

# NET PACIFIC FINANCIAL HOLDINGS LIMITED

## Full Year Financial Statement Announcement for the period ended 31 December 2018

### 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		
	FY2018 HK\$'000	FY2017 HK\$'000	% + / ( - )
<b>Revenue</b> <sup>(1)</sup>	<b>3,724</b>	<b>12,494</b>	(70)
Other income <sup>(2)</sup>	4,303	8,783	(51)
Marketing and distribution costs	(56)	(190)	(71)
Administrative expenses	(7,338)	(6,049)	21
Other expenses <sup>(3)</sup>	(45,423)	(6,599)	NM
<b>(Loss) / profit before income tax</b>	<b>(44,790)</b>	<b>8,439</b>	NM
Income tax expenses	(407)	(1,000)	(59)
<b>(Loss) / profit for the year and attributable to the equity holders of the company</b>	<b>(45,197)</b>	<b>7,439</b>	NM
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
- Changes in fair value on financial assets at fair value through other comprehensive income ("FVOCI")	1,267	(157)	NM
<b>Items that may be reclassified subsequently to profit or loss:</b>			
- Reversal due to redemption of available-for-sale ("AFS") financial assets	-	(2,122)	NM
Other comprehensive income / (loss) for the year - net of tax	1,267	(2,279)	NM
<b>(Loss) / profit representing comprehensive income for the year and attributable to the equity holders of the company</b>	<b>(43,930)</b>	<b>5,160</b>	NM

NM: Not meaningful

#### Notes to the consolidated income statement

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

	Group		
	FY2018 HK\$'000	FY2017 HK\$'000	% + / ( - )
<i>(1) Revenue consists of</i>			
Interest income			
Interest income from Financing Business	3,724	9,288	(60)
Interest income from Investments	-	7	NM
Dividend income from Financing Business	-	3,199	NM
	<b>3,724</b>	<b>12,494</b>	<b>(70)</b>
<i>(2) Included in other income are:</i>			
Foreign exchange gain	-	8,649	NM
Gain on reclassification from AFS financial assets to financial assets at fair value through profit or loss ("FVTPL")	4,000	-	NM
Interest income from fixed deposit	283	117	142
Other income	20	17	18
	<b>4,303</b>	<b>8,783</b>	<b>(51)</b>
<i>(3) Included in other expenses are:</i>			
Change in fair value on FVTPL financial assets	(3,000)	-	NM
Foreign exchange losses	(10,069)	-	NM
Loss on disposal of FVTPL financial assets	-	(5)	NM
Loss on redemption of AFS financial assets	-	(57)	NM
Allowance for impairment loss of loans and receivables	(32,354)	(6,537)	NM
	<b>(45,423)</b>	<b>(6,599)</b>	<b>NM</b>
Depreciation for plant and equipment	(12)	(13)	(8)

NM: Not meaningful

# NET PACIFIC FINANCIAL HOLDINGS LIMITED

## Full Year Financial Statement Announcement for the period ended 31 December 2018

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 31/12/18 HK\$'000	As at 31/12/17 HK\$'000	As at 31/12/18 HK\$'000	As at 31/12/17 HK\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	26	7	26	7
Investments in subsidiaries	-	-	1,069	1,069
<b>Total non-current assets</b>	<b>26</b>	<b>7</b>	<b>1,095</b>	<b>1,076</b>
<b>Current assets</b>				
Loans and advances	76,466	86,431	-	-
Other investments	14,829	23,355	-	-
Other receivables	4,573	36,148	74	73
Amounts due from subsidiaries	-	-	143,298	147,847
Cash and cash equivalents	27,752	32,385	1,129	1,416
<b>Total current assets</b>	<b>123,620</b>	<b>178,319</b>	<b>144,501</b>	<b>149,336</b>
<b>Total assets</b>	<b>123,646</b>	<b>178,326</b>	<b>145,596</b>	<b>150,412</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	145,105	145,105	145,105	145,105
Share option reserve	340	340	340	340
Fair value reserves	1,329	5,356	-	-
Accumulated (losses) / profits	(28,178)	19,030	(2,968)	2,274
<b>Total equity</b>	<b>118,596</b>	<b>169,831</b>	<b>142,477</b>	<b>147,719</b>
<b>Current liabilities</b>				
Other payables and accrued liabilities	4,617	8,434	3,075	2,647
Current tax payable	433	61	44	46
<b>Total current liabilities</b>	<b>5,050</b>	<b>8,495</b>	<b>3,119</b>	<b>2,693</b>
<b>Total liabilities</b>	<b>5,050</b>	<b>8,495</b>	<b>3,119</b>	<b>2,693</b>
<b>Total equity and liabilities</b>	<b>123,646</b>	<b>178,326</b>	<b>145,596</b>	<b>150,412</b>

