale financial assets	**(811)**	—
Loss from changes in fair value of financial assets classified as held-for-trading	**(5,780)**	(500)
Gain from changes in fair value of financial assets designated at fair value through profit or loss	**10,280**	5,600
Deemed gain/(loss) on share dilution in an associate:		
— Gain on share of increase in net assets arising from capital injection of new investors	**3,366**	—
— Release of investment revaluation reserve from other comprehensive income to profit or loss	**(2,539)**	—
— Release of exchange reserve from other comprehensive income to profit or loss	**1,250**	—
	19,447	9,797
	202,610	164,969

Note: Certain numbers are regrouped to be consistent with the current year presentation. The regroup has no impact to the total revenue, other income, other gain nor any sub-total.

5 REVENUE, OTHER INCOME, OTHER GAINS/(LOSSES) AND SEGMENT INFORMATION *(continued)*

Segment information

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

1. Asset management — provision of advisory and managing private funds and auxiliary services and other related investment income.

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

3. Brokerage — provision of brokering services in securities, equity linked products, unit trusts, stock options commodities and futures contracts traded in Hong Kong and selected overseas markets, underwriting, placing and margin financing services to those broking clients, and acting as an agent for the sale of savings plans, general and life insurance and other investment linked insurance products.

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

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

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

The Group's majority of revenue is related to activities conducted in Hong Kong.

The Company and its subsidiaries are principally engaged in the provision of brokering services, asset management and corporate finance services. To align with the Group's principal activities, all brokering activities are grouped together as one reportable segment. Segment information for 2014 was regrouped to reflect the change in the composition of reportable segments.

5 REVENUE, OTHER INCOME, OTHER GAINS/(LOSSES) AND SEGMENT INFORMATION *(continued)*

Segment information *(continued)*

Year ended 31st December 2015

	Asset Management HK$'000	Corporate finance HK$'000	Brokerage HK$'000	Total HK$'000
Revenue from external customers	**25,370**	**31,206**	**82,432**	**139,008**
Revenue from an associate *(note)*	**9,261**	**—**	**—**	**9,261**
Inter-segment revenue	**—**	**—**	**108**	**108**
Reportable segment revenue	**34,631**	**31,206**	**82,540**	**148,377**
Reportable segment results (EBIT)	**53,549**	**4,531**	**7,947**	**66,027**
Interest income from bank deposits	**39**	**11**	**1,222**	**1,272**
Interest expense	**(4,302)**	**(626)**	**(2,259)**	**(7,187)**
Depreciation for the year	**(51)**	**(24)**	**(908)**	**(983)**
Reportable segment assets	**573,978**	**15,072**	**357,778**	**946,828**
Additions to non-current segment assets during the year	**100**	**—**	**3,052**	**3,152**
Reportable segment liabilities	**315,178**	**4,913**	**160,240**	**480,331**

Note: This represents service fee income received by the Group from an associate. See note 37(b).

Year ended 31st December 2014

	Asset Management HK$'000	Corporate finance HK$'000	Brokerage HK$'000 (Restated)	Total HK$'000
Revenue from external customers	27,156	19,921	68,940	116,017
Revenue from an associate *(note)*	15,360	—	—	15,360
Inter-segment revenue	831	—	149	980
Reportable segment revenue	43,347	19,921	69,089	132,357
Reportable segment results (EBIT)	28,385	(7,010)	(2,229)	19,146
Interest income from bank deposits	26	37	39	102
Interest expense	(452)	(345)	(1,525)	(2,322)
Depreciation for the year	(6)	(23)	(1,109)	(1,138)
Reportable segment assets	374,271	15,520	481,878	871,669
Additions to non-current segment assets during the year	57	29	2,135	2,221
Reportable segment liabilities	211,419	5,267	294,683	511,369

Note: This represents service fee income received by the Group from an associate. See note 37(b).

5 REVENUE, OTHER INCOME, OTHER GAINS/(LOSSES) AND SEGMENT INFORMATION *(continued)*

Reconciliations of reportable revenue

	2015 HK$'000	2014 HK$'000 (Restated)
Revenue		
Reportable segment revenue	**148,377**	132,357
Elimination of inter-segment revenue	**(108)**	(980)
Unallocated head office and corporate revenue	**1,657**	1,076
Consolidated revenue	**149,926**	132,453

Reconciliations of reportable results

	2015 HK$'000	2014 HK$'000
Results		
Reportable segment profit	**66,027**	19,146
Elimination of inter-segment profits	**(6,627)**	(28)
	59,400	19,118
Share of profits of associates, net	**18,221**	23,072
Share of profit/(loss) of a joint venture	**1,449**	(1,451)
Finance costs	**(7,861)**	(3,101)
Unallocated head office and corporate (expense)/income	**(5,214)**	1,791
Consolidated profit before taxation	**65,995**	39,429
Income tax	**(11,360)**	(3,192)
Profit for the year	**54,635**	36,237

5 REVENUE, OTHER INCOME, OTHER GAINS/(LOSSES) AND SEGMENT INFORMATION *(continued)*

Reconciliations of reportable assets and liabilities

	2015 HK$'000	2014 HK$'000
Assets		
Reportable segment assets	**946,828**	871,669
Elimination of inter-segment receivables	**(5,288)**	(4,571)
	941,540	867,098
Interests in associates	**273,956**	297,976
Interest in a joint venture	**20,715**	20,254
Unallocated head office and corporate assets	**83,527**	141,292
Consolidated total assets	**1,319,738**	1,326,620
Liabilities		
Reportable segment liabilities	**480,331**	511,369
Elimination of inter-segment payables	**(24,671)**	(11,695)
	455,660	499,674
Unallocated head office and corporate liabilities	**105,616**	83,466
Consolidated total liabilities	**561,276**	583,140

5 REVENUE, OTHER INCOME, OTHER GAINS/(LOSSES) AND SEGMENT INFORMATION *(continued)*

Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers (including its associates) and (ii) the Group's property and equipment, intangible assets and interests in associates and a joint venture ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property and equipment; and the location of the core operations in the case of other specified non-current assets.

	Revenue from external customers		Specified non-current assets	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**123,201**	103,114	**91,338**	95,582
Mainland China	**26,725**	29,339	**209,843**	232,464
	149,926	132,453	**301,181**	328,046

Information about major customer:

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

	2015	2014
	HK$'000	HK$'000
A customer from asset management segment	**16,850**	19,902
A customer (an associate) from asset management segment	**9,261**	15,360
	26,111	35,262

6 STAFF COSTS

	2015	2014
	HK$'000	HK$'000
Salaries and allowances	**73,768**	69,374
Defined contribution plans	**1,593**	1,465
	75,361	70,839

Staff costs include directors' emoluments as set out in note 30.

7 OTHER OPERATING EXPENSES

	2015 HK$'000	2014 HK$'000
Auditors' remuneration	**1,306**	2,082
Reversal of impairment loss recognised on trade and other receivables	**—**	(1,013)
Depreciation	**2,132**	2,469
Equipment rental expenses	**4,959**	4,478
Loss on disposal of property and equipment	**5**	3
Impairment loss on loans and receivable *(note 18)*	**1,440**	—

8 FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest on borrowings — repayable on demand and within one year	**4,789**	1,161
Interest on bonds issued — repayable in more than two years but not more than five years	**3,072**	1,940
	7,861	3,101

9 INCOME TAX

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

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the current and prior years.

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

	2015 HK$'000	2014 HK$'000
Current taxation — Hong Kong		
Charge for current year	**5,126**	2,211
Over-provision in prior year	**(140)**	(212)
Current taxation — PRC		
Charge for current year	**5,172**	71
Under-provision in prior year	**460**	—
	10,618	2,070
Deferred taxation		
— Hong Kong Profits Tax	**742**	1,122
	11,360	3,192

Reconciliation between tax expense and accounting profit at applicable domestic tax rates in each individual jurisdiction where the Company and its subsidiaries operate:

	2015 HK$'000	2014 HK$'000
Profit before taxation	**65,995**	39,429
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**10,889**	6,470
Tax effect of share of profits of associates, net	**(3,006)**	(3,807)
Tax effect of share of (profit)/loss of a joint venture	**(239)**	239
Tax effect of income not subject to taxation purposes	**(4,971)**	(2,085)
Tax effect of expenses not deductible for taxation purposes	**4,897**	1,254
Utilisation of previously unrecognised tax losses and other temporary differences	**(867)**	—
Tax losses for which no deferred income tax assets were recognised	**3,039**	1,121
Effect of higher tax rate enacted by PRC tax authority	**1,298**	—
Others	**320**	—
Income tax expenses	**11,360**	3,192

10 DIVIDENDS

The directors do not recommend the payment of the final dividend for the year ended 31st December 2015 (2014: nil).

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$40,586,000 (2014: HK$28,230,000) and the number of 641,205,600 ordinary shares (2014: 641,205,600 ordinary shares) in issue during the year, calculated as follows:

(i) Earnings attributable to equity holders of the Company

	2015 HK$'000	2014 HK$'000
Earnings for the year attributable to equity holders of the Company	**40,586**	28,230

(ii) Number of ordinary shares

	2015	2014
Issued ordinary shares at 1st January and at 31st December	**641,205,600**	641,205,600

(b) Diluted earnings per share

No diluted earnings per share was presented for both years because there were no potential dilutive ordinary shares during both the current and prior years.

