

# NET PACIFIC FINANCIAL HOLDINGS LIMITED

## Full Year Financial Statement Announcement for the period ended 31 December 2014

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS

**1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

|                                                                                                                        | Group              |                    |                |
|------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|----------------|
|                                                                                                                        | FY2014<br>HK\$'000 | FY2013<br>HK\$'000 | %<br>+ / ( - ) |
| <b>Revenue <sup>(1)</sup></b>                                                                                          | <b>25,590</b>      | <b>16,074</b>      | 59             |
| Other income <sup>(2)</sup>                                                                                            | 9                  | 9,043              | NM             |
| Marketing and distribution costs                                                                                       | (222)              | (221)              | 0              |
| Administrative expenses                                                                                                | (5,669)            | (6,190)            | (8)            |
| Other expenses <sup>(3)</sup>                                                                                          | (11,865)           | (8,912)            | 33             |
| <b>Profit before income tax</b>                                                                                        | <b>7,843</b>       | <b>9,794</b>       | (20)           |
| Income tax expenses                                                                                                    | (1,763)            | (729)              | 142            |
| <b>Profit for the year<br/>and attributable to the equity holders of the company</b>                                   | <b>6,080</b>       | <b>9,065</b>       | (33)           |
| <b>Other comprehensive income</b>                                                                                      |                    |                    |                |
| Items that may subsequently be reclassified to profit or loss:                                                         |                    |                    |                |
| - Changes in fair value of available-for-sale financial assets                                                         | 2,029              | 1,144              | 77             |
| Other comprehensive income for the period - net of tax                                                                 | 2,029              | 1,144              | 77             |
| <b>Profit representing comprehensive income for the year and<br/>attributable to the equity holders of the company</b> | <b>8,109</b>       | <b>10,209</b>      | (21)           |

NM: Not meaningful

#### Notes to the consolidated income statement

Profit after tax is arrived at after crediting / (charging) the following items:

|                                                                               | Group              |                    |                |
|-------------------------------------------------------------------------------|--------------------|--------------------|----------------|
|                                                                               | FY2014<br>HK\$'000 | FY2013<br>HK\$'000 | %<br>+ / ( - ) |
| <i>(1) Revenue consists of</i>                                                |                    |                    |                |
| Interest income                                                               |                    |                    |                |
| Interest income from Financing Business                                       | 21,299             | 8,050              | 165            |
| Interest income from Investments                                              | 184                | 217                | (15)           |
| Dividend income from Financing Business                                       | 4,107              | 7,595              | (46)           |
| Other income                                                                  | -                  | 212                | NM             |
|                                                                               | <b>25,590</b>      | <b>16,074</b>      | 59             |
| <i>(2) Included in other income are:</i>                                      |                    |                    |                |
| Change in fair value on financial assets at fair value through profit or loss | 9                  | -                  | NM             |
| Gain on disposal of available-for-sale financial assets                       | -                  | 9,012              | NM             |
| Other income                                                                  | -                  | 31                 | NM             |
|                                                                               | <b>9</b>           | <b>9,043</b>       | NM             |
| <i>(3) Included in other expenses are:</i>                                    |                    |                    |                |
| Change in fair value on financial assets at fair value through profit or loss | -                  | (115)              | NM             |
| Underwriting expenses                                                         | (4,079)            | (5,890)            | (31)           |
| Foreign exchange losses                                                       | (7,770)            | (2,907)            | 167            |
| Loss on disposal of financial assets at fair value through profit or loss     | (16)               | -                  | NM             |
|                                                                               | <b>(11,865)</b>    | <b>(8,912)</b>     | 33             |
| Depreciation for plant and equipment                                          | (6)                | (7)                | -14            |