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

As at 31 December 2018		As at 31 December 2017	
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 collateral -

Not applicable

## NET PACIFIC FINANCIAL HOLDINGS LIMITED

### Full Year Financial Statement Announcement for the period ended 31 December 2018

#### 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	
	FY2018 HK\$'000	FY2017 HK\$'000
<b><u>Cash flows from operating activities:</u></b>		
(Loss) / profit after tax	(45,197)	7,439
Adjustments for:		
Depreciation for plant and equipment	12	13
Change in fair value on FVTPL financial assets	3,000	-
Gain on reclassification from AFS financial assets to FVTPL financial assets	(4,000)	-
Loss on disposal of FVTPL financial assets	-	5
Loss on redemption of AFS financial assets	-	57
Income tax expenses	407	1,000
Interest income	(4,007)	(9,412)
Dividend income	-	(3,199)
<b>Operating loss before changes in working capital</b>	<b>(49,785)</b>	<b>(4,097)</b>
Decrease in loans and advances	9,965	14,101
Decrease in other receivables	31,221	3,869
Decrease in other investments	5,500	6,902
(Decrease) / increase in other payables	(3,734)	573
<b>Net cash (used in) / generated from operations</b>	<b>(6,833)</b>	<b>21,348</b>
Interest income received	4,161	3,414
Dividend income received	200	4,610
Income tax paid	(119)	(646)
<b>Net cash (used in) / generated from operating activities</b>	<b>(2,591)</b>	<b>28,726</b>
<b><u>Cash flows from investing activities:</u></b>		
Acquisition of plant and equipment	(31)	-
Proceeds from disposal of FVTPL financial assets	-	1,339
<b>Net cash (used in) / generated from investing activities</b>	<b>(31)</b>	<b>1,339</b>
<b><u>Cash flows from financing activities:</u></b>		
Payment of dividends	(2,011)	(1,995)
<b>Net cash used in financing activities</b>	<b>(2,011)</b>	<b>(1,995)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(4,633)</b>	<b>28,070</b>
Cash and cash equivalents at beginning of the financial year	32,385	4,315
<b>Cash and cash equivalents at end of the financial year</b>	<b>27,752</b>	<b>32,385</b>

## NET PACIFIC FINANCIAL HOLDINGS LIMITED

### Full Year Financial Statement Announcement for the period ended 31 December 2018

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	Accumulated (Losses) / Profits	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Group</b>					
Balance as at 1/1/2017	145,105	340	7,635	13,586	166,666
<b>Total comprehensive income for the year</b>					
Total profit for the year	-	-	-	7,439	7,439
Other comprehensive income					
- Change in fair value on AFS financial assets	-	-	(157)	-	(157)
- Reversal due to redemption of AFS financial assets	-	-	(2,122)	-	(2,122)
	-	-	(2,279)	7,439	5,160
<b>Transaction with owners of the Company, recognised directly in equity</b>					
<i>Contribution by and distribution to owners of the Company</i>					
- Dividend paid	-	-	-	(1,995)	(1,995)
	-	-	-	(1,995)	(1,995)
<b>Balance as at 31/12/2017</b>	<b>145,105</b>	<b>340</b>	<b>5,356</b>	<b>19,030</b>	<b>169,831</b>
Balance as at 1/1/2018	145,105	340	5,356	19,030	169,831
<b>Total comprehensive loss for the year</b>					
Total loss for the year	-	-	-	(45,197)	(45,197)
Other comprehensive income					
- Changes in fair value on FVOCI financial assets	-	-	1,267	-	1,267
	-	-	1,267	(45,197)	(43,930)
<b>Transaction with owners of the Company, recognised directly in equity</b>					
<i>Contribution by and distribution to owners of the Company</i>					
- Redemption of FVOCI financial assets	-	-	(1,294)	-	(1,294)
- Reclassification adjustment from AFS financial assets to FVTPL financial assets	-	-	(4,000)	-	(4,000)
- Dividend paid	-	-	-	(2,011)	(2,011)
	-	-	(5,294)	(2,011)	(7,305)
<b>Balance as at 31/12/2018</b>	<b>145,105</b>	<b>340</b>	<b>1,329</b>	<b>(28,178)</b>	<b>118,596</b>