12 INTANGIBLE ASSETS

	Stock Exchange trading rights HK$'000	Futures Exchange trading rights HK$'000	Club membership HK$'000	Total HK$'000
Cost and carrying amount				
At 1st January 2014, 31st December 2014 and 31st December 2015	913	406	120	1,439

There was no movement in intangible assets during both the current and prior year.

13 PROPERTY AND EQUIPMENT

	Leasehold Improvements HK$'000	Furniture & fixtures HK$'000	Office & computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1st January 2014	4,079	2,174	16,457	1,849	24,559
Additions	—	6	2,444	487	2,937
Disposals	—	(8)	(71)	—	(79)
Exchange difference	(8)	(3)	(3)	—	(14)
At 31st December 2014 and 1st January 2015	4,071	2,169	18,827	2,336	27,403
Additions	20	23	1,736	439	2,218
Disposals	—	(9)	(1,880)	(950)	(2,839)
Exchange difference	3	—	1	—	4
At 31st December 2015	4,094	2,183	18,684	1,825	26,786
Accumulated depreciation					
At 1st January 2014	3,969	1,981	12,231	1,849	20,030
Charge for the year	110	81	2,167	111	2,469
Disposals	—	(8)	(68)	—	(76)
Exchange difference	(8)	(1)	(1)	—	(10)
At 31st December 2014 and 1st January 2015	4,071	2,053	14,329	1,960	22,413
Charge for the year	2	65	1,933	132	2,132
Disposals	—	(9)	(1,875)	(950)	(2,834)
Exchange difference	3	—	1	—	4
At 31st December 2015	4,076	2,109	14,388	1,142	21,715
Net book value					
At 31st December 2015	18	74	4,296	683	5,071
At 31st December 2014	—	116	4,498	376	4,990

14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 HK$'000	2014 HK$'000
Non-current:		
Unlisted equity investments:		
— equity securities	**3,190**	1
— private equity funds	**6,684**	3,386
Other unlisted investments	**38,506**	—
	48,380	3,387
Current:		
Listed debt investments:		
— debt securities with fixed interest	**244,680**	247,071
Unlisted equity investment:		
— an equity fund	**38,818**	—
	283,498	247,071
	331,878	250,458

The Group's non-current unlisted equity investments and other unlisted investments are measured at cost less impairment at the end of the reporting period as the range of reasonable fair value estimates is so significant that the Directors of the Group are of the opinion that their fair values cannot be measured reliably and stated its transaction costs.

During 31st December 2014, the Group disposed of part of the interest in one of the private equity funds with carrying amount of HK$1,267,505, which had been carried at cost less impairment before the disposal. No gain or loss on disposal has been recognised for this transaction.

As at 31st December 2015, listed debt securities with fair value of HK$162,755,000 (31st December 2014: Nil) out of the total HK$244,680,000 were held by financial institutions under a securities sales agreement entered during the year (Note 27(c)).

As at 31st December 2015, listed debt securities with fair value of HK$81,925,000 (31st December 2014: HK$247,071,000) were placed in a broker to secure the margin loan from the broker for margin financing as disclosed in Note 27.

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

	Within 1 year HK$'000	Between 1 to 2 years HK$'000	Between 2 to 5 years HK$'000	Indefinite HK$'000	Total HK$'000
31st December 2015	—	11,801	161,463	71,416	244,680
31st December 2014	9,391	37,085	143,032	57,563	247,071

15 PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation	Principal place of business operation	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
			2015	2014	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
CRC Fund	Cayman Islands	Hong Kong	**61.11%**	61.11%	**12,704**	7,851	**54,646**	47,673
Immaterial non-controlling interests of 福建海峽文化產業股權投資有限公司							**7,020**	6,061
							61,666	53,734

CRC Fund was set up in prior year with a fellow subsidiary of the Group where the Group's subsidiary is the general partner, limited partner and investment manager of the Fund. The Directors considered that the Group has control over CRC Fund on the basis as set out in note 4.5 to these consolidated financial statements.

Summarised financial information in respect of CRC Fund is set out below. The summarised financial information below represents amounts before intragroup eliminations prepared in accordance with HKFRSs.

	2015 HK$'000	2014 HK$'000
CRC Fund		
Current assets		
— Financial assets designated at fair value through profit or loss	**49,220**	55,000
— Financial instruments held-for-trading	**32,280**	22,000
— Other current assets	**10,538**	7,535
	92,038	84,535
Current liabilities	**(755)**	(5,405)
Non-current liabilities	**(1,865)**	(1,122)
Total equity	**89,418**	78,008
Equity attributable to owners of the Company	**34,772**	30,335
Non-controlling interest	**54,646**	47,673

15 PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST *(continued)*

	2015 **HK$'000**	2014 HK$'000
Other income	**7,119**	7,119
Other gains		
— net gain from changes in fair value of financial assets at fair value through profit or loss	**4,500**	5,100
— net gain on disposal of financial assets designated at fair value through profit or loss	**14,915**	4,511
Profit and total comprehensive income for the year	**20,793**	12,847
Profit and total comprehensive income attributable to non-controlling interest	**8,089**	7,850
Distribution to non-controlling interest	**5,731**	5,420
Net cash (outflow)/inflow from operating activities	**(1,991)**	8,565
Net cash inflow from investing activities	**21,985**	4,511
Net cash outflow from financing activities	**(17,035)**	(6,740)
Net cash inflow	**2,959**	6,336

16 INTERESTS IN ASSOCIATES AND A JOINT VENTURE

(a) Interests in associates

	2015 HK$'000	2014 HK$'000
Share of net assets at 1st January	**297,976**	242,901
Share of profit for the year, net	**18,221**	23,072
Share of other comprehensive income for the year	**(45,607)**	32,003
Gain on share of increase in net assets arising from capital injection of new investors *(note (5))*	**3,366**	—
	(24,020)	55,075
Share of net assets at 31st December	**273,956**	297,976

The Group's interests in its principal associates, all of which are unlisted, are as follows:

Name	Particulars of issued shares held	Place of incorporation	Effective equity interest to the Group 2015	Effective equity interest to the Group 2014	Principal activities
Sino-Rock Investment Management Company Limited ("Sino-Rock") *(note 1)*	18,000,000 ordinary shares of HK$1 each	Hong Kong	**27.6%**	40%	Investment holding and provision of capital management and consultancy services
Cinda Plunkett International Holdings Limited ("CPHL")	4,000,000 ordinary shares of HK$1 each	Cayman Islands	**40%**	40%	Fund management
Cinda Plunkett International Asia Absolute Return Fund ("CPIAAR Fund") *(note 2)*	100,000 units of US$100 each	Cayman Islands	**11.96%**	17.38%	Investment fund
Cinda Culture Investment Management Limited ("CCIM") *(note 3)*	100 ordinary shares of US$1 each	Cayman Islands	**49%**	N/A	Asset management

Note:

1. During the year, Sino-Rock issued additional new shares to 2 strategic investors. As a result, the Group's shareholding in Sino-Rock was diluted from 40% to 27.6%. The new injection of capital to Sino-Rock has resulted in a deemed disposal gain to the Group of HK$3,366,000, a release of HK$2,539,000 investment revaluation reserve to profit or loss and a release of HK$1,250,000 exchange difference to profit or loss on share dilution.

2. It is considered that the Group had significant influence over the CPIAAR Fund through the Group's significant influence over the investment manager of CPIAAR Fund who has wide discretion over the relevant activities of CPIAAR Fund. Note 4.6 provides more details about the management judgment.

3. CCIM is newly-incorporated in 2015 with net liabilities value of HK$33,193. No additional disclosure was considered useful from the perspective of directors.

16 INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(continued)*

(a) Interests in associates *(continued)*

Summarised consolidated financial information of associates

Summarised consolidated financial information in respect of the Group's material associates is set out below.

The associates have a reporting date of 31st December and are accounted for using the equity method in these consolidated financial statements prepared in accordance with HKFRSs.

Sino-Rock

	2015 HK$'000	2014 HK$'000
Current assets		
— Financial assets at fair value through profit or loss	**110,061**	296,268
— Bank balances and cash	**694,963**	13,356
— Other current assets	**154,115**	63,582
	959,139	373,206
Non-current assets		
— Available-for-sale financial assets	**233,524**	338,416
— Other non-current assets	**336,334**	92,374
	569,858	430,790
Current liabilities	**(797,391)**	(185,073)
Non-current liabilities	**(46,847)**	(97,063)
Net assets	**684,759**	521,860

	2015 HK$'000	2014 HK$'000
Other income, gains and losses	**94,276**	48,449
Profit for the year	**54,302**	33,991
Other comprehensive income for the year	**(106,751)**	77,360
Total comprehensive income for the year	**52,449**	111,351
Group's effective interest on profit for the year	**22,490**	13,596
Group's effective interest on other comprehensive income for the year	**(45,067)**	32,003

16 INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(continued)*

(a) Interests in associates *(continued)*

Summarised consolidated financial information of associates *(continued)*

Sino-Rock (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2015 HK$'000	2014 HK$'000
Net assets of Sino-Rock	**684,759**	521,860
Proportion of the Group's ownership interest in Sino-Rock	**27.6%**	40%
Carrying amount of the Group's interest in Sino-Rock	**188,993**	208,744

CPIAAR Fund

	2015 HK$'000	2014 HK$'000
Current assets		
— Financial assets at fair value through profit or loss	**547,457**	467,296
— Bank balances and cash	**4**	234,147
— Other current assets	**298,891**	109,286
	846,352	810,729
Current liabilities		
— Contributions received in advance	**—**	(234,000)
— Other current liabilities	**(159,404)**	(66,585)
	(159,404)	(300,585)
Net assets	**686,948**	510,144
Capital contribution from new investors	**234,807**	592

16 INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(continued)*

(a) Interests in associates *(continued)*

Summarised consolidated financial information of associates *(continued)*

CPIAAR Fund (continued)

	2015 **HK$'000**	2014 HK$'000
Revenue, other gains and losses, net	**(40,435)**	53,734
(Loss)/profit and total comprehensive income for the year	**(58,003)**	50,490
Group's share of (loss)/profit for the year	**(6,505)**	8,908

	2015 **HK$'000**	2014 HK$'000
Net assets of CPIAAR Fund	**686,948**	510,144
Proportion of the Group's ownership interest in CPIAAR Fund	**11.96%**	17.38%
Carrying amount of the Group's interest in CPIAAR Fund	**82,159**	88,664

CPHL

The Group recognised a profit of HK$2,236,024 (31st December 2014: HK$568,000) from the interest in CPHL for the year ended 31st December 2015.

