MERDEKA

MERDEKA FINANCIAL SERVICES GROUP LIMITED
（萬德金融服務集團有限公司*）

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8163)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors of Merdeka Financial Services Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

On behalf of the Company, I am pleased to present the results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015. During the year, the Group is principally engaged in forestry, plantation business, trading business, including the trading of various brands of milk powder products to customers based in Hong Kong, information technology business and it has also diverged into financial services businesses that includes money lending and financial leasing.

BUSINESS AND OPERATION REVIEW

During the year, our production and operation in forestry and plantation was suspended due to the unstable investment environment in Timika, Indonesia, the trading business, the money lending business and the financial leasing business continued to grow healthily and the information technology business remained challenging.

Regarding the forestry project of the Group, in view of the news and travel alerts appeared throughout the year related to the continuing threat of terrorist attacks and communal clash occurred in Timika, the board of directors of the Company (the "Board") considered and resolved that the resumption of operation remained suspended during the year. As a result, the Group strived to grow the trading business which could provide a stable source of revenue. The Group sources the milk powder products directly from the milk powder product importers in Hong Kong and sells to (i) the bulk purchasers in Hong Kong; (ii) the pharmacies in Hong Kong; and (iii) the individual customers through e-commerce platform. On the other hand, the Group has actively pursued suitable business opportunities to further broaden the sources of revenue and cash inflows of the Group, taking into account the funding requirement and associated business risk. During the year, the Group suffered loss from its existing business, however, revenue and gross profit have been continuously improving as compared to the year 2014.

In reviewing its trading outlet's tenancy, the Group chose Sheung Shui as its location, at where, it is nearer to its customers. Besides, the variety of the products trading was enlarged during the year from milk powder and beauty products to confectioneries and pharmacy products. The Group had also commenced sourcing locally and from Japan and other Asia countries in respect of confectioneries. As such, the Group has registered as a food importer/food distributor under the Food Safety Ordinance.

The Group's information technology business remained challenging during the year, partly because of the keen competition and partly because of the change in project cycles of the customers. The Group is continuously consolidating different acquired entities into a single stream of income and shifting its mobile and cloud information technology centre into Mian Yang, the People's Republic of China ("PRC"), to its 60% owned subsidiary there, 綿陽恒達信息科技有限公司 (Mian Yang Heng Da Information Technology Limited*) ("Heng Da"). While developing its mobile and the cloud-based city Wi-Fi application software with the complimentary effects from the Group's trading arm, Source Easy Limited ("Source Easy") and its customer in the PRC, Heng Da commenced developing mobile and cloud based application software and operating related e-commence platform to trade the Group's consumer products in the PRC for Source Easy's trading products.

The business performance of the Group's another information technology subsidiary, Ever Hero Group Limited was failed to meet the Group's expectation because of unexpected market conditions and the longer-than-expected project cycle of the customers as well as facing keen market competition.

While focusing on its existing business, it is part of the business strategy of the Group to seek for new investments when opportunities arise. The Company commenced its money lending activities apart from its principal business in the late 2014. To accommodate and to facilitate this business development, the Group was granted and renewed, a money lenders licence in Hong Kong to carry on business as a money lender for a period of twelve (12) months from 2 December 2015. The Group is able to develop the money lending business as one of its principal lines of business by providing loans in a systematic and repetitive nature in its ordinary course of business, subject to compliance with the requirements in the Money Lenders Ordinance. Meanwhile, the Group has been approached by potential borrowers for provision of loans from time to time during the year.

Following the completion of the acquisition of Blossom Height Ventures Limited ("Blossom Height") as well as the capital injection for the sum of HK$48 million in cash into 恒河融資租賃(上海)有限公司 (Heng He Financial Lease (Shanghai) Company Limited*) ("Heng He") in August 2015 as its registered and paid capital for use as general working capital to facilitate the expansion of the financial leasing business, it has become the 56.97% indirect non-wholly-owned subsidiary of the Company, therefore, Heng He and the financial results of it was consolidated into the accounts of the Group and contributed profit to the Group during the year. During the year, Heng He had concluded nine financial leasing contracts in the aggregate amount of RMB941.2 million. The Directors believe that this acquisition will allow the Group, without setting up a new financing company, to further develop its financing related business in the PRC through a direct working capital injection, and subsequently to enjoy the benefits of the capital leverage in Heng He.

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In order to further expand and diverse the Company's business into financial services business, on 10 August 2015 (after trading hours), the Company entered into an acquisition agreement to purchase, subject to and pending for the approval being given by the Securities and Futures Commission (the "SFC") the entire shareholding of Xiaxin Securities (HK) Limited ("Xiaxin Securities"), a corporation licensed to carry out Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), at a cash consideration of HK$7.5 million. Since the percentage ratios (as defined under the GEM Listing Rules) in respect of this acquisition are less than 5%, it did not constitute a notifiable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. On the signing of the aforesaid acquisition agreement, the Company paid a refundable (in case of vendor default) and forfeitable (in case of purchaser default) deposit of HK$2.5 million to the existing shareholder of the securities company. The balance of the consideration shall be paid at the time of completion of this acquisition agreement.