	Share Capital	Share Option Reserve	Accumulated (Losses) / Profits	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<b>Company</b>			
Balance as at 1/1/2017	145,105	340	3,167	148,612
Total profit and comprehensive income for the year *	-	-	1,102	1,102
Dividend paid	-	-	(1,995)	(1,995)
<b>Balance as at 31/12/2017</b>	<b>145,105</b>	<b>340</b>	<b>2,274</b>	<b>147,719</b>
Balance as at 1/1/2018	145,105	340	2,274	147,719
Total loss and comprehensive loss for the year *	-	-	(3,231)	(3,231)
Dividend paid	-	-	(2,011)	(2,011)
<b>Balance as at 31/12/2018</b>	<b>145,105</b>	<b>340</b>	<b>(2,968)</b>	<b>142,477</b>

\* There were no other comprehensive income / (loss) items.

## NET PACIFIC FINANCIAL HOLDINGS LIMITED

### Full Year Financial Statement Announcement for the period ended 31 December 2018

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

#### Share Capital

There were no changes in the Company's share capital between 31 December 2017 and 31 December 2018.

#### Share Options

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 / Maximum number of Shares to be issued upon exercise of the Options as at 31 December 2017	Number of Options lapsed / cancelled during FY2018	Maximum number of Shares to be issued upon exercise of the Options outstanding as at 31 December 2018	Exercise price per share	Exercise period
9 May 2011	20,750,000	-	20,750,000	S\$0.035	9/5/2012 to 8/5/2021
Total	20,750,000	-	20,750,000		

Save as disclosed above, the Company did not have any other convertibles or any treasury shares or any subsidiary holdings as at 31 December 2018 and 31 December 2017.

- 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 31/12/18	As at 31/12/16
Total number of issued shares excluding treasury shares	525,630,328	525,630,328

The Company did not have any treasury shares as at 31 December 2018 and 31 December 2017.

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

Not applicable. The Company did not have any treasury shares and there were no sales, transfers, cancellation or use of treasury shares as at 31 December 2018.

- 1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings as at 31 December 2018.

- 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.

## NET PACIFIC FINANCIAL HOLDINGS LIMITED

### Full Year Financial Statement Announcement for the period ended 31 December 2018

**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 2017, 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**

In December 2017, the Accounting Standards Council issued a new financial reporting framework – Singapore Financial Reporting Standards (International) (“**SFRS(I)**”), which is to be adopted by Singapore-incorporated companies listed on the SGX-ST, for annual periods beginning on or after 1 January 2018. SFRS(I) is identical to the International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group and the Company have adopted the new framework for the first time for financial year ended 31 December 2018 and has applied SFRS(I) 1 First time Adoption of Singapore Financial Reporting Standards (International) with effect from 1 January 2018. There are no changes to the Group’s current accounting policies or material adjustments on transition to the new framework. The adoption of the new SFRS(I) and its related interpretations is assessed to have no significant impact to the Group’s consolidated financial statements on the date of transition and for the current financial period reported on.

**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**

(Loss) / earnings per ordinary share	Group	
	FY2018	FY2017
- Basic (Hong Kong cents)	(8.60)	1.42
- Diluted (Hong Kong cents)	(8.60)	1.40

Basic (loss) / earnings per ordinary share in FY2018 was computed based on 525,630,328 shares (FY2017 : 525,630,328 shares) being the weighted average number of ordinary shares in issue during FY2018.