16 INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(continued)*

(b) Interest in a joint venture

	2015 HK$'000	2014 HK$'000
Share of net assets at 1st January	**20,254**	22,619
Share of profit/(loss) for the year	**1,449**	(1,451)
Share of other comprehensive income for the year	**(988)**	(914)
	461	(2,365)
Share of net assets at 31st December	**20,715**	20,254

Details of the Group's interest in an unlisted joint venture are as follows:

Name	Particulars of share capital held	Country of establishment	Effective equity interest to the Group 31st December 2015	Effective equity interest to the Group 31st December 2014	Principal activity
JianXinJinYuan (Xiamen) Equity Investment Management Limited ("JXJY")	RMB17,500,000 of registered capital	PRC	**35%**	35%	Private equity investment and fund management

Summarised consolidated financial information of a joint venture

The summarised consolidated financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs as at 31 December 2014.

The joint venture has a reporting date of 31st December and is accounted for using the equity method in these consolidated financial statements.

JXJY acts as the investment manager for three investment funds. In prior year, JXJY presented consolidated financial statements that included the three investment funds. During the year, the management of JXJY revisited the accounting treatment and deconsolidated the investment funds. The comparative financial information was also restated. The changes in accounting treatments by JXJY have had no impact to the Group's profit or loss and financial positions for both 2014 and 2015.

16 INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(continued)*

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

Summarised consolidated financial information of a joint venture as at 31st December 2014 and financial information as at 31st December 2015

	2015 HK$'000	2014 HK$'000 (Restated)
Non-current assets	**28,278**	22,562
Current assets	**35,643**	47,015
Current liabilities	**(4,734)**	(11,708)
Net assets	**59,187**	57,869

	2015 HK$'000	2014 HK$'000 (Restated)
Revenue	**5,462**	9,623
Profit/(loss) for the year	**4,139**	(4,145)
Other comprehensive income for the year	**514**	(1,085)
Total comprehensive income for the year	**4,653**	(5,230)
Group's effective interest on profit/(loss) for the year	**1,449**	(1,451)
Group's effective interest on total comprehensive income for the year	**1,629**	(1,831)
Exchange difference on translation	**(1,168)**	(534)
Net asset movement for the year	**461**	(2,365)

17 OTHER ASSETS

	2015 HK$'000	2014 HK$'000
Stock Exchange stamp duty deposit	**500**	250
Stock Exchange Fidelity Fund deposit	**100**	100
Stock Exchange Compensation Fund deposit	**100**	100
Guarantee Fund deposits with the Hong Kong Securities Clearing Company Limited — Basic contribution	**100**	100
Clearing link deposits with Hong Kong Securities Clearing Company Limited	**248**	—
Statutory deposits and deposits with the Hong Kong Futures Exchange Limited ("HKFE")	**1,560**	1,698
Reserve fund deposit with the SEHK Options Clearing House Limited ("SEOCH")	**1,592**	2,111
Rental deposits	**22**	4,213
Others	**3,765**	2,126
	7,987	10,698

18 LOANS RECEIVABLE

As at 31st December 2014, a loan of HK$70,000,000 advanced to an independent third party was secured by shares of an unlisted company held by this independent borrower and personal guarantees executed by the sole shareholder of the independent borrower and his family member, interest bearing at 14% per annum. The entire loan and interest was repaid during the year.

During the year, the Group advanced a loan of HK$30,832,000 to an independent third party with minimum guaranteed return of 20%, and a maturity date in February 2017.

As at 31st December 2015, also the Group continued to have advanced an unsecured, non-interest bearing loan of HK$46,560,000 (31st December 2014: HK$48,000,000) to a private entity in which the Group had 18.6% equity interest, being classified as available-for-sale financial assets with no fixed term of repayment. The Group expects that the loan will not be repaid within the next twelve months and has accordingly classified it as a non-current asset.

During the year, the directors of the Company reviewed the recoverability of the outstanding loans receivable. An impairment provision of HK$1,440,000 was provided based on the Group's evaluation of collectability.

19 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation payable

	2015	2014
	HK$'000	HK$'000
Provision for		
Hong Kong Profits Tax for the year	**4,110**	387
PRC Enterprise Income Tax for the year	**4,824**	—
	8,934	387

(b) Deferred income tax

The movements in deferred tax assets and liabilities during the year are as follows:

	Unrealised gain on investments	**Accelerated tax depreciation**	**Tax losses**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January 2014	—	416	(416)	—
Charged/(credited) to consolidated statement of profit or loss	1,122	2,391	(2,391)	1,122
At 31st December 2014 and 1st January 2015	1,122	2,807	(2,807)	1,122
Charged/(credited) to consolidated statement of profit or loss	743	265	(265)	743
At 31st December 2015	1,865	3,072	(3,072)	1,865

The Group has unrecognised tax losses and temporary differences arising from depreciation of property and equipment in excess of related depreciation allowances as at 31st December 2015 of HK$91,652,192 (2014: HK$78,172,223) and HK$75,784 (2014: HK$202,584) respectively. These tax losses have no expiry date.

No deferred tax asset is recognised as the directors consider that it is not probable that future assessable profit will be available to utilise the recognised deferred tax assets.

20 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 HK$'000	2014 HK$'000
Debt securities	**65,280**	55,000

In 2013, the Group acquired a secured note, together with warrants disclosed in note 21, with principal amount of HK$70,200,000 which is issued by an independent unlisted company, and bears fixed interest rate of 10% per annum payable semi-annually, and matures on 31st May 2016, subject to early redemption at the option of the Group (from 1st June 2015 to 31st May 2016) or the issuer (from 1st June 2014 to 31st May 2016) with a redemption price equivalent to the sum of (1) the outstanding principal amount of the secured note and (2) any unpaid interest at a rate of 10% per annum on the outstanding principal amount of the secured note calculated from 31st May 2013 to the date of redemption. The secured note is freely transferrable. The note was secured by a pledge over listed securities held by the issuer. It is designated at initial recognition as at fair value through profit or loss since this investment contains embedded derivatives (including the early redemption options held by the Group and the issuer, which are not closely related to the host debt instrument). The fair value of the secured note amounted to HK$65,280,000 as at 31st December 2015 (31st December 2014: HK$55,000,000), which was estimated by an independent professional valuer.

21 FINANCIAL INSTRUMENTS HELD-FOR-TRADING

	2015 HK$'000	2014 HK$'000
Derivatives-warrants	**16,220**	22,000

In 2013, the Group purchased warrants with a fair value of HK$23,000,000 at initial recognition together with the secured note mentioned in note 20. The Group may, but is not obliged to, in lieu of making payment in cash for exercising the warrant, use part of the principal amount of the secured note as payment on exercising the warrant by relinquishing its right to the principal amount of the secured note so applied. The warrants are exercisable from 31st May 2013 to 31st May 2016. The warrants give the Group the right to purchase (either by cash or by reduction of the principal of the secured note mentioned in note 21) from the issuer a fixed number of securities of a listed company at various prices with reference to the terms and conditions of the warrants. The warrants are freely transferable. If part or all of the warrants are not exercised at the date of maturity (i.e. 31st May 2016), the issuer will redeem the outstanding warrants at a redemption price equivalent to 15% of the principal amount of the secured note as disclosed in note 20 (i.e. HK$70,200,000) multiplied by the portion of unexercised warrant. The fair value of the warrants as at 31st December 2015 was HK$16,220,000 (31st December 2014: HK$22,000,000) which was estimated by an independent professional valuer.

During the year, the Group exercised the warrants to subscribe the securities at a consideration of HK$9,000,000 (2014: HK$4,200,000) and sold them at HK$23,977,790 (2014: HK$8,734,770).

22 TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables from clients arising from		
— corporate finance	**2,539**	2,432
— securities broking	**42,003**	87,977
Margin and other trade related deposits with brokers and financial institutions arising from *(note (d))*		
— commodities and futures broking	**28,195**	18,001
— securities broking	**796**	24,440
Margin loans arising from securities broking *(note (e))*	**112,455**	125,650
Trade receivables from clearing houses arising from securities broking	**23,519**	115,192
Less: impairment allowance for trade receivable arising from corporate finance *(note(c))*		
— corporate finance	**(500)**	(500)
Total trade receivables *(notes (a) and (b))*	**209,007**	373,192
Deposits	**5,213**	427
Prepayments and other receivables *(note (f))*	**81,910**	21,249
Less: impairment allowance for other receivables *(note (c))*	**(82)**	(82)
Total trade and other receivables	**296,048**	394,786

Notes:

(a) For those cash securities trading clients, it normally takes two to three days to settle after trade date of those transactions. These outstanding unsettled trades due from clients are reported as trade receivables from clients.