FOREST CONCESSIONS

The Group carries out annual review of the recoverable amount of the forest concessions. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The Group engaged Roma Appraisals Limited ("Roma"), an independent qualified professional valuer not connected with the Group, to value the fair value of the forest concessions. The fair value of the forest concessions as at 31 December 2015 was approximately HK$Nil (2014: HK$29 million) based on the income based approach. Under the income based approach, the discounted cash flow method was adopted to calculate the present value of all the future cashflows. The discount rate adopted was 19.59% as at 31 December 2015 (2014: 21.06%).

The valuation was performed by Mr. Kelvin Luk of Roma. Mr. Luk is a member of the International Association of Consultants, Valuators and Analysts (IACVA). He has over ten years of experience in business valuation and consultation related to projects in Indonesia, Papua New Guinea, the People's Republic of China, Cambodia, Mozambique, the Philippines and etc.. The review led to the recognition of an impairment loss on forest concessions approximately HK$29 million (2014: approximately HK$170.8 million) in the statement of profit or loss for the year ended 31 December 2015.

In the past years, since the commencement of the forestry project, the Group has been investing in aggregate approximately HK$833.8 million (inclusive of approximately HK$784 million acquisition consideration) and as the forestry and plantation businesses did not progress as scheduled and was suspended and will remain suspended due to the uncertain prospects and political environment in Timika as well as the country of Indonesia, and from such experience gained, the Board, after considering the effectiveness in the future funds to be invested in the forestry project, resolved to write-off the above said value of forest concessions for HK$29 million totally against the statement of profit or loss for the year ended 31 December 2015.

CONVERTIBLE BONDS

Further to those convertible bonds that were issued by the Company on 12 August 2008 as part of the consideration for the acquisition of forest concessions in Papua, Indonesia (the "2008 CBs"), upon the completion of the acquisition of the entire issued share capital of Blossom Height, the Company issued convertible bonds in the principal amount of HK$40 million (the "2015 CBs") to the vendor, Yihua Enterprises Limited as part of the relevant consideration.

As at 31 December 2015, the Company had outstanding 2008 CBs of aggregate principal amount of approximately HK$124.1 million convertible into 335,681,818 Shares and 2015 CBs of aggregate principal amount of HK$40 million which will be compulsorily converted into 173,913,043 Shares.

Details of the convertible bonds issued by the Company as well as their movements during the year ended 31 December 2015 are disclosed in the notes to the financial statements of the annual report of the Company.

PROMISSORY NOTES

Following the completion of the acquisition of the Ever Hero Group Limited on 4 April 2014, and in accordance with the terms of the relevant acquisition agreement, the Company has issued the promissory note ("2014 PN") to the vendor pursuant to the terms of the promissory note instrument. On 19 March 2015 and 20 April 2015, the Company has partially redeemed each HK$10 million of the 2014 PN at a cash consideration respectively of each HK$10 million paid/payable to Hero Win Development Limited, the holder of the 2014 PN. However, as disclosed below and in its interim report dated 6 August 2015, since the profit guarantee for the year ended 31 December 2014 has not been met, the amount payable by the Company on redemption of the 2014 PN shall be reduced on a dollar for dollar basis by the amount for approximately HK$5.0 million. As a result, the total principal amount of outstanding 2014 PN is approximately HK$23.6 million at the end of this year.

Following the completion of the acquisition of the Blossom Height on 21 April 2015, and in accordance with the terms of the relevant acquisition agreement, the Company has issued the promissory note ("2015 PN") to the vendor pursuant to the terms of the promissory note instrument. The total principal amount of outstanding 2015 PN is HK$32 million at the end of this year.

Details of the promissory notes issued by the Company as well as their movements during the year ended 31 December 2015 are disclosed in the notes to the financial statements of the annual report of the Company.

PROFIT GUARANTEE IN RESPECT OF THE ACQUISITION OF 100% ISSUED SHARE CAPITAL OF EVER HERO GROUP LIMITED

On 4 April 2014, the Group completed the acquisition of the entire issued capital of Ever Hero Group Limited which is primarily engaged in providing information technology solution, web content development, and enterprise system maintenance services and in accordance with the terms of the relevant acquisition agreement dated 6 September 2012, the Vendor has given to and for the benefit of the Purchaser a profit guarantee of not less than HK$5 million and HK$8 million of net profit before taxation and before extraordinary items for the years ending 31 December 2013 and 2014 respectively. As confirmed by the auditor of the Company, with Guarantee Certificate received, the recorded actual profit before taxation and before extraordinary items of the Ever Hero Group was approximately HK$3.0 million, and thus, was failed to meet the 2014 profit guarantee which is due to the unexpected market conditions in 2014 and the longer-than-expected project cycle of the customers as well as facing keen market competition. As such, the 2014 PN shall be reduced on a dollar for dollar basis by the amount for approximately HK$5.0 million.