Diluted (loss) / earnings per ordinary share in FY2018 was computed based on 525,630,328 being the weighted average number of ordinary shares in issue during FY2018 (FY2017: 531,644,649 shares after including the dilutive effect of the outstanding Options as at 31 December 2017). The outstanding Options have no dilutive effect on the loss per ordinary share for FY2018 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 31/12/18	As at 31/12/17	As at 31/12/18	As at 31/12/17
Net asset value per ordinary share (Hong Kong cents)	22.56	31.71	27.11	28.27

Net asset value per ordinary share was computed based on the number of ordinary shares outstanding of 525,630,328 shares as at 31 December 2018 (31 December 2017: 525,630,328).

**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 People's 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**").

# NET PACIFIC FINANCIAL HOLDINGS LIMITED

## Full Year Financial Statement Announcement for the period ended 31 December 2018

### Consolidated statement of comprehensive income

The Group recorded lower revenue of HK\$3.7 million in the financial year ended 31 December 2018 ("FY2018"), as compared to HK\$12.5 million in the financial year ended 31 December 2017 ("FY2017"), details of which are as follows:

	FY2018	FY2017	Decrease	
	HK\$'000	HK\$'000	HK\$'000	%
Financing Business	3,724	12,487	(8,762)	(70)
Investments	-	7	(7)	NM
Total	<u>3,724</u>	<u>12,494</u>	(8,769)	(70)

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 revenue from Financing Business of HK\$3.7 million in FY2018 was HK\$8.8 million or 70% lower than the revenue of HK\$12.5 million in FY2017, due mainly to the absence of interest income from the loan portfolios in Australia. There is also no dividend income from available-for-sale investment in FY2018 following redemption arrangement with the customers in FY2017.

Revenue from Investments relates to the interest income arising from the Group's investments in short term financial instruments. As the Group disposed of the investment in short term financial instruments in early 2017, there was no revenue from investments in FY2018.

Other income in FY2018 includes a gain of HK\$4.0 million arising from the reclassification of the financial instruments from available-for-sale financial assets to financial assets at fair value through profit or loss. Other income in FY2017 refers mainly to foreign exchange gain of HK\$8.6 million arising from the revaluation of the Group's loan portfolio denominated in Australian Dollars ("AUD") as a result of appreciation of AUD against HK\$ in FY2017, as compared to foreign exchange loss of HK\$10.1 million in FY2018 (classified under "Other Expenses").

Total operating expenses of the Group (comprising marketing and distribution costs and administrative expenses) was HK\$1.2 million or 18% higher at HK\$7.4 million in FY2018, as compared to the total operating expenses of HK\$6.2 million in FY2017 mainly due to lower expenses in FY2017 as a result of reversal of over accrual of certain expenses in prior years.

Other expenses comprised mainly of the following:

- allowance for impairment loss of HK\$20.4 million in respect of the interest receivables of certain loan portfolio in Australia which was the subject of the conditional agreement entered on 12 November 2017 between Jetwin Investments Pty Ltd ("Jetwin"), an intermediary for the Group's loan portfolio in Australia and three borrower (3) companies in Australia ("Conditional Agreement"). The Company had on 14 November 2017 announced the Conditional Agreement, which is in relation to the conversion of loans of approximately AUD5,000,000 into shares of a partner company, subject to the satisfaction of various conditions including the successful listing of the shares of the partner company on the Australian Securities Exchange ("ASX"). Pursuant to the updates provided by the Company on 27 February 2018, 10 August 2018 in its unaudited results announcements and 13 February 2019 on profit guidance, the planned ASX listing of the partner company has been delayed. Subsequent to that, the Company learnt from the partner company that they had withdrawn the prospectus and would refresh its submission. However, there has been no further development to the planned ASX listing since then up to the date of this announcement. No agreement has also been reached with the partner company on the next course of action. Therefore, on prudence, provision has been made on the interest receivable portion from the loans.
- allowance for impairment loss of HK\$11.9 million in respect of the outstanding loan principal and interest receivables of an Australian loan guaranteed by an underwriter. The Company had entered into a settlement agreement on 31 December 2016 with the underwriter to claim the remaining net carrying value of the loan in three (3) instalments as the borrower in Australia had been placed under receivership in November 2016 (the "Settlement"). As disclosed in the Company's annual report for the financial year ended 31 December 2017, upon settlement of the first two (2) instalments in 2017 pursuant to the Settlement, the Group has agreed with the underwriter that the final instalment shall be repaid in shares of the partner company upon the successful listing of the partner company on the ASX. As there has been no further development to the planned ASX listing of the partner company (as explained above), and no agreement has been reached with the underwriter on other settlement options, provision has been made on the final instalment (both principal and interests) due from the underwriter on prudent basis.
- foreign exchange loss of HK\$10.1 million arising from the revaluation of the Group's loan portfolio denominated in AUD as a result of depreciation of AUD against HK\$ in FY2018
- change in fair value of HK\$3.0 million relating to the financial assets at fair value through profit or loss.