The settlement terms of margin and other deposits from brokers and financial institutions are at specific agreed terms. The settlement terms of trade receivables from corporate finance clients are usually 30 days from the date of invoice.

The margin clients of the securities broking business are required to pledge their shares to the Group for credit facilities for securities trading.

The settlement terms of trade receivables from clearing houses are usually one to two days after the trade date.

Trade receivables from cash and margin clients arising from the securities broking business are repayable on demand subsequent to settlement date. No aging analysis is disclosed as in the opinion of Directors, the aging analysis does not give additional value in view of the nature of securities dealing business.

Credits are extended to brokerage clients on a case-by-case basis in accordance with the financial status of clients such as their financial conditions, trading records, business profile and collateral available to the Group. Clients trading in commodities and futures contracts and obtaining securities margin financing from the Group are required to observe the Group's margin policies. For commodities and futures contracts, initial margins are required before trading and thereafter clients are required to keep the equity position at a prescribed maintenance margin level.

22 TRADE AND OTHER RECEIVABLES *(continued)*

Notes: (continued)

(b) As at 31st December 2015, the aging analysis of the trade receivables arising from corporate finance and underwriting services based on the date of invoice of the reporting date was as follows:

	2015 **HK$'000**	2014 HK$'000
Current	**30**	1,639
30–60 days	**1,113**	113
Over 60 days	**1,396**	680
	2,539	2,432

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

	2015 **HK$'000**	2014 HK$'000
At 1st January	**582**	1,595
Reversal of impairment loss	**—**	(1,013)
At 31st December	**582**	582

Except for the above, included in the Group's trade and other receivables (excluding margin clients), the majority of the amount of HK$4,634,623 (2014: HK$5,667,486) is past due within 30 days at the reporting date. The Group has not provided for impairment loss as the balances are either subsequently settled after the reporting date or fully collateralized by listed securities.

(d) The Group executes client trades on overseas securities, commodities and futures contracts with local or overseas brokers as appropriate. Trade receivables at 31st December 2015 and 2014 comprised securities, commodities and futures broking with brokers and are current in nature.

(e) The margin clients of the securities broking business are required to pledge their shares to the Group for credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of shares acceptable by the Group after making reference in industry practices. As at 31st December 2015, the fair value of shares accepted as collateral amounted to HK$434,404,770 (2014: HK$448,631,708) and the fair value of the majority of client's listed securities is higher than the carrying amount of those individual loans to margin client. Special approvals from the Group were granted to those clients whose fair values of collaterals were less than the carrying amount of their individual loans by considering their historical repayment records, credit quality of those margin clients and other factors affecting the market prices of collaterals. Credit risks from those margin clients were therefore considered minimal.

The Group is allowed to use client's securities up to the amount of 140% of the loans to margin clients as collateral of the Group's bank facilities (with client's consent). However, no securities held as collateral have been repledged to secure the Group's bank facilities for the year ended 31st December 2015 and 31st December 2014.

(f) Other receivables for the Group included interest receivables of HK$7,761,449 (2014: HK$4,852,104), a deposit with a broker of HK$34,154,158 (2014: Nil) and a shareholder loan advanced to an associate of HK$4,000,000 (2014: HK$4,000,000), which is unsecured, non-interest bearing and repayable on demand. Management of the Group expects to recover these amounts within 12 months from the end of the reporting period and accordingly these amounts are classified as current asset.

22 TRADE AND OTHER RECEIVABLES *(continued)*

Notes: (continued)

(g) The Group maintains designated accounts with the SEOCH and HKFE Clearing Corporation Limited ("HKFECC") as a result of its normal business transactions. At 31st December 2015, the designated accounts with SEOCH and HKFECC not otherwise dealt with in these accounts amounted to HK$5,165,381 (2014: HK$4,888,425) and HK$9,300,416 (2014: HK$8,268,070) respectively.

(h) The Group has no concentration of credit risk with respect to trade receivables from clients and margin loans, as the Group has a large number of customers, widely dispersed. In addition, margin and trade related deposits are deposited with high-credit-quality financial institutions.

(i) The effective interest rate charged on trade receivables from clients arising from securities broking subsequent to settlement date and margin loans ranged from 8% to 13% per annum (2014: 8% to 13%). The effective interest rate for margins and other trade related deposits is 0.01% per annum (2014: 0.01%).

23 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	2015 **HK$'000**	2014 HK$'000
Cash in hand	**20**	33
Bank balances		
— pledged	**15,074**	15,062
— general accounts	**208,658**	135,924
	223,752	151,019
By maturity:		
Bank balances		
— current and savings accounts	**205,658**	130,634
— fixed deposits (with original maturity within three months)	**15,074**	16,352
— fixed deposits (with original maturity over three months)	**3,000**	4,000
	223,732	150,986

As at 31st December 2015, bank deposits amounted to HK$15,073,536 (31st December 2014: HK$15,062,437) which included principal of HK$15,000,000 (31st December 2014: HK$15,000,000) plus accrued interest that have been pledged to banks as security for the provision of securities broking facilities of HK$120 million (31st December 2014: HK$120 million).

Certain subsidiaries of the Group maintained segregated trust accounts with authorised institutions as a result of their respective business activities. As at 31st December 2015, segregated trust accounts not dealt with in these consolidated financial statements amounted to HK$638,094,633 (2014: HK$363,676,006).

As at 31st December 2015, the bank balances and deposits bore interest from 0.01% to 0.5% per annum (2014: 0.01% to 2.5%).

23 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH *(continued)*

Cash and cash equivalents

	2015 HK$'000	2014 HK$'000
Analysis of balances of cash and cash equivalents		
Cash in hand and at bank (exclude pledged bank deposits)	**208,678**	135,957
Less: fixed deposits (with original maturing over 3 months)	**(3,000)**	(4,000)
Cash and cash equivalents at the ended of the year.	**205,678**	131,957

24 SHARE CAPITAL

	2015		2014	
	No. of shares	**Amount HK$'000**	No. of shares	Amount HK$'000
Authorized share capital				
Ordinary shares	**1,000,000,000**	**100,000**	1,000,000,000	100,000
Issued and fully paid				
Ordinary shares				
At 1st January	**641,205,600**	**64,121**	641,205,600	64,121
At 31st December	**641,205,600**	**64,121**	641,205,600	64,121

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

24 SHARE CAPITAL *(continued)*

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. In addition, subsidiaries of the Group licensed by the SFC are obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("SF(FR)R") at all times.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and make adjustments to the capital structure in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures each of them maintains liquid capital level adequate to support the activities level with sufficient buffer to accommodate the increase in liquidity requirements arising from potential increases in business activities. SF(FR)R returns are filed to the SFC by the licensed subsidiaries on monthly or semi-annually basis as required. During the current and prior financial years, all the licensed subsidiaries complied with the liquid capital requirements under the SF(FR)R. A subsidiary of the Company is authorised by the China Securities Regulatory Commission (the "CSRC") to deal in "B" shares. The CSRC stipulated a minimum amount of net assets of RMB50 million to be maintained. During the year, the subsidiary maintained net assets over such requirement.

The Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose, the Group defines net debt as total debt (which includes interest-bearing borrowings and bonds issued, trade and other payables), less cash and cash equivalents. Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

Further, the Group strived to maintain highly liquid assets to prepare for any unexpected sudden changes in the market. As at the end of the reporting period, the current ratio was 183% (2014: 185.7%).

The net debt-to-adjusted capital ratios at 31st December 2015 and 2014 are as follows:

	Notes	**2015 HK$'000**	2014 HK$'000
Current liabilities:			
Trade and other payables	*26*	**193,805**	314,413
Borrowings	*27*	**280,672**	191,218
		474,477	505,631
Non current liabilities:			
Bonds issued	*28*	**76,000**	76,000
Total debt		**550,477**	581,631
Less: Cash and cash equivalents	*23*	**(205,678)**	(131,957)
Adjusted net debt		**344,799**	449,674
Total equity and adjusted capital		**758,462**	743,480
Adjusted net debt-to-capital ratio		**45.46%**	60.48%

25 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015 HK$'000	2014 HK$'000
Non-current assets		
Intangible assets	**120**	120
Investment in subsidiaries	**265,305**	265,184
Investment in an associate	**78,000**	78,000
Available-for-sale financial assets	**41,695**	—
Loan receivable	**30,832**	—
	415,952	343,304
Current assets		
Loan receivable	—	70,000
Other receivables	**44,309**	873
Available-for-sale financial assets	**283,498**	247,071
Amounts due from subsidiaries	**333,254**	314,738
Bank balances	**17,663**	5,946
	678,724	638,628
Current liabilities		
Other payables	**10,909**	4,788
Borrowings	**280,672**	191,218
Amounts due to subsidiaries	**174,473**	171,319
	466,054	367,325
Net current assets	**212,670**	271,303
Total assets less current liabilities	**628,622**	614,607
Capital and reserves		
Share capital	**64,121**	64,121
Other reserves	**509,134**	495,903
Accumulated loss	**(20,633)**	(21,417)
TOTAL EQUITY	**552,622**	538,607
Non-current liability		
Bonds issued	**76,000**	76,000
	628,622	614,607

Gong Zhijian
Executive Director

Lau Mun Chung
Executive Director

25 STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Reserves

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of reserve between the beginning and the end of the year are set out below:

	Share premium	Capital reserve	Investment revaluation reserve	Contributed Surplus	Accumulated losses	Total
	HK$'000	HK$'000 *(note 1)*	HK$'000	HK$'000 *(note 2)*	HK$'000	HK$'000
At 1st January 2014	421,419	22,468	—	53,023	(20,561)	476,349
Loss for the year	—	—	—	—	(856)	(856)
Other comprehensive income	—	—	(1,007)	—	—	(1,007)
Total comprehensive income for the year	—	—	(1,007)	—	(856)	(1,863)
At 31st December 2014	421,419	22,468	(1,007)	53,023	(21,417)	474,486
Profit for the year	—	—	—	—	784	784
Other comprehensive income	—	—	13,231	—	—	13,231
Total comprehensive income for the year	—	—	13,231	—	784	14,015
At 31st December 2015	421,419	22,468	12,224	53,023	(20,633)	488,501

Notes:

1. The capital reserve of the Group represents (i) capital contribution from the Company's shareholders, (ii) notional capital contribution from Company's shareholders arising on acquisition of an associate, (iii) the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the deferred share capital of a subsidiary acquired in 2000 and (iv) the fair value of the actual or estimated number of unexercised share options granted to employees of the Company. All share options were cancelled in prior years.