CONTINUING CONNECTED TRANSACTION

As disclosed in the Company's announcement dated 7 February 2014 and the circular dated 13 March 2014, in accordance with the acquisition agreement in relation to, inter alia, the acquisition of 100% issued share capital of Ever Hero Group Limited, on 21 February 2014, Netgenii Technology Limited as lender and Mr. Kong Lung Cheung, Jeff as borrower entered into a loan agreement pursuant to which the borrower would have agreed to repay to the lender the principal sum amount of HK$12,488,407 for a term of one calendar year commencing from 4 April 2014. The loan was non-interest bearing. The entering into of the loan agreement and the transactions contemplated thereunder constitute a non-exempt continuing connected transactions of the Company under Rule 20.35 of the GEM Listing Rules.

During the year 2015, the principal amount of the loan by Mr. Kong Lung Cheung, Jeff was fully settled.

The board of directors of the Company including all the independent non-executive directors have reviewed the continuing connected transactions set out above and have unanimously confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better terms; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditors were 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 HKICPA. The Company's auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 20.54 of the GEM Listing Rules. A copy of the auditors' letter has been provided by the Company to the Hong Kong Stock Exchange.

FUND RAISING ACTIVITIES OF THE COMPANY

In the past 12 months immediately prior to the date of this announcement, the Company has carried out the following fund raising activities:

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
10 May 2015	Open offer on the basis of two offer shares for every one Share held on the record date	HK$66.22 million	(i) as to not less than 80% for the capital injection into Heng He as its general working capital to facilitate the expansion of the financial leasing business; and (ii) the remaining for the general working capital of the Group	Approximately HK$48 million has been used for the capital injection into Heng He to support its financial leasing business in August 2015. Not less than HK$4.98 million will be used for the capital injection into Heng He. Approximately HK$6 million has been used as and approximately HK$7.24 million will be used for the general working capital of the Group as intended

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
17 August 2015	Placing of new Shares under general mandate	HK$8.50 million	to strengthen the general working capital base of the Company to finance its business development and/or to finance any future investment opportunities	HK$2.5 million has been paid as a refundable deposit to the existing shareholder of Xiaxin Securities pursuant to an acquisition agreement dated 10 August 2015. The remaining HK$6.0 million is deposited in bank and will be used as general working capital of the Company and/or to finance any investment opportunities as intended

Further to the above fund raising activities, on 12 November 2015 (after trading hours), the Company and Guoyuan Securities Brokerage (Hong Kong) Limited (the "Placing Agent"), as placing agent, entered into a placing agreement as supplemented by a supplemental agreement dated 30 November 2015 (together the "Placing Agreement") pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 245,000,000 placing shares, to not less than six placees who and whose ultimate beneficial owners would be independent third parties (as defined in the GEM Listing Rules) at a price of HK$0.170 per placing share that would be allotted and issued pursuant to the General Mandate granted to the Directors at the extraordinary general meeting of the shareholders of the Company held on 2 October 2015. However, the Placing Agent unilaterally terminated the Placing Agreement and the placing contemplated thereunder on 2 December 2015.

CAPITAL INJECTION AGREEMENT

On 14 December 2015 (after trading hours), Ideal Magic International Limited ("Ideal Magic"), an indirect wholly owned subsidiary of the Company, and 上海市巽離股權投資管理有限公司 (Shanghai Xunli Equity Investment Management Limited*) ("Shanghai Xunlin") entered into a capital injection agreement (the "Capital Injection Agreement") to increase the registered capital of Heng He from RMB170 million to RMB300 million. Pursuant to which Ideal Magic and Shanghai Xunli agreed to inject capital of approximately RMB84.1 million (approximately HK$101.8 million) and approximately RMB45.9 million, respectively, into Heng He by way of cash contribution. The shareholding percentage of both parties will remain the same before and after the increase in capital contribution in Heng He.

Shanghai Xunli is a substantial shareholder of Heng He. As such, Shanghai Xunli is regarded as a connected person of the Company at the subsidiary level and the Capital Injection constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. The Board has approved the Capital Injection Agreement and the independent non-executive Directors have confirmed that the terms of the Capital Injection Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Capital Injection Agreement is exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

As certain of the applicable percentage ratios calculated under Chapter 19 of the GEM Listing Rules in respect of the Capital Injection are above 25% but less than 100%, the Capital Injection constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 19 of the Listing Rules.

The Company will convene and hold an extraordinary general meeting ("EGM") of the shareholders of the Company for them to consider, and if thought fit, pass the resolution to approve the Capital Injection Agreement. A circular containing, among others, (i) details of the Capital Injection Agreement; and (ii) a notice of the EGM will be dispatched to the shareholders on or before 31 March 2016.

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CHANGE OF COMPANY NAME

As the Group's activities include financial services business, and in order to better reflect the future expansion and diversifications of the Company's business into the money lending business, including but not limited to property mortgage loans and trade financing and provide the Company with a fresh corporate identity and image, the Company proposed on 19 August 2015 to change the English name of the Company from "Merdeka Mobile Group Limited" to "Merdeka Financial Services Group Limited" and upon the English name change becoming effective, to adopt the Chinese name "萬德金融服務集團有限公司" to replace "萬德移動集團有限公司" for identification purposes only. The proposal on change of the Company name was approved by the shareholders during the extraordinary general meeting of the shareholders held 2 October 2015. The Certificate of Incorporation on Change of Name was issued by the Registry of Companies of the Cayman Islands on 2 October 2015. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registry of Hong Kong on 4 November 2015. The official effect of such change took place on 23 November 2015 when all new share certificates of the Company will be issued under the new name of the Company.