The Group's income tax expense of HK\$0.4 million in FY2018 was lower as compared to the income tax expense of HK\$1.0 million in FY2017, as there were no withholding tax provision due to absence of interest income from the loans extended to the Australian companies.

As a result of the foregoing, the Group reported a loss of HK\$45.2 million in FY2018 as compared to a net profit of HK\$7.4 million in FY2017.

## NET PACIFIC FINANCIAL HOLDINGS LIMITED

### Full Year Financial Statement Announcement for the period ended 31 December 2018

#### Consolidated statements of financial position

The Group's other investments relate to the Group's investment of HK\$10.0 million in financial assets at fair value through profit or loss and HK\$2.5 million in financial assets at fair value through other comprehensive income. The investments were reflected at a fair value of HK\$14.8 million as at 31 December 2018, based on the valuation provided by an independent valuer. The lower amount as at 31 December 2018 was mainly due to partial redemption of capital by one of the customers in FY2018.

The Group's total loans and advances, mainly to customers in Australia and the PRC, amounted to HK\$76.5 million as at 31 December 2018, all of which are current. The Group's loan portfolio at HK\$76.5 million, mainly denominated in AUD, was lower as at 31 December 2018 compared to HK\$86.4 million as at 31 December 2017, mainly due to the allowance for impairment loss of HK\$7.8 million in respect of the outstanding loan principal receivable from an underwriter (as explained above under "Other Expenses").

The Group's other receivables as at 31 December 2018 consisted mainly of interest and dividend income receivables. The Group's other receivables were lower at HK\$4.6 million as at 31 December 2018 as compared to HK\$36.1 million as at 31 December 2017 mainly because of the allowance for impairment loss of HK\$24.5 million in respect of interest receivables of certain loans (as explained above under "Other Expenses").

Other payables and accrued liabilities of the Group were lower at HK\$4.6 million as at 31 December 2018 as compared to HK\$8.4 million as at 31 December 2017 because of lower withholding tax related to the interest income from the loans extended to the Australian companies where allowance for impairment loss has been made.

#### Consolidated statements of cash flow

The Group's cash and cash equivalents stood at HK\$27.8 million as at 31 December 2018.

Net cash used in the operating activities was HK\$2.6 million in FY2018 due mainly to the operating loss in FY2018.

Net cash used in financing activities of HK\$2.0 million in FY2018 relates to the payment of the first and final dividend in respect of FY2017.

#### **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 there are signs that the credit market in the PRC is starting to loosen, the HKSAR and PRC market continues to be weak. While this continues to present uncertainties, it also presents opportunities to the Group's financing business which is targeted at small and medium-sized companies.

In light of the slow-down in the property market in Australia and uncertainty in the development for the existing loan portfolio, the Group will not increase its loan portfolio exposure to customers in Australia and focus on negotiations with the partner company on recovery.

The Directors are mindful of the current market sentiment and have been making effort to ensure that the Group's investment and credit risks are well managed. As the overall global economy continues to be challenging, the Directors will continue to be prudent in deploying capital as well as executing stringent due diligence for new investments in 2019.

In relation to the conversion of loans into shares of a partner company announced on 14 November 2017 and as updated by the Company on 27 February 2018, 10 August 2018 and 13 February 2019, there has been no development to the planned listing of the partner company. As the conversion is uncertain, the Company is currently in discussion with the partner company but has not reached any agreement with the partner company on the next course of action on the date of this announcement. The Company will provide further updates on the conversion and / or investment in the partner company, as and when there is material development.