2. Contributed surplus arose as a result of the Group's reorganisation in 2000 and represents the difference between the aggregate net asset value of subsidiaries acquired and the nominal amount of the Company's shares issued for the acquisition.

26 TRADE AND OTHER PAYABLES

	2015 HK$'000	2014 HK$'000
Trade payables to margin clients arising from securities broking	**26,383**	53,158
Trade payables to securities trading clients arising from securities broking	**65,630**	209,512
Margin and other deposits payable to clients arising from commodity and futures broking	**28,172**	17,976
Trade payables to brokers and clearing houses arising from securities broking	**6,462**	2,350
Total trade payables	**126,647**	282,996
Accruals and other payables	**67,158**	31,417
Total trade and other payables	**193,805**	314,413

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

The settlement terms of payable to clearing houses and securities trading clients from the ordinary course of business of broking in securities range from two to three days after the trade date of those transactions. Margin deposits received from clients for their trading of commodities and futures contracts were payable on demand.

27 BORROWINGS

	2015 HK$'000	2014 HK$'000
Bank loan *(note (a))*	**106,000**	86,000
Margin loan from a broker *(note (b))*	**73,272**	105,218
Borrowing under a securities sale agreement *(note (c))*	**101,400**	—
	280,672	191,218

27 BORROWINGS *(continued)*

(a) At 31st December 2015 and 2014, the bank loan was repayable and carried interest with reference to HIBOR as follows:

	2015 HK$'000	2014 HK$'000
Within 1 year	**106,000**	86,000

At 31st December 2015, bank loans of HK$106,000,000 (31st December 2014: HK$86,000,000) was drawn under the aggregated banking facilities of HK$306,000,000 (31st December 2014: HK$150,000,000). An intermediate holding company of the Company ("the Guarantor") provided a corporate guarantee to support these banking facilities.

The banking facilities are subject to the fulfilment of covenants relating to certain of the Guarantor's and the Company's balance sheet ratios. If the Guarantor and the Company were to breach the covenants, the drawn down facility would become payable on demand.

In addition, a subsidiary engaging in securities brokering has aggregate banking facilities of HK$320,000,000 (31st December 2014: HK$170,000,000). Amongst these banking facilities of HK$170,000,000 (31st December 2014: HK$170,000,000) was secured by pledged deposits with principal of HK$15,000,000 (31st December 2014: HK$15,000,000). As at 31st December 2014 and 2015, the Group has not drawn any balance from these banking facilities.

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

(b) At 31st December 2015, the margin loan from a broker was secured by the Group's debt securities of HK$81,925,000 (31st December 2014: HK$247,071,000), with no determined maturity and carried interest with reference to LIBOR.

(c) On 24th April 2015, the Group entered into a securities sale agreement with a financial institution in which the Group sold a portfolio of debt securities it held to the financial institution in exchange for a cash consideration of HK$101,400,000. Under the agreement, the Group is required to repurchase the debt securities at HK$101,400,000 plus interest calculated with reference to LIBOR upon its maturity in April 2016. As at 31st December 2015, the borrowing under securities sale agreement was collateralised by the Group's debt securities of HK$162,755,000 (31st December 2014: Nil).

	2015 HK$'000	2014 HK$'000
Within 1 year	**101,400**	—

28 BONDS ISSUED

Bonds issued represented a number of fixed rate 5-year coupon bonds at fixed interest rate of 4% per annum, payable semi-annually and with an aggregated principal amount of HK$76,000,000 (31st December 2014: HK$76,000,000). The exposure and the contractual maturity dates of which are as follows:

	2015	2014
	HK$'000	HK$'000
In more than 2 years but not more than 5 years	**76,000**	76,000

The bonds are non-secured, non-guaranteed and issued to independent third parties without any early redemption options. The carrying amounts of bonds issued approximate their fair values.

29 DEFINED CONTRIBUTION PLANS — MPF SCHEME

The aggregate employer's contributions, net of forfeited contributions, which have been dealt with in the consolidated statement of profit or loss for the year amounted to:

	2015	2014
	HK$'000	HK$'000
Employer's contributions charged to consolidated statement of profit or loss	**1,593**	1,465

30 DIRECTORS' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation. In addition, the Group has given guarantees on behalf of an executive director to a third party finance company, details of which are disclosed in note 18 to the financial statement.

The remuneration of the directors for the year ended 31st December 2015 is set out below:

Name of Director	Fee HK$'000	Basic salaries HK$'000	Housing allowances HK$'000	Discretionary bonuses HK$'000 *(note)*	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors						
Chen Xiaozhou[1]	15	—	—	—	—	15
Zhao Hongwei	300	2,016	384	—	18	2,718
Gong Zhijian	240	1,416	384	150	18	2,208
Lau Mun Chung	240	1,610	—	390	18	2,258
Non-executive Director						
Chow Kwok Wai	240	—	—	—	—	240
Independent Non-executive Directors						
Wang Tongsan	240	—	—	—	—	240
Chen Gongmeng	240	—	—	—	—	240
Hung Muk Ming	240	—	—	—	—	240
	1,755	5,042	768	540	54	8,159

[1] Resigned effective from 19th January 2015.

Note: The evaluation of the performance of the Executive Directors have not yet been finalised. The discretionary bonuses paid is not final and the final amount will be disclosed in due course.

30 DIRECTORS' EMOLUMENTS *(continued)*

The remuneration of the directors for the year ended 31st December 2014 is set out below:

Name of Director	Fee HK$'000	Basic salaries HK$'000	Housing allowances HK$'000	Discretionary bonuses HK$'000 *(note)*	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors						
Chen Xiaozhou	300	—	—	—	—	300
Gao Guanjiang[1]	200	—	—	—	—	200
Zhao Hongwei	300	2,016	384	—	17	2,717
Gong Zhijian	240	1,416	384	600	17	2,657
Lau Mun Chung	240	1,560	—	520	17	2,337
Non-executive Director						
Chow Kwok Wai	240	—	—	—	—	240
Independent Non-executive Directors						
Wang Tongsan	240	—	—	—	—	240
Chen Gongmeng	240	—	—	—	—	240
Hung Muk Ming	240	—	—	—	—	240
	2,240	4,992	768	1,120	51	9,171

[1] Resigned effective from 1st September 2014.

Note: The evaluation of the performance of the Executive Directors for the year ended 31st December 2014 had not been finalised till the date that the 2014 financial statements were announced. The aforesaid evaluation of the performance of the Executive Directors for the year ended 31st December 2014 was finalised and the amount remains unchanged.

31 KEY MANAGEMENT PERSONNEL'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Key management personnel's emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including executive directors and executive officers, non-executive directors and independent non-executive directors.

The remuneration of key management personnel during the year are as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Basic salaries, discretionary bonuses, housing allowances and benefits in kind	**17,186**	18,163
Defined contribution plans	**143**	134
	17,329	18,297

The remuneration of Executive Directors are reviewed by the Remuneration Committee having regard to the performance of individuals and markets trends.

The number of the key management personnel whose emoluments within the following bands is as follows:

	Number of individuals	
	2015	2014
Emolument bands		
HK$nil–HK$1,000,000	**6**	6
HK$1,000,001–HK$1,500,000	**1**	—
HK$1,500,001–HK$2,000,000	**3**	4
HK$2,000,001–HK$2,500,000	**2**	2
HK$2,500,001–HK$3,000,000	**2**	2
	14	14

31 KEY MANAGEMENT PERSONNEL'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three directors (2014: three) whose emoluments are reflected in note 30. The emoluments payable to the remaining two (2014: two) individuals during the year are as follows:

	2015	2014
	HK$'000	HK$'000
Basic salaries, discretionary bonuses, housing allowances and benefits in kind	**4,766**	10,330
Defined contribution plans	**36**	34
	4,802	10,364

The emoluments of the remaining two (2014: two) individuals fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
HK$nil–HK$1,000,000	**—**	—
HK$1,000,001–HK$1,500,000	**—**	—
HK$1,500,001–HK$2,000,000	**—**	—
HK$2,000,001–HK$2,500,000	**1**	1
HK$2,500,001–HK$3,000,000	**1**	—
HK$3,000,001–HK$7,500,000	**—**	—
HK$7,500,001–HK$8,000,000	**—**	1
	2	2

32 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company has adopted a share option scheme whereby the Board of the Company may at its discretion granted to any employees, including executive directors, of the Group options to subscribe for shares of the Company.