Also, following the above change of company name, the English and Chinese stock short names for trading in the shares of the Company on the Stock Exchange was changed from "MERDEKAMOBILE" to "MERDEKA FIN" and from "萬德移動" to "萬德金融" respectively with effect from 23 November 2015. The stock code of the shares remains as "8163".

LITIGATION

On 22 January 2015, the Company announced that a writ of summons was issued in the Court of First Instance of the High Court of Hong Kong by Au Kai To, Karel, as the plaintiff claiming against (i) End User Technology Limited, an indirect wholly-owned subsidiary of the Company, as the first defendant; (ii) the Company, as the second defendant; and (iii) Lau Chi Yan, Pierre, the managing director and executive director of the Company, as the third defendant for, inter alia, (1) specific performance of an agreement dated 2 May 2013 in relation to a discloseable transaction of the Company (details of which were disclosed in the announcement of the Company dated 2 May 2013); or (2) alternatively, the damages in the sum of HK$8,000,000 in lieu of specific performance; and (3) the interest; (4) further and/or other relief; and (5) the costs.

The Company have instructed legal representative to handle the matter, and was advised that the claim did not have merits as the agreement had been duly and completely performed. The three defendants, namely, the Company, its subsidiary and Mr. Lau Chi Yan, Pierre have filed the relevant statements of defence with the High Court accordingly.

GRANT OF SHARE OPTIONS AND REFRESHMENT OF SCHEME MANDATE LIMIT

On 19 August 2015, the Company proposed to the shareholders the grant of an aggregate of 233,000,000 share options to eligible participants to subscribe for the shares, representing approximately 20.28% of the shares in issue as at 19 August 2015, to the grantees. Such proposed grant was beyond the existing scheme mandate limit and is conditional on the approval of the shareholders. Besides, as exercise of the share options granted to certain Directors and directors of subsidiaries of the Company would entitle the corresponding participants to subscribe for shares (i) in excess of the individual limit; (ii) representing over 0.1% of the shares in issue on 19 August 2015; and/or (iii) in excess of HK$5 million, based on the closing price of the shares at 19 August 2015, the grant of the corresponding share options is also subject to approval by the shareholders. In addition, the Board proposes to seek the shareholders' approval for the grant of the refreshment of the scheme mandate limit.

All the above-said proposals were approved by the shareholders by passing a relevant ordinary resolutions during the extraordinary general meeting of the shareholders held 2 October 2015.

Details of the share options granted by the Company as well as their movements during the year ended 31 December 2015 are discussed and disclosed in section headed "Report of the Directors" and the notes to the financial statements of the annual report of the Company.

RESIGNATION OF NON-EXECUTIVE DIRECTOR

Mr. Wong Chi Man, due to his need in concentrating in his own professional career, resigned as a Non-executive director of the Company with effect from 27 November 2015. The Board thanks Mr. Wong for his contributions to the Company and the Group during his tenure of office.

OUTLOOK

The Board expects that the year of 2016, due to the occasional violence and armed attacks raised by the political tensions in Papua, including Timika where the project located at, as well as the continuing threat of terrorist attacks throughout the country of Indonesia, the forestry project in Indonesia will remain suspended, there will be no revenue generated from the Group's forestry and plantation business. Based on the reasons above and the past investment by the Group in relation to the project, the Board has compared the effectiveness of funds applicable in the project with the other steam of income of the Group and concluded and resolved that the resumption of the forestry project in the foreseeable future is not beneficial and unlikely.

On the other hand, trading business continues to provide a stable source of revenue to the Group and as the business is growing healthily, the Group is expanding its trading business into more variety of consumer products and into more geographical markets within the PRC.

For the information technology business, revenue would be mainly driven by the additional contribution from the consolidation of different acquired entitles into a single stream of income. The Group is also shifting its mobile and cloud information technology centre into Mian Yang, the PRC to Heng Da. Complementing the trading business with its information technology business, the Group intends to commence trading consumer products into the PRC through its customers there by developing mobile and cloud based application software and operating related e-commence platform in the PRC. Another opportunity to complement the business of the Group lied on the development of mobile and cloud based applications in relation to the financial services provided or to be provided by the Group, in terms of, namely, financial leasing, money lending and securities brokerage in accordance with the permission under the laws of Hong Kong and the PRC.

It is obvious that commencing from the establishment of the money lending business to the acquisition of Heng He, the Company is putting more weight on the financial services business.

Regarding the money lending business, the Company continuously receives enquiries from various customers, however, the Company is cautious in concluding the transaction in order to lower the risk in money-laundering and, more practical, the risk of bad debt. It is expected that the income from money lending business will grow steadily and healthily.