NM: Not meaningful

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### 1(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

|                                                       | Group                         |                               | Company                       |                               |
|-------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                                       | As at<br>31/12/14<br>HK\$'000 | As at<br>31/12/13<br>HK\$'000 | As at<br>31/12/14<br>HK\$'000 | As at<br>31/12/13<br>HK\$'000 |
| <b>ASSETS</b>                                         |                               |                               |                               |                               |
| <b>Non-current assets</b>                             |                               |                               |                               |                               |
| Plant and equipment                                   | 3                             | 9                             | 3                             | 9                             |
| Available-for-sale financial assets ("AFS")           | 36,513                        | 24,484                        | -                             | -                             |
| Loans and advances                                    | 9,524                         | 24,913                        | -                             | -                             |
| Investments in subsidiaries                           | -                             | -                             | 1,069                         | 1,069                         |
| <b>Total non-current assets</b>                       | <b>46,040</b>                 | <b>49,406</b>                 | <b>1,072</b>                  | <b>1,078</b>                  |
| <b>Current assets</b>                                 |                               |                               |                               |                               |
| Loans and advances                                    | 80,600                        | 47,059                        | -                             | -                             |
| Other receivables                                     | 20,731                        | 27,262                        | 81                            | 42                            |
| Financial assets at fair value through profit or loss | 1,535                         | 4,677                         | -                             | -                             |
| Amounts due from subsidiaries                         | -                             | -                             | 151,888                       | 150,668                       |
| Cash and cash equivalents                             | 20,700                        | 40,186                        | 1,560                         | 2,499                         |
| <b>Total current assets</b>                           | <b>123,566</b>                | <b>119,184</b>                | <b>153,529</b>                | <b>153,209</b>                |
| <b>Total assets</b>                                   | <b>169,606</b>                | <b>168,590</b>                | <b>154,601</b>                | <b>154,287</b>                |
| <b>EQUITY AND LIABILITIES</b>                         |                               |                               |                               |                               |
| <b>Equity</b>                                         |                               |                               |                               |                               |
| Share capital                                         | 145,101                       | 145,101                       | 145,101                       | 145,101                       |
| Share option reserve                                  | 340                           | 340                           | 340                           | 340                           |
| Fair value reserves - AFS                             | 3,173                         | 1,144                         | -                             | -                             |
| Accumulated profits                                   | 12,437                        | 12,318                        | 6,217                         | 6,030                         |
| <b>Total equity</b>                                   | <b>161,051</b>                | <b>158,903</b>                | <b>151,658</b>                | <b>151,471</b>                |
| <b>Current liabilities</b>                            |                               |                               |                               |                               |
| Other payables and accrued liabilities                | 6,008                         | 8,946                         | 2,908                         | 2,787                         |
| Current tax payable                                   | 2,547                         | 741                           | 35                            | 29                            |
| <b>Total current liabilities</b>                      | <b>8,555</b>                  | <b>9,687</b>                  | <b>2,943</b>                  | <b>2,816</b>                  |
| <b>Total liabilities</b>                              | <b>8,555</b>                  | <b>9,687</b>                  | <b>2,943</b>                  | <b>2,816</b>                  |
| <b>Total equity and liabilities</b>                   | <b>169,606</b>                | <b>168,590</b>                | <b>154,601</b>                | <b>154,287</b>                |

### 1(b) (ii) Aggregate amount of group's borrowings and debt securities

| As at 31 December 2014                                    |           | As at 31 December 2013 |           |
|-----------------------------------------------------------|-----------|------------------------|-----------|
| Secured                                                   | Unsecured | Secured                | Unsecured |
| HK\$'000                                                  | HK\$'000  | HK\$'000               | HK\$'000  |
| <b>Amount repayable in one year or less, or on demand</b> |           |                        |           |
| -                                                         | -         | -                      | -         |
| <b>Amount repayable after one year</b>                    |           |                        |           |
| -                                                         | -         | -                      | -         |

Details of any collaterals -

Not applicable

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## Full Year Financial Statement Announcement for the period ended 31 December 2014