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**Full Year Financial Statement Announcement for the period ended 31 December 2018**


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

Any dividend declared (recommended) for the current financial period reported on? **No**

**(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)	0.38
Total annual dividend	HK\$2,011,000
Tax Rate	Tax exempt (one-tier)

**(c) Date payable / (d) Books closure date** Not applicable

**12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision**

No dividend has been declared or recommended by the board of directors of the Company because the Group is not profitable in the current financial year.

**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 ("IPT"). There was no IPT with value of S\$100,000 and more entered into during the financial year.

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

Not applicable to announcement of full year results.

**15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company has procured signed undertakings from all its directors and executive officers based on Appendix 7H of the SGX-ST Catalyst Listing Manual.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT****16 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	
	FY2018 HK\$'000	FY2017 HK\$'000	FY2018 HK\$'000	FY2017 HK\$'000	FY2018 HK\$'000	FY2017 HK\$'000
<b>Revenue by segments</b>						
Total revenue by segments	3,724	12,487	-	7	3,724	12,494
External revenue	3,724	12,487	-	7	3,724	12,494
<b>Segment (loss) profit</b>	<b>(38,226)</b>	<b>13,692</b>	<b>-</b>	<b>3</b>	<b>(38,226)</b>	<b>13,694</b>
Unallocated expenses					(6,564)	(5,255)
(Loss) / profit before tax					(44,790)	8,439
Income tax expense					(407)	(1,000)
<b>(Loss) / profit for the year</b>					<b>(45,197)</b>	<b>7,439</b>

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**Full Year Financial Statement Announcement for the period ended 31 December 2018**


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	Financing Business		Investments		Consolidated	
	FY2018 HK\$'000	FY2017 HK\$'000	FY2018 HK\$'000	FY2017 HK\$'000	FY2018 HK\$'000	FY2017 HK\$'000
Segment assets	122,417	176,831	-	-	122,417	176,831
Unallocated assets					1,229	1,495
<b>Consolidated total assets</b>					<b>123,646</b>	<b>178,326</b>
Segment liabilities	1,930	5,803	-	-	1,930	5,803
Unallocated liabilities					3,120	2,692
<b>Consolidated total liabilities</b>					<b>5,050</b>	<b>8,495</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	
	FY2018 HK\$'000	FY2017 HK\$'000	FY2018 HK\$'000	FY2017 HK\$'000	FY2018 HK\$'000	FY2017 HK\$'000	FY2018 HK\$'000	FY2017 HK\$'000	FY2018 HK\$'000	FY2017 HK\$'000
<b>Revenue</b>										
External sales	-	-	3,124	2,818	600	3,701	-	5,975	3,724	12,494
<b>Non-current assets</b>	26	7	-	-	-	-	-	-	26	7

**17 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.

**18 A breakdown of sales**

	Group		
	FY2018	FY2017	+ / (-)
	HK\$'000	HK\$'000	%
(a) Sales reported for first half year	3,517	6,681	(47)
(b) Operating (loss) / profit after tax before deducting minority interests reported for first half year	(5,536)	10,183	(154)
(c) Sales reported for second half year	207	5,813	(96)
(d) Operating (loss) / profit after tax before deducting minority interests reported for second half year	(39,661)	(2,744)	1,345

**19 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

	FY2018 <sup>(1)</sup>	FY2017 <sup>(2)</sup>
	HK\$'000	HK\$'000
Ordinary	-	2,011
Preference	-	-
<b>Total</b>	<b>-</b>	<b>2,011</b>

(1) No dividend declared or proposed for the current financial period reported on.

(2) Based on the first and final dividend of 0.38 Hong Kong cents per share paid in respect of FY2017.

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**Full Year Financial Statement Announcement for the period ended 31 December 2018**


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**20 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	51	Sister of Chin Fook Lai, a non-executive director of the Company	<p style="text-align: center;"><u>Position</u> Administrative Manager</p> <p style="text-align: center;"><u>Duties</u> Overseeing the human resource and administrative functions of the group</p> <p style="text-align: center;"><u>First held</u> Year 2007</p>	No changes in duties and position held during the year.

**BY ORDER OF THE BOARD**

Ong Chor Wei @ Alan Ong  
Chief Executive Officer  
28 February 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not 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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Ms Tan Pei Woon, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg)*