Following the injection into Heng He as agreed and the subsequent accounting treatment in light of the increase in percentage holding, it is expected that it will contribute profit to the Group in the year 2016. The Directors believe that this acquisition will allow the Group, without setting up a new financing company, to further develop its financing related business in the PRC through a direct working capital injection, and subsequently to enjoy the benefits of the capital leverage in Heng He. Looking forward, in view of the growth potential of the financial leasing industry in the PRC, the Directors consider that this acquisition will enhance the performance of the Group and the return to the Shareholders as a whole.

In order to further expand and diverse into the financial services and subject to and being approved by the SFC, the Company will have a 100% indirect owned securities company, namely, Xiaxin Securities, completion of the acquisition of which is expected to be in the first to second quarter this year.

Furthermore, the Company has already set up an indirect wholly owned subsidiary for starting up assets management business and to apply for a relevant license with the SFC in due course in an appropriate time.

APPRECIATION

I would like to express my gratitude to our management team and all staff for their hard work in the execution of the Group's strategies and operations during the past year. As approved by the shareholders in the annual general meeting held on 3 May 2012, the Company adopted a share option scheme, which could provide incentives and rewards to eligible participants for their contribution to the Group. Last but not the least, I wish to thank all shareholders, customers, suppliers, business partners, bankers, government authorities for their continuous support and confidence in the Group.

Cheung Wai Yin, Wilson
Chairman and Chief Executive Officer

Hong Kong
11 March 2016

ANNUAL RESULTS

The Board is pleased to announce that the consolidated annual results of the Group for the year ended 31 December 2015, together with the comparative figures for the previous year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
REVENUE	*4*	**131,398**	69,877
Cost of sales		**(112,685)**	(61,581)
Gross profit		**18,713**	8,296
Other income, other gains and losses	*4*	**(206)**	40,305
Operating expenses		**(15,247)**	(4,570)
Administrative expenses		**(9,603)**	(13,555)
Impairment of forest concessions		**(29,000)**	(170,811)
Impairment of prepayments, deposits and other receivables		**–**	(6,004)
Impairment of trade receivables		**(1,671)**	(2,130)
Impairment of goodwill		**(37,159)**	(16,519)
Written off of bad debts		**(2,233)**	–
Written off of inventories		**(1,249)**	–
Equity-settled share option expenses		**(26,400)**	–
Loss from operations		**(104,055)**	(164,988)
Finance costs	*5*	**(16,518)**	(15,111)
Share of results of an associate		**1,185**	–
LOSS BEFORE TAX	*6*	**(119,388)**	(180,099)
Income tax	*7*	**(4,004)**	(640)
LOSS FOR THE YEAR		**(123,392)**	(180,739)
Loss for the year attributable to:			
Owners of the Company		**(124,944)**	(172,225)
Non-controlling interests		**1,552**	(8,514)
		(123,392)	(180,739)
			(Restated)
LOSS PER SHARE			
Basic and diluted	*9*	**(HK$0.124)**	(HK$0.344)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(123,392)**	(180,739)
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translating of financial statements of overseas subsidiaries	**(5,512)**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(128,904)**	(180,739)
Total comprehensive loss attributable to:		
Owners of the Company	**(129,024)**	(172,225)
Non-controlling interests	**120**	(8,514)
	(128,904)	(180,739)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**5,841**	4,764
Forest concessions	*10*	**–**	29,000
Goodwill		**–**	34,000
Available-for-sale investments		**10,036**	–
Other financial asset		**–**	5,025
Financial lease receivables	*11*	**530,520**	–
Total non-current assets		**546,397**	72,789
Current assets			
Inventories		**3,952**	931
Trade receivables	*12*	**4,854**	7,132
Loan receivables	*13*	**7,451**	3,220
Prepayments, deposits and other receivables		**13,714**	26,620
Financial lease receivables	*11*	**488,077**	–
Deferred tax assets		**76**	–
Cash and cash equivalents		**52,839**	32,207
Total current assets		**570,963**	70,110
Total assets		**1,117,360**	142,899