### 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

|                                                                                      | Group              |                    |
|--------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                      | FY2014<br>HK\$'000 | FY2013<br>HK\$'000 |
| <b>Cash flows from operating activities:</b>                                         |                    |                    |
| Profit after tax                                                                     | 6,080              | 9,065              |
| Adjustments for:                                                                     |                    |                    |
| Depreciation for plant and equipment                                                 | 6                  | 7                  |
| Change in fair value on financial assets at fair value through profit or loss        | (9)                | 115                |
| Gain on disposal of available-for-sale financial assets                              | -                  | (9,012)            |
| Underwriting expenses related to the disposal of available-for-sale financial assets |                    | 4,849              |
| Income tax expenses                                                                  | 1,763              | 729                |
| Interest income <sup>(Note 1)</sup>                                                  | (21,483)           | (8,267)            |
| Dividend income <sup>(Note 1)</sup>                                                  | (4,107)            | (7,595)            |
| Loss on disposal of financial assets at fair value through profit or loss            | 16                 | -                  |
| Effect of exchange rate changes                                                      | 112                | 708                |
| <b>Operating profit before changes in working capital</b>                            | <b>(17,622)</b>    | <b>(9,401)</b>     |
| (Increase)/ decrease in loans and advances                                           | (18,152)           | (55,003)           |
| (Increase)/ decrease in other receivables                                            | 14,921             | (21)               |
| (Increase)/ decrease in available-for-sale financial assets                          | (10,000)           | 22,913             |
| Increase / (decrease) in other payables                                              | (2,426)            | 2,221              |
| <b>Cash used in operations</b>                                                       | <b>(33,279)</b>    | <b>(39,291)</b>    |
| Interest income received <sup>(Note 1)</sup>                                         | 14,044             | 1,877              |
| Dividend income received <sup>(Note 1)</sup>                                         | 3,001              | 7,130              |
| Income tax (paid) / refunded                                                         | (110)              | 46                 |
| <b>Net cash used in operating activities</b>                                         | <b>(16,344)</b>    | <b>(30,238)</b>    |
| <b>Cash flows from investing activities:</b>                                         |                    |                    |
| Disposal of financial assets at fair value through profit or loss                    | 3,066              | -                  |
| <b>Net cash generated from investing activities</b>                                  | <b>3,066</b>       | <b>-</b>           |
| <b>Cash flows from financing activities:</b>                                         |                    |                    |
| Payment of dividends                                                                 | (5,961)            | (4,993)            |
| <b>Net cash used in financing activities</b>                                         | <b>(5,961)</b>     | <b>(4,993)</b>     |
| <b>Net decrease in cash and cash equivalents</b>                                     | <b>(19,239)</b>    | <b>(35,231)</b>    |
| Cash and cash equivalents at beginning of the financial year                         | 40,186             | 75,964             |
| Effect of exchange rate changes on cash and cash equivalents                         | (247)              | (547)              |
| <b>Cash and cash equivalents at end of the financial year</b>                        | <b>20,700</b>      | <b>40,186</b>      |

#### Note 1

Under "FRS 7 – Statement of Cash Flows", interest income and dividend income are required to be presented separately in the statement of cash flows. Accordingly, in the Group's unaudited consolidated statement of cash flows for FY2014 presented above, interest income and dividend income derived from the Group's Financing Business have been included and separately shown in the adjustments and the Group's unaudited consolidated statement of cash flows for FY2013 has been re-stated correspondingly for comparative purpose.

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**1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