During the years ended 31st December 2015 and 2014, no share options were granted.

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before taxation to net cash inflow from operating activities:

	2015 HK$'000	2014 HK$'000
Profit before taxation	**65,995**	39,429
Depreciation	**2,132**	2,469
Fair value (gain)/loss, net:		
— Financial assets classified as held-for-trading	**5,780**	500
— Financial assets designated as fair value through profit or loss	**(10,280)**	(5,600)
Net gains on disposal of financial instruments held-for-trading	**(14,441)**	(5,148)
Net losses on disposal of available-for-sales financial assets	**811**	—
Interest expenses	**7,861**	3,101
Interest income from debt securities	**(21,841)**	(8,965)
Share of profits of associates	**(18,221)**	(23,072)
Share of (profit)/loss of a joint venture	**(1,449)**	1,451
Deemed gain on share dilution in an associate	**(2,077)**	—
Loss on disposal of property and equipment	**5**	3
Impairment loss recognised	**1,440**	—
Reversal of impairment loss recognised	**—**	(1,013)
Increase in pledged bank deposits	**(12)**	(10)
Operating profit before working capital changes	**15,703**	3,145
Decrease in other assets	**2,711**	75
Decrease in loan receivable	**70,000**	45,000
Decrease/(Increase) in trade and other receivables	**99,006**	(38,745)
(Decrease)/Increase in trade and other payables	**(121,946)**	89,997
Cash inflow from operations	**65,474**	99,472
Hong Kong profits tax paid	**(1,799)**	(8,921)
Overseas profits tax paid	**(272)**	(557)
Net cash inflow from operating activities	**63,403**	89,994

34 CONTINGENT LIABILITIES

34.1 Outstanding litigation cases

A company named Hantec Investment Limited which is unrelated to the Group filed a writ to the Company on 28th July 2000 seeking for injunction to restrain the Company from using the plaintiff's alleged trade name and damages. The plaintiff has not taken further action after the Company filed a defence.

Under the share sale agreement dated 13th August 2008 (the "Agreement"), Hantec Holdings Investment Limited ("HHIL", formerly known as Hantec Holdings Limited) and the then chairman of the Company, Mr. Tang Yu Lap ("Mr. Tang"), have undertaken to indemnify and keep indemnified the Company on a fully indemnified basis of any loss or liability suffered by the Group as a result of or in connection with this outstanding litigation cases above. Based on the merits of this case, the directors considered that it was unlikely that any material claim against the Company will crystallise and hence no provision has been made.

34.2 Settled litigation case

An indirect wholly owned subsidiary of the Company received a writ of summons dated 25th March 2006 from two clients jointly as plaintiffs claiming for damages against the Company and two of its licensed representatives for an amount of HK$20,600,000 together with cost as a result of a number of leverage exchange trading transactions. Based on the court order dated 20th November 2015, the plaintiffs discontinued the claim for the damages.

34.3 Financial guarantees issued

As at 31st December 2015, a subsidiary of the Company engaging in securities broking and providing securities margin financing has secured banking facilities from certain authorised institutions for a total amount of HK$320 million (31st December 2014: HK$170 million). In addition, the Company has issued corporate guarantees for a total principal amount of HK$320 million (31st December 2014: HK$170 million) for these facilities. As at 31st December 2015, the subsidiary has not utilised the banking facilities (31st December 2014: nil).

35 LEASE AND CAPITAL COMMITMENTS

(a) Lease commitments

At 31st December 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	2015	2014
	HK$'000	HK$'000
Within one year	**7,607**	14,548
After one year but within five years	**209**	7,351
	7,816	21,899

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are mainly negotiated for a fixed lease term of one to three years.

(b) Capital commitments

Capital commitments in respect of property and equipment outstanding but not provided for in the consolidated financial statements are as follows:

	2015	2014
	HK$'000	HK$'000
Contracted but not provided for	**530**	181

36 FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, equity price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a Risk Management Committee (the "RMC") under policies approved by the Board of Directors. The RMC identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The RMC also recommends overall risk management policy for the approval of the Board or the Executive Management Committee (the "EMC") of the Group, covering specific areas, such as foreign exchange risk, equity price risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

36 FINANCIAL RISK MANAGEMENT *(continued)*

36.1 Financial risk factors *(continued)*

(a) Market risk

The exposures of the Group to market risk include foreign exchange risk, equity price risk and interest rate risk.

Foreign exchange risk

The Group is exposed to foreign exchange risk primarily arising from its financial assets and financial liabilities denominated in foreign currency. The currencies giving rise to this risk are primarily Renminbi and the United States Dollars. The RMC reviews the exposures from time to time to cope with changes in volatility in the market.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Japanese Yen HK$'000	United States Dollars HK$'000	Renminbi HK$'000	Others HK$'000
At 31st December 2015				
Loan receivable, trade and other receivables	**146**	**69,142**	**43,879**	**—**
Available-for-sale financial assets	**—**	**244,680**	**—**	**—**
Financial assets designated at fair value through profit or loss	**—**	**65,280**	**—**	**—**
Financial instruments held-for-trading	**—**	**16,220**	**—**	**—**
Cash and cash equivalents	**—**	**24,382**	**14,063**	**19**
Trade and other payables	**(17)**	**(180,940)**	**(2,191)**	**—**
Net exposure arising from recognised net assets	**129**	**238,764**	**55,751**	**19**

36 FINANCIAL RISK MANAGEMENT *(continued)*

36.1 Financial risk factors *(continued)*

***(a) Market risk** (continued)*

Foreign exchange risk (continued)

	Japanese Yen HK$'000	United States Dollars HK$'000	Renminbi HK$'000	Others HK$'000
At 31st December 2014				
Loan receivable, trade and other receivables	133	16,934	—	1
Available-for-sale financial assets	—	174,778	72,293	—
Financial assets designated at fair value through profit or loss	—	55,000	—	—
Financial instruments held-for-trading	—	22,000	—	—
Cash and cash equivalents	—	9,752	2,276	22
Trade and other payables	—	(13,501)	(77,632)	—
Net exposure arising from recognised net assets (liabilities)	133	264,963	(3,063)	23

Sensitivity analysis

The following table indicates the approximate change in the Group's profit before tax in response to possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	2015		2014	
	Appreciation/ depreciation of foreign currencies	**Effect on profit before tax HK$'000**	Appreciation/ depreciation of foreign currencies	Effect on profit before tax HK$'000
RMB	**+10%**	**5,575**	+10%	(306)
	–10%	**(5,575)**	–10%	306

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk for monetary assets and liabilities in existence at that date, and that all other variables, in particular interest rates, remain constant. Effects of changes in foreign exchange rates on non-monetary financial assets are included in equity price risk.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong Dollars and the United States Dollars would be materially unaffected by any changes in movement in value of the United States Dollars against other currencies. Accordingly, no sensitivity analysis has been prepared.

36 FINANCIAL RISK MANAGEMENT *(continued)*

36.1 Financial risk factors *(continued)*

(a) Market risk (continued)

Foreign exchange risk (continued)

Sensitivity analysis *(continued)*

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit before tax measured in the respective functional currencies, translated into Hong Kong Dollars at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for 2014.

Equity price risk

The Group is exposed to equity price changes arising from (i) warrants classified as financial instruments held-for-trading (see note 21), (ii) unlisted equity fund classified as available-for-sale financial assets (see note 14).

At 31st December 2014 and 2015, the Group's equity price risk is concentrated on the warrants with the underlying listed equity instruments quoted on the Stock Exchange of Hong Kong.

At 31st December 2015, it is estimated that an increase/(decrease) of 10% in the relevant stock price, with all other variables held constant, would have increased/decreased the Group's profit after tax as follows:

(i) Warrant classified as financial instruments held-for-trading

Change in the relevant equity price risk variable:	**2015**	**Effect on profit after tax HK$'000**	2014	Effect on profit after tax HK$'000
Increase	**10%**	**2,767**	10%	3,050
Decrease	**(10%)**	**(2,767)**	(10%)	(2,867)

(i) Unlisted equity fund classified as available-for-sale financial assets

	2015	**Effect on equity HK$'000**	2014	Effect on equity HK$'000
Increase	**10%**	**2,605**	10%	—
Decrease	**(10%)**	**(2,605)**	(10%)	—

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax and equity that would arise assuming the changes in the relevant stock price had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the reporting date.

36 FINANCIAL RISK MANAGEMENT *(continued)*

36.1 Financial risk factors *(continued)*

***(a) Market risk** (continued)*

Interest rate risk

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk in relation to the financial instrument subject to floating interest rate. Financial assets subject to cash flow interest rate risk mainly include margin loans arising from securities broking and bank balances. Financial liabilities subject to floating interest rates are bank loans and margin loan from a broker. The Group currently does not have a cash flow interest rate hedging policy. However, management is closely monitoring its exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

The cash flow interest rate risk exposure of the Group at the end of the reporting period is as follows:

	2015		2014	
	Effective interest rate	**HK$'000**	Effective interest rate	HK$'000
Assets				
Bank balances	**0.01%**	**128,796**	0.01%	78,828
Margin finance loans	**8%**	**112,455**	8%	125,650
		241,251		204,478
Liability				
Bank loan	**2.68%**	**(106,000)**	2.74%	(86,000)
Margin loan from a broker	**1.52%**	**(73,272)**	1.17%	(105,218)
Borrowing under a securities sale agreement	**1.779%**	**(101,400)**	—	—
		(39,421)		13,260
Sensitivity analysis				
Assume interest rate increased by		**0.25%**		0.25%
Profit before tax (decreased)/ increased by		**(99)**		33

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 25 basis points increase (2014: 25 basis points increase) represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period.