	Notes	2015 *HK$'000*	2014 *HK$'000*
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*14*	**1,225**	30,643
Reserves		**14,454**	(17,709)
		15,679	12,934
Non-controlling interests		**68,015**	(9,472)
Total equity		**83,694**	3,462
Non-current liabilities			
Convertible bonds		**100,205**	87,803
Promissory notes		**47,627**	44,291
Finance lease obligation due more than one year		**1,968**	1,831
Bank borrowings due more than one year	*15*	**477,600**	–
Total non-current liabilities		**627,400**	133,925
Current liabilities			
Bank borrowings due within one year	*15*	**374,224**	**206**
Finance lease obligation due within one year		**899**	**519**
Trade payables	*16*	**19,869**	**2,193**
Other payables and accruals		**7,772**	**1,954**
Tax payable		**3,502**	**640**
Total current liabilities		**406,266**	**5,512**
Total liabilities		**1,033,666**	**139,437**
Total equity and liabilities		**1,117,360**	**142,899**
Net current assets		**164,697**	**64,598**
Total assets less total liabilities		**83,694**	**3,462**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company										
	Issued capital *HK$'000*	**Share premium account** *HK$'000* *	**Contributed surplus** *HK$'000* *	**Equity component of convertible bonds** *HK$'000* *	**Share option reserve** *HK$'000* *	**Capital reduction reserve** *HK$'000* *	**Exchange fluctuation reserve** *HK$'000* *	**Accumulated losses** *HK$'000* *	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
As at 1 January 2014	3,859	708,125	66,710	25,283	963	132,931	(54)	(879,454)	58,363	(1,650)	56,713
Changes in equity for 2014:											
Loss for the year	–	–	–	–	–	–	–	(172,225)	(172,225)	(8,514)	(180,739)
Other comprehensive loss	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive loss	–	–	–	–	–	–	–	(172,225)	(172,225)	(8,514)	(180,739)
Issue of rights shares	24,514	69,298	–	–	–	–	–	–	93,812	–	93,812
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	692	692
Partial redemption of convertible bonds	–	–	–	(2,555)	–	–	–	–	(2,555)	–	(2,555)
Issue of new shares upon placing	2,270	33,269	–	–	–	–	–	–	35,539	–	35,539
As at 31 December 2014 and 1 January 2015	30,643	810,692	66,710	22,728	963	132,931	(54)	(1,051,679)	12,934	(9,472)	3,462
Changes in equity for 2015											
Loss for the year	–	–	–	–	–	–	–	(124,944)	(124,944)	1,552	(123,392)
Other comprehensive loss	–	–	–	–	–	–	(4,080)	–	(4,080)	(1,432)	(5,512)
Total comprehensive loss	–	–	–	–	–	–	(4,080)	(124,944)	(129,024)	120	(128,904)
Issue of new shares upon placing	76	8,868	–	–	–	–	–	–	8,944	–	8,944
Issue of offer shares	766	65,272	–	–	–	–	–	–	66,038	–	66,038
Acquisition of subsidiaries	–	–	–	30,387	–	–	–	–	30,387	77,367	107,754
Capital reduction of issued shares	(30,260)	–	–	–	–	30,260	–	–	–	–	–
Grant of share options	–	–	–	–	26,400	–	–	–	26,400	–	26,400
As at 31 December 2015	1,225	884,832	66,710	53,115	27,363	163,191	(4,134)	(1,176,623)	15,679	68,015	83,694

* These reserve accounts comprise the consolidated reserves of approximately HK$14,454,000 (2014: (HK$17,709,000)) in the consolidated statement of financial position.

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). The adoption of new and revised HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in Note 2.

The consolidated financial statements have been prepared under historical cost convention except for financial instruments which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2. NEW AND REVISED HKFRSs APPLIED

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *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 HKAS 19 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 had 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 judgements 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 significant 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 amortisation 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 the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- 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 HKFRS 39 as applicable. The amendment 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.

- 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 acquisition of investment properties. The amendment has had no impact on the Group as the Group did not acquire any investment properties during the year and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") issued by the Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact on the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. SEGMENT REPORTING

For management purposes, the Group is organised into business units based on its products and services and has the reportable operating segments as follows:

(a) the trading business segment engaged in the trading of goods, components and accessories;

(b) the forestry business segment engaged in logging of trees, the operations of wood-processing factories and the sale of sawn timber, other timber and wood products;

(c) financial services business segment engaged in provision of financial leasing services and the provision of money lending services thereon;

(d) the information technology business segment engaged in distributorship of information technology products and the provision of relevant technical support services; and

(e) other business segment engaged in servicing business, such as training course provision.

Executive directors, who are the chief operating decision makers, monitor the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, finance costs, equity-settled share option expenses, as well as head office and corporate expenses are excluded from such measurement.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arose from the depreciation or amortisation of assets attributable to those segments.

Segment assets include non-current assets and current assets with the exception of certain assets unallocated to an individual reportable segment.

Segment liabilities include non-current liabilities and current liabilities with the exception of tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

For the year ended 31 December 2015

HK$'000	Trading business	Forestry business	Financial services business	Information Technology business	Others	Total	Unallocated	Group Total
Segment revenue:								
Revenue from external customers	93,141	–	32,214	5,535	508	131,398	–	131,398
Operating profit/(loss)	(4,330)	(29,000)	10,019	(38,914)	(13)	(62,238)	–	(62,238)
Interest income	–	–	20	1	–	21	79	100
Gain from bargain purchase arising on acquisition of subsidiaries	–	–	–	–	–	–	2,231	2,231
Finance costs	–	–	–	–	–	–	(16,518)	(16,518)
Share of result of an associate	–	–	1,185	–	–	1,185	–	1,185
Equity-settled share option expenses	–	–	–	–	–	–	(26,400)	(26,400)
Other expenses	–	–	–	–	–	–	(17,748)	(17,748)
Profit/(loss) before tax	(4,330)	(29,000)	11,224	(38,913)	(13)	(61,032)	(58,356)	(119,388)
Additions to non-current assets	182	–	1,156	120	–	1,458	1,485	2,943
Impairment of forest concessions	–	(29,000)	–	–	–	(29,000)	–	(29,000)
Impairment of trade receivables	(1,671)	–	–	–	–	(1,671)	–	(1,671)
Impairment of goodwill	–	–	–	(37,159)	–	(37,159)	–	(37,159)
Impairment of inventories	(113)	–	–	–	–	(113)	–	(113)
Written off of inventories	(1,249)	–	–	–	–	(1,249)	–	(1,249)
Written off of bad debts	(2,233)	–	–	–	–	(2,233)	–	(2,233)
Depreciation of property, plant and equipment	(67)	–	(148)	(64)	–	(279)	(1,552)	(1,831)