|                                                               | Attributable to equity holders of the Company |                      |                          |                     |                |
|---------------------------------------------------------------|-----------------------------------------------|----------------------|--------------------------|---------------------|----------------|
|                                                               | Share Capital                                 | Share Option Reserve | Fair Value Reserve - AFS | Accumulated Profits | Total Equity   |
|                                                               | HK\$'000                                      | HK\$'000             | HK\$'000                 | HK\$'000            | HK\$'000       |
| <b>Group</b>                                                  |                                               |                      |                          |                     |                |
| Balance as at 1/1/2013                                        | 145,101                                       | 340                  | -                        | 8,246               | 153,687        |
| Total profit for the year                                     | -                                             | -                    | -                        | 9,065               | 9,065          |
| Other comprehensive income                                    |                                               |                      |                          |                     |                |
| - Change in fair value on available-for-sale financial assets |                                               |                      | 1,144                    | -                   | 1,144          |
| Dividend paid                                                 | -                                             | -                    | -                        | (4,993)             | (4,993)        |
| <b>Balance as at 31/12/2013</b>                               | <b>145,101</b>                                | <b>340</b>           | <b>1,144</b>             | <b>12,318</b>       | <b>158,903</b> |
| Balance as at 1/1/2014                                        | 145,101                                       | 340                  | 1,144                    | 12,318              | 158,903        |
| Total profit for the year                                     | -                                             | -                    | -                        | 6,080               | 6,080          |
| Other comprehensive income                                    |                                               |                      |                          |                     |                |
| - Change in fair value on available-for-sale financial assets | -                                             | -                    | 2,029                    | -                   | 2,029          |
| Dividend paid                                                 | -                                             | -                    | -                        | (5,961)             | (5,961)        |
| <b>Balance as at 31/12/2014</b>                               | <b>145,101</b>                                | <b>340</b>           | <b>3,173</b>             | <b>12,437</b>       | <b>161,051</b> |

  

|                                                      | Share Capital  | Share Option Reserve | Accumulated Profits | Total Equity   |
|------------------------------------------------------|----------------|----------------------|---------------------|----------------|
|                                                      | HK\$'000       | HK\$'000             | HK\$'000            | HK\$'000       |
|                                                      | HK\$'000       | HK\$'000             | HK\$'000            | HK\$'000       |
| <b>Company</b>                                       |                |                      |                     |                |
| Balance as at 1/1/2013                               | 145,101        | 340                  | 5,589               | 151,030        |
| Total profit and comprehensive income for the year * | -              | -                    | 5,434               | 5,434          |
| Dividend paid                                        | -              | -                    | (4,993)             | (4,993)        |
| <b>Balance as at 31/12/2013</b>                      | <b>145,101</b> | <b>340</b>           | <b>6,030</b>        | <b>151,471</b> |
| Balance as at 1/1/2014                               | 145,101        | 340                  | 6,030               | 151,471        |
| Total profit and comprehensive income for the year * | -              | -                    | 6,148               | 6,148          |
| Dividend paid                                        | -              | -                    | (5,961)             | (5,961)        |
| <b>Balance as at 31/12/2014</b>                      | <b>145,101</b> | <b>340</b>           | <b>6,217</b>        | <b>151,658</b> |

\* There were no other comprehensive income items.

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- 1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding the treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There were no changes in the Company's share capital during the financial year ended 31 December 2014 ("FY2014").

### Share Options

As at 31 December 2014, the number of share options ("**Options**") that are outstanding under the Net Pacific Employee Share Option Scheme are as follows:

| Date of grant | Number of Options outstanding as at 31 December 2014 | Number of Options lapsed / cancelled during FY2014 | Maximum number of Shares to be issued upon exercise of the Options outstanding as at 31 December 2014 | Exercise price per share | Exercise period      |
|---------------|------------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------|----------------------|
| 9 May 2011    | 7,000,000                                            | -                                                  | 7,000,000                                                                                             | S\$0.035                 | 9/5/2012 to 8/5/2016 |
| 9 May 2011    | 20,750,000                                           | -                                                  | 20,750,000                                                                                            | S\$0.035                 | 9/5/2012 to 8/5/2021 |
| Total         | 27,750,000                                           | -                                                  | 27,750,000                                                                                            |                          |                      |

The Options have a vesting period of one year and the share-based payment expenses were fully recognised in FY2011. No further share-based payment expenses were required to be recognised since then.

### Warrants

As at 31 December 2014, the Company had 255,674,598 outstanding warrants ("**Warrants**") (31 December 2013: 255,674,598), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of S\$0.12 and expiring on the fifth (5th) anniversary of the date of issue (being 27 July 2010), subject to the terms and upon the conditions of the deed poll dated 21 June 2010.