36 FINANCIAL RISK MANAGEMENT *(continued)*

36.1 Financial risk factors *(continued)*

***(a) Market risk** (continued)*

Interest rate risk (continued)

Fair value interest rate risk

At 31st December 2015 and 2014, the Group is also exposed to fair value interest rate risk in relation to debt securities with fixed interest classified as available-for-sale financial assets (note 14) and financial assets designated as fair value through profit or loss (note 20). The Group does not have a fair value interest rate hedging policy. However, management is closely monitoring its exposure arising from debt securities investments by regularly performing quantitative analysis, including periodic sensitivity analysis.

The sensitivity analysis of the Group's fair value interest rate risk arising from financial assets designated at fair value through profit or loss is included in the note 36.2(a).

A sensitivity analysis of the Group's fair value interest rate risk arising from the debt securities classified as available-for-sale financial assets is as follows:

Change in market interest rate	**Effect on equity 2015 HK$'000**	Effect on equity 2014 HK$'000
Increased by 25 basis points	**(4,058)**	(3,565)
Decreased by 25 basis points	**4,234**	2,871

(b) Credit risk

The Group's credit risk is primarily attributable to its debt securities in available-for-sale financial assets, pledged bank deposits bank balances and cash, loans receivable, trade and other receivables and financial assets designated at fair value through profit or loss. It has policies in place to ensure that credits are granted to customers with an appropriate credit history and/or collateral deposited with the Group.

For loans receivable, individual credit evaluations are performed on all customers requiring such credit. These evaluations focus on the customer's past history of making payments when due and current ability to pay, value of collateral held (if any) and take into account information specific to the customer and the guarantor (in case provided) as well as pertaining to the economic environment in which the customer operates. The Group and the Company are exposed to the concentration of credit risk from two (2014: two) independent counterparties. In view of estimated fair value of the shares held as collateral and the sound financial position of those independent counterparties, the Directors of the Company consider the concentration of credit risk is remote.

36 FINANCIAL RISK MANAGEMENT *(continued)*

36.1 Financial risk factors *(continued)*

(b) Credit risk (continued)

For trade receivables arising from securities broking, credits are granted to a large population of clients and hence there is no significant concentration risk. The margin clients' listed securities can be sold at the Group's discretion upon margin shortfall situation to fulfil any margin call.

For commodities and futures broking, an initial margin will be collected before opening of trading positions. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions and only brokers having sound credit ratings will be accepted. The open positions of the margin clients of trading of commodities and futures contracts can be closed at the Group's discretion in margin shortfall situation to settle any margin call requirements imposed by their respective commodities and futures contracts transactions.

The Group's pledged bank deposits, bank balances and cash are deposited in respectable and large commercial banks. The credit risk of pledged bank deposits, bank balances and cash are considered to be manageable.

For debt securities in financial assets designated at fair value through profit or loss, the Group structures the levels of credit risk it undertakes by placing limits on the amount of advance in relation to any borrower or issuer. As at 31st December 2015 and 2014, such risks are mitigated by the listed securities and convertible bonds held by the Group as collateral which are subject to periodic review. The fair value of the listed securities was determined by reference to the quoted price of the shares as at 31st December 2015 and 2014, and the fair value of the convertible bonds was estimated by an independent firm of professional valuer. As at 31st December 2015 and 2014, the combined fair value of the listed securities and convertible bonds exceeded the carrying amount of the fair value through profit or loss debt securities.

Part of available-for-sale financial assets are listed debt securities with fixed interest. The Group has a policy in place of spreading the aggregate value of transactions concluded amongst approved counterparties with an appropriate credit quality. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group primarily invested in rated debt securities with credit ratings of at least B+ or equivalent as determined by Standard & Poor's, Moody's or Fitch. Any exception shall be approved by the management of the Group. As at 31st December 2015, over 79% (2014: over 81%) of the debt securities invested by the Company are B+ or above, 21% (31st December 2014:Nil) of the debt securities invested by the Company are B. None of the debt securities are non-rated as at 31st December 2015 (31st December 2014:19%). The management of the Group reviews the portfolio of debt securities on a regular basis to ensure there is no significant concentration risk. In this regards, the directors of the Company consider that the credit risk relating to investments in debt securities is closely monitored.

36 FINANCIAL RISK MANAGEMENT *(continued)*

36.1 Financial risk factors *(continued)*

(b) Credit risk (continued)

The Group has maintained relationship with various financial institutions, and has policies that limit the amount of credit exposure to any financial institution. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 22.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group employs a prudent liquidity policy.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contracted undiscounted payments, is as follows:

	Weighted average effective interest rate	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on Demand HK$'000	Between 1 to 2 years HK$'000	Between 2 to 5 years HK$'000
At 31st December 2015						
Trade and other payables	**N/A**	**193,805**	**193,805**	**193,805**	**—**	**—**
Margin loan from a broker	**1.52%**	**73,272**	**73,272**	**73,272**	**—**	**—**
Borrowing under a securities sale agreement	**1.779%**	**101,400**	**101,400**	**101,400**	**—**	**—**
Bank loan	**2.68%**	**106,000**	**106,148**	**106,148**	**—**	**—**
Bonds issued	**4%**	**76,000**	**85,926**	**3,040**	**3,040**	**79,846**
		550,477	**560,551**	**477,665**	**3,040**	**79,846**
At 31st December 2014						
Trade and other payables	N/A	314,413	314,413	314,413	—	—
Margin loan from a broker	1.17%	105,218	105,218	105,218	—	—
Bank loan	2.74%	86,000	86,128	86,128	—	—
Bonds issued	4%	76,000	88,966	3,040	3,040	82,886
		581,631	594,725	508,799	3,040	82,886

The Company's policy is to regularly monitor its liquidity requirements including borrowings from subsidiaries, bonds issued to independent third parties, dividend payments to shareholders and accrued payments to ensure that it maintains sufficient reserves of cash to satisfy its contractual and foreseeable obligations as they fall due.

36 FINANCIAL RISK MANAGEMENT *(continued)*

36.2 Fair values measurement of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurement are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 — fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 — fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 — fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments	**Fair value as at 31st December 2015 HK$'000**	Fair value as at 31st December 2014 HK$'000	Fair value hierarchy	Valuation technique(s) key input(s)
(a) Financial assets designated at fair value through profit or loss Debt securities	**65,280**	55,000	Level 3	*Note (a)*
(b) Financial instruments held-for-trading Derivatives — warrants	**16,220**	22,000	Level 3	*Note (b)*
(c) Available-for-sale financial assets — Debt securities	**244,680**	247,071	Level 1	Quoted prices in active market
(d) Available-for-sale financial assets — Equity fund	**38,818**	—	Level 2	Adjusted NAV of equity fund

36 FINANCIAL RISK MANAGEMENT *(continued)*

36.2 Fair values measurement of financial instruments *(continued)*

Notes:

(a) **Debt component**

The fair value of the debt securities is calculated based on discounted cash flow analysis, which incorporates assumptions not entirely supported by observable market prices or rates.

The key inputs are credit rating of the issuer, and remaining time to maturity. The significant unobservable input is discount rate adjusted for the specific risks of the issuer. The discount rate of 29% (31st December 2014: 20%) was used in the valuation model. The relationship of unobservable input to fair value is the higher the discount rate the lower the fair value.

If the discount rate to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the debt securities would decrease by HK$1,157,000 increase by HK$1,204,000 (31st December 2014: decrease by HK$3,051,000/increase by HK$1,853,000).

Derivatives component

The fair values of the embedded call and put options of the debt securities are derived by Hull-White Trinomial Tree Model, which incorporates assumptions not entirely supported by observable market prices or rates.

The key inputs are exercise price of the options, current share price of the underlying assets of the options, expected volatility, mean reversion rate, and discount rate. The significant unobservable input is discount rate. The discount rate of 29% (31st December 2014: 20%) was used in the valuation model. The higher the discount rate, the higher the fair value of the put option and the lower the fair value of the call option.

The fair value sensitivity regarding to the discount rate tends to be immaterial as the maturity date of the debt securities is approaching.

(b) **Warrants**

The fair value of the warrants is derived by Trinomial Convertible Bond Model, which incorporates assumptions not entirely supported by observable market prices or rates.

The key inputs are expected volatility and discount rate adjusted for the specific risks of the issuers. The significant unobservable input is discount rate. The discount rate of 29% (31st December 2014: 20%) was used in the valuation model. The relationship of unobservable input to fair value is the higher the discount rate the lower the fair value.

If the discount rate to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the warrants would increase HK$207,000/decrease by HK$215,000 (31st December 2014: decrease by HK$491,000/increase by HK$544,000).

There were no transfers between Level 1 and 2 in the current and prior years.