Save as disclosed above, the Company did not have any other convertibles or any treasury shares as at 31 December 2014 and 31 December 2013.

- 1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

|                                                         | As at 31/12/14 | As at 31/12/13 |
|---------------------------------------------------------|----------------|----------------|
| Total number of issued shares excluding treasury shares | 525,624,328    | 525,624,328    |

- 1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company did not have any treasury shares and there were no sales, transfers, disposal, cancellation or use of treasury shares as at 31 December 2014.

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**2 Whether the figures have been audited, or reviewed and in accordance with which auditing standards or practice**

The figures have not been audited or reviewed by the Company's auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the preparation of its financial statements for the current reporting period compared with those adopted in the preparation of its audited financial statements for the financial year ended 31 December 2013 ("FY2013"), except as stated in Paragraph 5 below.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Except for the adoption of Revised FRS27 (Separate Financial Statements), Revised FRS28 (Investments in Associates and Joint Ventures), Amendment to FRS 32 (Offsetting of Financial Assets and Financial Liabilities), FRS 110 (Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance - Amendments to FRS 110, FRS 111 and FRS 112), FRS 111 (Joint Arrangements), FRS 112 (Disclosure of Interests in Other Entities) and INT FRS 121 (Levies), Amendment to FRS 36 (Recoverable Amount Disclosures to Non-Financial Assets), there are no changes in the accounting policies and methods of computation used in the preparation of the financial information in this announcement which are effective for the period beginning on or after 1 January 2014. The adoption of the above FRSs has no significant impact on the financial position or performance of the Group.

**6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

|                             | Group  |        |
|-----------------------------|--------|--------|
|                             | FY2014 | FY2013 |
| Earnings per ordinary share |        |        |
| - Basic (Hong Kong cents)   | 1.16   | 1.72   |
| - Diluted (Hong Kong cents) | 1.16   | 1.72   |

Basic earnings per ordinary share has been computed based on 525,624,328 shares (FY2013 : 525,624,328 shares) being the weighted average number of ordinary shares in issue during FY2014.

Diluted earnings per ordinary share has been computed based on 526,197,446 shares (FY2013:527,228,083 shares) being the weighted average number of ordinary shares in issue during FY2014 and after including the dilutive effect of the outstanding Options as at 31 December 2014.

The outstanding Warrants have no dilutive impact on the earnings per ordinary share for both FY2014 and FY2013 as they are anti-dilutive.

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

|                                                      | Group          |                | Company        |                |
|------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                      | As at 31/12/14 | As at 31/12/13 | As at 31/12/14 | As at 31/12/13 |
| Net asset value per ordinary share (Hong Kong cents) | 30.64          | 30.23          | 28.85          | 28.82          |

Net asset value per ordinary share has been computed based on the number of ordinary shares outstanding of 525,624,328 shares as at 31 December 2014 and 31 December 2013.

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- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal cyclical factors and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

### Background

The Company and its subsidiaries (the "**Group**") remain focused on its core business in the provision of financing services (the "**Financing Business**") in the Peoples' Republic of China ("**PRC**"), the Hong Kong Special Administrative Region (the "**HKSAR**") and Australia. Under the Financing Business, the Group's business activities are principally the provision of mezzanine loans and investments in companies with good fundamentals and growth potential. The Group also invests in short term financial instruments using cash on hand pending loan disbursement under its Financing Business as and when opportunities arise (the "**Investments**").

### Consolidated statement of comprehensive income

The Group recorded higher revenue of HK\$25.6 million in the financial year ended 31 December 2014 ("**FY2014**"), as compared to HK\$16.1 million in the financial year ended 31 December 2013 ("**FY2013**"), details of which are as follows:

|                    | <u>FY2014</u> | <u>FY2013</u> | <u>Increase</u> |      |
|--------------------|---------------|---------------|-----------------|------|
|                    | HK\$'000      | HK\$'000      | HK\$'000        | %    |
| Financing Business | 25,406        | 15,857        | 9,549           | 60   |
| Investments        | 184           | 217           | (33)            | (15) |
| Total              | <u>25,590</u> | <u>16,074</u> | 9,516           | 59   |

Revenue from the Financing Business comprises interest income from loans extended by the Group to customers and dividend income from the Group's investments in companies. The increase in revenue from Financing Business of HK\$9.5 million in FY2014 was mainly due to the Group's bigger average loan portfolio during FY2014 as compared to during FY2013.

Revenue from Investments relates to the interest income arising from the Group's investments in short term financial instruments. The decrease in revenue from Investment was mainly due to lower investment amount following the early redemption of an instrument held by the Group in March 2014.

Other income of the Group in FY2013 refers mainly to the gain on disposal of the Group's investment in preference shares in the capital of a customer under available-for-sale financial assets ("**AFS**"), while there was no such disposal in FY2014.

Total operating expenses of the Group (comprising marketing and distribution costs and administrative expenses) was HK\$5.9 million in FY2014, which was HK\$0.5 million or 8% lower as compared to the total operating expenses of HK\$6.4 million in FY2013, due mainly to lower administrative costs incurred.

Other expenses in FY2014 refer mainly to the foreign exchange losses arising from the revaluation of the Group's loan portfolio denominated in Australian Dollars ("**A\$**") as a result of the depreciation of A\$ against HK\$ and the underwriting expenses relating to loans extended to certain customers in Australia. The foreign exchange losses has increased to HK\$7.8 million in FY2014 as compared to the foreign exchange losses of HK\$2.9 million in FY2013 as A\$ continued to depreciate further in the second half of 2014.

The Group's income tax expense of HK\$1.8 million in FY2014 relates mainly to the withholding tax payable on the interest income from the loans extended to the Australian companies.

As a result of the foregoing, the Group reported a lower net profit of HK\$6.1 million in FY2014 as compared to a net profit of HK\$9.1 million in FY2013.

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### Consolidated statements of financial position

The Group's available-for-sale financial assets ("AFS") relate to the Group's investment of HK\$33.3 million by way of preference shares in the capital of customers, and were reflected at a fair value of HK\$36.5 million as at 31 December 2014, based on the valuation provided by an independent valuer.

The Group's total loans and advances, mainly to customers in Australia and the PRC, amounted to HK\$90.1 million as at 31 December 2014, of which an amount of HK\$9.5 million was non-current and an amount of HK\$80.6 million was current. The Group's loan portfolio at HK\$90.1 million was bigger as at 31 December 2014 compared to HK\$72.0 million as at 31 December 2013, as a result of further loan disbursements made in FY2014. In terms of the number of clients, the Group had in aggregate 8 clients as at 31 December 2014 which was comparable to that as at 31 December 2013.

The Group's other receivables as at 31 December 2014 consisted mainly of interest and dividend income receivables. The Group's other receivables were lower at HK\$20.7 million as at 31 December 2014 compared to HK\$27.3 million as at 31 December 2013 mainly because the Group received sales proceeds in FY2014 from the purchaser of the AFS disposed in FY2013.

The financial assets at fair value through profit or loss of the Group relate to the Group's investments in short term financial instruments using cash on hand pending further financing and investment opportunities. These investments were marked to market value as at the end of the respective financial period. The Group's financial assets at fair value through profit or loss had decreased from HK\$4.7 million as at 31 December 2013 to HK\$1.5 million as at 31 December 2014 following the early redemption of an instrument held by the Group in March 2014.

Other payables of the Group were lower at HK\$6.0 million as at 31 December 2014 as compared to HK\$8.9 million as at 31 December 2013 due to partial payment of underwriting fees arising from the disposal of certain AFS of the Group in accordance with the underwriting arrangement in FY2014.

### Consolidated statements of cash flow

The Group's cash and cash equivalents stood at HK\$20.7 million as at 31 December 2014.

The Group had net cash used in operating activities of HK\$16.3 million in FY2014 due mainly to loan disbursements to new customers in Australia and the PRC and new investment in AFS in FY2014.