Reconciliation of Level 3 fair value measurements of financial instruments

	Debt securities HK$'000	Warrants HK$'000	Total HK$'000
At 1st January 2014	49,400	22,500	71,900
In profit or loss unrealised gain/(loss)	5,600	(500)	5,100
At 31st December 2014	55,000	22,000	77,000
In profit or loss unrealised gain/(loss)	10,280	(5,780)	4,500
At 31st December 2015	**65,280**	**16,220**	**81,500**

36 FINANCIAL RISK MANAGEMENT *(continued)*

36.2 Fair values measurement of financial instruments *(continued)*

Fair value measurement and valuation process

The management is responsible in determining the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the financial instruments, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

37 RELATED PARTY AND CONNECTED PARTY TRANSACTIONS

The following is a summary of significant related party and connected party (as defined in the Listing Rules) transactions which were carried out in the normal course of the Group's business:

	2015 **HK$'000**	2014 HK$'000
Broking commission for securities dealing *(note (a))*	**345**	24
Service fee income *(note (b))*	**9,462**	16,462
Placing commission *(note (c))*	**8,087**	1,170
Fund management fee income *(note (d))*	**16,850**	—
Capital contribution from non-controlling interest *(note (e))*	**—**	1,302
Capital distribution to non-controlling interest *(note (e))*	**5,731**	5,420

37 RELATED PARTY AND CONNECTED PARTY TRANSACTIONS *(continued)*

(a) In 2015, the Group received commission income from its directors and fellow subsidiaries for providing securities broking services. In 2014, the Group received commission income from its immediate holding company, its fellow subsidiary, its associate and its directors for providing securities broking services. Out of which HK$313,142 (2014: HK$12,726) represented continuing connected transactions.

(b) In 2015 and 2014, the Group received service fee income from its associates and joint venture for providing administrative supporting and consulting services.

(c) In 2015 and 2014, the Group received placing commission from its fellow subsidiaries and intermediate holding company for placing securities. The total amount represented continuing connected transactions.

(d) During the current year, the Group received management fee income from its connected person for providing asset management services. The total amount represented continuing connected transactions.

(e) During the prior year, the Group and a fellow subsidiary of the Group, entered into a partnership agreement to establish the CRC Fund. USD0.2 million (equivalent to HK$1,302,000) has been injected to the fund by the fellow subsidiary as a capital contribution from non-controlling interest.

During the current year, the Group distributed cash of HK$5,731,000 (2014: HK$5,420,000) from the CRC fund to the non-controlling interest, which is its fellow subsidiary.

(f) The Group is indirectly controlled by China Cinda Asset Management Co., Ltd. ("China Cinda"), which is indirectly controlled by the PRC government through the Ministry of Finance (the "MOF"). MOF is the major shareholder of China Cinda as at 31st December 2015 and 2014. For the current and prior years, the Group undertakes some transactions with certain entities directly or indirectly owned by the PRC government, including but not limited to making bank deposits, receiving banking facilities, renting properties and rendering and obtaining other services. The Group is of opinion that these transactions are in normal business terms that do not require separate disclosure.

(g) Within the intragroup transactions of the Group during the current year is a management fee income of HK$890,041 (2014: HK$506,825) paid to a wholly owned subsidiary of the Company by a fellow subsidiary of the Group as the non-controlling shareholder of CRC Fund. The total amount represented continuing connected transactions.

(h) Compensation of key management personnel are disclosed in note 31(a).

38 IMMEDIATE AND ULTIMATE HOLDING COMPANY

At 31st December 2015 and 2014, the directors consider the immediate parent and ultimate controlling party of the Group to be Sinoday Limited and China Cinda Asset Management Co., Ltd., which are incorporated in the British Virgin Islands and the People's Republic of China respectively.

39 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group offsets the following trade receivables and trade payables as the Group currently has a legally enforceable right to set off the balance, and intends either to settle on net basis, or to realise the balance simultaneously.

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's condensed consolidated statement of financial position; or
- not offset in the Group's condensed consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), the Group has a legally enforceable right to set off the money obligation receivable and payable with HKSCC and brokers on the same settlement date and the Group intends to settle on a net basis. In addition, the Group has a legally enforceable right to set off the trade receivables and payable with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Other balances with HKSCC and brokerage clients that are not to be settled on the same date, or can only be set-off in an event of default are presented in gross.

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated financial position	Related amounts not offset in the consolidated statement of financial position Financial instruments/cash received collateral *(note 3)*	Net amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31st December 2015					
Financial assets by counterparty					
Trade receivables from:					
— Margin clients *(note 1)*	**164,556**	**(52,101)**	**112,455**	**(112,170)**	**285**
— Clearing houses *(note 2)*	**115,611**	**(92,092)**	**23,519**	**—**	**23,519**
	280,167	**(144,193)**	**135,974**	**(112,170)**	**23,804**
As at 31st December 2014					
Financial assets by counterparty					
Trade receivables from:					
— Margin clients *(note 1)*	248,029	(122,379)	125,650	(119,984)	5,666
— Clearing houses *(note 2)*	322,873	(207,681)	115,192	—	115,192
	570,902	(330,060)	240,842	(119,984)	120,858

39 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(continued)*

	Gross amounts of recognised financial liabilities HK$'000	Gross amounts of recognised financial assets offset in the consolidated statement of financial position HK$'000	Net amounts of financial liabilities presented in the consolidated financial position HK$'000	Related amounts not offset in the consolidated statement of financial position: Financial instruments/cash pledged collateral *(note 3)* HK$'000	Net amount HK$'000
As at 31st December 2015					
Financial liabilities by counterparty					
Trade payables to:					
— Margin clients *(note 1)*	**(78,484)**	**52,101**	**(26,383)**	**—**	**(26,383)**
— Clearing houses *(note 2)*	**(96,761)**	**92,092**	**(4,669)**	**—**	**(4,669)**
	(175,245)	**144,193**	**(31,052)**	**—**	**(31,052)**
As at 31st December 2014					
Financial liabilities by counterparty					
Trade payables to:					
— Margin clients *(note 1)*	(175,537)	122,379	(53,158)	—	(53,158)
— Clearing houses *(note 2)*	(207,681)	207,681	—	—	—
	(383,218)	330,060	(53,158)	—	(53,158)

Notes:

1 Under the agreement signed between the Group and the customers, money obligations receivable and payable with the same customer on the same date are settled on net basis simultaneously.

2 Under the agreement of Continuous Net Settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), money obligations receivable and payable with HKSCC on the same settlement date are settled on net basis.

3 Financial instruments represent the margin clients' listed securities measured at fair value determined by reference to their respective quoted price pledged to the Group for credit facilities for securities trading.

40 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS FOR THE YEAR ENDED 31 DECEMBER 2015

The Group has not applied the following new and revised HKFRSs, that are relevant with Group and have been issued but are not yet effective, in these financial statements:

•	HKFRS 9	*Financial Instruments*[2]
•	Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
•	Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
•	Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
•	HKFRS 15	*Revenue from Contracts with Customers*[2]
•	Amendments to HKAS 1	*Disclosure Initiative*[1]
•	Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
•	Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
•	*Annual Improvements 2012–2014 Cycle*	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1st January 2016
2 Effective for annual periods beginning on or after 1st January 2018
3 No mandatory effective date yet determined but is available for adoption.

Further information about those HKFRSs is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1st January 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1st January 2016.

Amendments to HKFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments to HKFRS 10 also clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Consequential amendments were made to HKFRS 12 to require an investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss in accordance with HKFRS 9 to present the disclosures in respect of investment entities in accordance with HKFRS 12. HKAS 28 (2011) was also amended to allow an investor that is not itself an investment entity, and has an interest in an investment entity associate or joint venture, to retain the fair value measurement applied by the investment entity associate or joint venture to the interest in its subsidiaries. The amendments are not expected to have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

40 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS FOR THE YEAR ENDED 31 DECEMBER 2015 *(continued)*

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1st January 2016. The Group does not have any joint operation.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structure approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1st January 2018. The Group expects to adopt HKFRS 15 from 1st January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the income statement and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the income statement. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1st January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

40 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS FOR THE YEAR ENDED 31 DECEMBER 2015 *(continued)*

The HKAS 27 (2011) Amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying HKFRSs and electing to change to the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements are required to apply the change retrospectively. The amendments will not be applicable to the Group's consolidated financial statements.

The *Annual Improvements to HKFRSs 2012–2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1st January 2016. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments are as follows:

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The Group does not have non-current assets held for sale and discontinued operations.

- HKFRS 7 *Financial Instruments: Disclosures*: Clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the HKFRS 7 disclosures are required.

- HKFRS 7 *Financial Instruments: Disclosures*: Clarifies that the disclosures in respect of the offsetting of financial assets and financial liabilities in HKFRS 7 are not required in the condensed interim financial statements, except where the disclosures provide a significant update to the information reported in the most recent annual report, in which case the disclosures should be included in the condensed interim financial statements.

- HKAS 19 *Employee Benefits*: Clarifies that market depth of high quality corporate bonds used for discounting the post-employment benefit obligation for defined benefit plans is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- HKAS 34 *Interim Financial Reporting*: Clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report. The amendments also specifies that the information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

Five Year Financial Summary

Year ended 31st December

Results	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Profit/(loss) attributable to equity holders	**40,586**	28,230	68,254	10,502	(31,107)

As at 31st December

Assets and liabilities	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Total assets	**1,319,738**	1,326,620	982,867	782,489	584,109
Total liabilities	**(561,276)**	(583,140)	(301,211)	(225,770)	(37,355)
Total equity	**758,462**	743,480	681,656	556,719	546,754

Notes:

1. The Company was incorporated in Bermuda on 19th April 2000 and became the holding company of the companies now comprising the Group on 10th July 2000.

2. Segregated trust accounts maintained by the Group to hold clients' monies and the corresponding amounts classified under accounts payable are treated as items not recognised in the consolidated statement of financial position.