The Group's net cash generated from investing activities in FY2014 relates mainly to the disposal of the Group's investment in short term financial instruments.

The Group's net cash used in financing activities in FY2014 relates to the payment of the first and final dividend in respect of FY2013.

### **9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable as there was no forecast or prospect statement previously disclosed to the Company's shareholders.

### **10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Although the PRC economy may be showing signs of slowing down, the Directors believe that the PRC and HKSAR continue to present opportunities for the Group's Financing Business which is targeted at small and mid-sized companies. In light of the weakening PRC economic outlook, the Group is cautious and remains vigilant in monitoring its existing loans and investments. The Group expects the extension of new loans to customers in the Australian market to continue in FY2015.

The Directors are mindful of managing and balancing the Group's investment and credit risks and will deploy capital prudently. The Directors are cautiously optimistic of the Group's prospects in FY2015 as the Group seeks to make more investments and disbursements under the Financing Business.

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**Full Year Financial Statement Announcement for the period ended 31 December 2014**


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**11 Dividend****(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? **Yes**

The Directors are pleased to propose a first and final dividend of 1.14 Hong Kong cents per share (one-tier tax exempt) ("FY2014 Dividend") amounting to approximately HK\$6.0 million in respect of the financial year ended 31 December 2014 subject to approval by shareholders at the forthcoming Annual General Meeting of the Company to be held in April 2015.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? **Yes**

|                                    |                 |
|------------------------------------|-----------------|
| Name of Dividend                   | First and final |
| Dividend Type                      | Cash            |
| Dividend Rate (in Hong Kong cents) | 1.14            |
| Tax Rate                           | Not Applicable  |

**(c) Date payable / (d) Books closure date**

The FY2014 dividend is subject to shareholders' approval and the payment date and the books closure date will be announced in due course.

**12 If no dividend has been declared/recommended, a statement to that effect**

Not applicable

**13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such**

The Company did not obtain any general mandate from its shareholders for interested person transactions.

**14 Negative confirmation pursuant to Rule 705(5)**

Not applicable to announcement of full year results.

## Full Year Financial Statement Announcement for the period ended 31 December 2014

## PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

**15 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

**BUSINESS SEGMENTS**

|                            | Financing Business |                    | Investments        |                    | Consolidated       |                    |
|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                            | FY2014<br>HK\$'000 | FY2013<br>HK\$'000 | FY2014<br>HK\$'000 | FY2013<br>HK\$'000 | FY2014<br>HK\$'000 | FY2013<br>HK\$'000 |
| <b>Revenue by segments</b> |                    |                    |                    |                    |                    |                    |
| Total revenue by segments  | 25,406             | 15,857             | 184                | 217                | 25,590             | 16,074             |
| External revenue           | 25,406             | 15,857             | 184                | 217                | 25,590             | 16,074             |
| <b>Segment profit</b>      | <b>13,132</b>      | <b>15,425</b>      | <b>176</b>         | <b>217</b>         | <b>13,308</b>      | <b>15,642</b>      |
| Unallocated expenses       |                    |                    |                    |                    | (5,465)            | (5,848)            |
| Profit before tax          |                    |                    |                    |                    | 7,843              | 9,794              |
| Income tax expense         |                    |                    |                    |                    | (1,763)            | (729)              |
| <b>Profit for the year</b> |                    |                    |                    |                    | <b>6,080</b>       | <b>9,065</b>       |

|                                       | Financing Business |                    | Investments        |                    | Consolidated       |                    |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                       | FY2014<br>HK\$'000 | FY2013<br>HK\$'000 | FY2014<br>HK\$'000 | FY2013<br>HK\$'000 | FY2014<br>HK\$'000 | FY2013<br>HK\$'000 |
| Segment assets                        | 166,426            | 161,363            | 1,535              | 4,677              | 167,961            | 166,040            |
| Unallocated assets                    |                    |                    |                    |                    | 1,645              | 2,550              |
| <b>Consolidated total assets</b>      |                    |                    |                    |                    | <b>169,606</b>     | <b>168,590</b>     |
| Segment liabilities                   | 5,611              | 6,870              | -                  | -                  | 5,611              | 6,870              |
| Unallocated liabilities               |                    |                    |                    |                    | 2,944              | 2,817              |
| <b>Consolidated total liabilities</b> |                    |                    |                    |                    | <b>8,555</b>       | <b>9,687</b>       |

**GEOGRAPHICAL SEGMENTS**

The breakdown of the Group's revenue based on the country of incorporation of clients is set out below:

|                           | Singapore          |                    | PRC & Hong Kong    |                    | British Virgin Islands |                    | Australia          |                    | Total              |                    |
|---------------------------|--------------------|--------------------|--------------------|--------------------|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                           | FY2014<br>HK\$'000 | FY2013<br>HK\$'000 | FY2014<br>HK\$'000 | FY2013<br>HK\$'000 | FY2014<br>HK\$'000     | FY2013<br>HK\$'000 | FY2014<br>HK\$'000 | FY2013<br>HK\$'000 | FY2014<br>HK\$'000 | FY2013<br>HK\$'000 |
| <b>Revenue</b>            |                    |                    |                    |                    |                        |                    |                    |                    |                    |                    |
| External sales            | 31                 | 141                | 1,991              | 82                 | 4,107                  | 8,568              | 19,461             | 7,283              | 25,590             | 16,074             |
| <b>Non-current assets</b> | <b>3</b>           | <b>9</b>           | <b>36,513</b>      | <b>24,484</b>      | <b>-</b>               | <b>-</b>           | <b>9,524</b>       | <b>24,913</b>      | <b>46,040</b>      | <b>49,406</b>      |

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**Full Year Financial Statement Announcement for the period ended 31 December 2014**


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**16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments**

Please refer to Paragraph 8.

**17 A breakdown of sales**

|                                                                                                  | Group    |          |                |
|--------------------------------------------------------------------------------------------------|----------|----------|----------------|
|                                                                                                  | FY2014   | FY2013   | + / ( - )<br>% |
|                                                                                                  | HK\$'000 | HK\$'000 |                |
| (a) Sales reported for first half year                                                           | 8,774    | 5,858    | 50             |
| (b) Operating profit after tax before deducting minority interests reported for first half year  | 8,297    | 1,521    | 445            |
| (c) Sales reported for second half year                                                          | 16,816   | 10,216   | 65             |
| (d) Operating profit after tax before deducting minority interests reported for second half year | (2,217)  | 7,544    | (129)          |

**18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

## Total Annual Dividend

|            | FY2014 <sup>(1)</sup> | FY2013 <sup>(2)</sup> |
|------------|-----------------------|-----------------------|
|            | HK\$'000              | HK\$'000              |
| Ordinary   | 6,000                 | 5,992                 |
| Preference | -                     | -                     |
| Total      | 6,000                 | 5,992                 |

(1) Based on the first and final dividend of 1.14 Hong Kong cents per share proposed in respect of FY2014.

(2) Based on the first and final dividend of 1.14 Hong Kong cents per share paid in respect of FY2013.

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**Full Year Financial Statement Announcement for the period ended 31 December 2014**


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**19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.**

| Name          | Age | Family relationship with any director, and / or substantial shareholder | Current position and duties and the year the position was held                                                                                                                  | Details of changes in duties and positions held, if any, during the year |
|---------------|-----|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Chin Nyok Tow | 47  | Sister of Chin Fook Lai, a non-executive director of the Company        | <u>Position</u><br>Administrative Manager<br><br><u>Duties</u><br>Overseeing the human resource and administrative functions of the group<br><br><u>First held</u><br>Year 2007 | No changes in duties and position held during the year.                  |

**BY ORDER OF THE BOARD**

Ong Chor Wei @ Alan Ong  
Chief Executive Officer  
27 February 2015

*This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Corporate Finance, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*