For the year ended 31 December 2014

HK$'000	Trading business	Forestry business	Financial services business	Information Technology business	Total	Unallocated	Group Total
Segment revenue:							
Revenue from external customers	53,200	–	396	16,281	69,877	–	69,877
Operating profit/(loss)	797	(128,579)	396	(17,818)	(145,204)	34	(145,170)
Interest income	–	–	–	–	–	175	175
Finance costs	–	(12,820)	–	(2,266)	(15,086)	(25)	(15,111)
Other expenses	–	–	–	–	–	(19,993)	(19,993)
Profit/(loss) before tax	797	(141,399)	396	(20,084)	(160,290)	(19,809)	(180,099)
Impairment of forest concessions	–	(170,811)	–	–	(170,811)	–	(170,811)
Impairment of prepayment, deposits and other receivables	–	–	–	(4)	(4)	(6,000)	(6,004)
Impairment of trade receivables	(1,732)	–	–	(398)	(2,130)	–	(2,130)
Impairment of goodwill	–	–	–	(16,519)	(16,519)	–	(16,519)
Depreciation of property, plant and equipment	(8)	–	(2)	(75)	(85)	(1,156)	(1,241)

As at 31 December 2015

HK$'000	**Trading business**	**Forestry business**	**Financial service business**	**Information Technology business**	**Other business**	**Total**	**Unallocated**	**Group Total**
Segment assets	**12,694**	**–**	**1,073,223**	**5,983**	**282**	**1,092,182**	**–**	**1,092,182**
Cash and cash equivalents	**–**	**–**	**–**	**–**	**–**	**–**	**18,118**	**18,118**
Other assets	**–**	**–**	**–**	**–**	**–**	**–**	**7,060**	**7,060**
Total assets	**12,694**	**–**	**1,073,223**	**5,983**	**282**	**1,092,182**	**25,178**	**1,117,360**
Segment liabilities	**(1,428)**	**(77)**	**(874,815)**	**(2,962)**	**(3)**	**(879,285)**	**–**	**(879,285)**
Convertible bonds	**–**	**–**	**–**	**–**	**–**	**–**	**(100,205)**	**(100,205)**
Promissory notes	**–**	**–**	**–**	**–**	**–**	**–**	**(47,627)**	**(47,627)**
Other liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**(6,549)**	**(6,549)**
Total liabilities	**(1,428)**	**(77)**	**(874,815)**	**(2,962)**	**(3)**	**(879,285)**	**(154,381)**	**(1,033,666)**

As at 31 December 2014

HK$'000	Trading business	Forestry business	Financial service business	Information Technology business	Total	Unallocated	Group Total
Segment assets	14,858	29,023	3,762	55,596	103,239	–	103,239
Cash and cash equivalents	–	–	–	–	–	29,249	29,249
Other assets	–	–	–	–	–	10,411	10,411
Total assets	14,858	29,023	3,762	55,596	103,239	39,660	142,899
Segment liabilities	(385)	(84)	(9)	(3,882)	(4,360)	–	(4,360)
Convertible bonds	–	–	–	–	–	(87,803)	(87,803)
Promissory notes	–	–	–	–	–	(44,291)	(44,291)
Other liabilities	–	–	–	–	–	(2,983)	(2,983)
Total liabilities	(385)	(84)	(9)	(3,882)	(4,360)	(135,077)	(139,437)

Geographical information

(a) Revenue from external customers

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**99,546**	69,877
Mainland China	**31,852**	–
	131,398	69,877

The revenue information is based on the location of the customers.

(b) Non-current assets

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Indonesia	**–**	29,000
Hong Kong	**4,851**	43,789
Mainland China	**990**	–
	5,841	72,789

The non-current asset information above is based on the location of assets.

Information about major customers

Revenues from customers contributing 10% or more of the total sales of the Group are as follows:

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Customer A – revenue from trading business – Hong Kong	**–**	19,800
Customer B – revenue from trading business – Hong Kong	**–**	14,128
Customer C – revenue from trading business – Hong Kong	**19,411**	–
	19,411	33,928

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, the value of services rendered and interest income from financial services business during the year. An analysis of revenue and other income is as follows:

	2015	2014
	HK$'000	*HK$'000*
Revenue:		
Revenue from trading business	**93,141**	53,200
Revenue from information technology business	**5,535**	16,281
Revenue from financial services business	**32,214**	396
Others	**508**	–
	131,398	69,877
Other income, other gains and losses		
Interest income on bank deposit	**100**	175
Gain on early redemption of convertible bonds	**–**	2,752
Gain on fair value upon extension of convertible bonds	**–**	39,480
Gain on bargain purchase arising from acquisition of a subsidiary	**2,231**	–
Loss on early redemption of promissory notes	**(2,549)**	(388)
Fair value change of other financial assets	**–**	(1,748)
Loss on promissory note arising on set off against other financial assets	**(464)**	–
Sundry income	**476**	34
	(206)	40,305

5. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Imputed interest charge on convertible bonds *(note 1)*	**12,402**	12,820
Imputed interest charge on promissory notes	**3,317**	1,489
Coupon interest charge on promissory note	**658**	738
Interest charge on bank borrowings	**–**	39
Interest charge on finance lease obligation *(note 2)*	**141**	25
	16,518	15,111

Note:

(1) The charge represents the imputed interest on the liability component of the convertible bonds for the year.

(2) Interest on financing the acquisition of motor vehicles.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2015	2014
	HK$'000	*HK$'000*
(a) Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	**9,019**	7,002
Equity-settled share-option expenses	**26,400**	–
Pension scheme contributions	**163**	199
	35,582	7,201
(b) Other items:		
Auditors' remuneration		
– Audit services	**720**	628
Depreciation of property, plant and equipment	**1,831**	1,241
Operating lease payments in respect of office premises	**2,384**	1,475
Loss on disposal of property, plant and equipment	**13**	15
Impairment of inventories	**113**	390
Written off of inventories	**1,249**	–
Written off of bad debts	**2,233**	–

7. INCOME TAX

Hong Kong Profits Tax was calculated at 16.5% (2014: 16.5%) of the estimated assessable profits arising in Hong Kong for both years. Taxes on profits assessable elsewhere have been calculated at the prevailing rates of tax based on existing legislation, interpretations and practices.

	2015	2014
	HK$'000	*HK$'000*
Hong Kong profits tax:		
– current year	**–**	640
– under provision in prior years	**1,828**	–
Enterprise income tax:		
– current year	**2,176**	–
	4,004	640

The tax charge for the year can be reconciled to the loss before tax using the statutory tax rate for the respective tax jurisdictions in which the Company and its subsidiaries are domiciled is:

	2015	2014
	HK$'000	*HK$'000*
Loss before tax	**(119,388)**	(180,099)
Tax at the applicable tax rate	**(19,699)**	(29,703)
Income not subject to tax	**(6,354)**	(18,797)
Expenses not deductible for tax purpose	**17,578**	47,041
Tax losses not recognised	**10,066**	2,096
Effect of different taxation rates of other countries	**585**	–
Tax under provided	**1,828**	3
Tax charge at the Group's effective rate	**4,004**	640

8. DIVIDEND

No dividend has been paid or declared by the Company during the year (2014: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

The calculation of basic and diluted loss per share is based on:

	2015	2014
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company used in the basic loss per share calculation	**(124,944)**	(172,225)

	Number of shares (thousands)	
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the year	**1,010,395**	500,427

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2015 and 2014 in respect of a dilution as the impact of the convertible bonds and share options outstanding had an anti-dilutive effect on the basic loss per share.

10. FOREST CONCESSIONS

	2015	2014
	HK$'000	*HK$'000*
Cost:		
As at 1 January and 31 December	**833,801**	833,801
Accumulated amortisation:		
As at 1 January and at 31 December	**(3,990)**	(3,990)
Accumulated impairment:		
As at 1 January	**(800,811)**	(630,000)
Impairment for the year	**(29,000)**	(170,811)
As at 31 December	**(829,811)**	(800,811)
Carrying amount:		
As at 31 December	**–**	29,000

Amortisation is charged on a unit of production basis over the estimated useful lives of forest concessions.

The Group acquired certain forest concessions in the Papua Province of Indonesia through acquisitions of subsidiaries. The forest concession rights cover the entire forest area of 313,500 hectares. This is a long term licence which allows logging, land clearing and plantation of oil palm trees.

In February 2016, the Company obtained an updated legal opinion and legal confirmation letter from Adi Prasetyo & Partners Law Firm, which confirmed that the location permit has been legally granted by the Head of Mimika Regency to the Company for allocation of forest areas in aggregate of 313,500 hectares, located in the Mimika Areas. The plantation business licence has been legally granted to the Company by the Governor of Papua, Indonesia. As such, the Company is legally permitted to carry out land clearing activities and to develop oil palm plantation business, including but not limited to carrying out felling, logging and harvesting of trees, and plantation activities within the Mimika Concessions Areas.

The Company commenced the process to apply to the National Land Agency for land use right to establish the right to use of land area for oil palm plantation activities according to plantation business licence or Governor Decree 35/2009. The legal opinion mentioned that as the Company has obtained all the licences and permits to carry out logging, harvesting and plantation activities, the application for land use right registration is merely a procedural matter. The land use right registration is relevant only to the plantation activities and is not required for the logging and forest clearing operations. It is expected that there will not be any legal impediment.

In 2014 and 2015, as the result of the unexpected delay of production due to communal conflicts and caused riots at the vicinity, the Group carried out a review of the recoverable amount of those concessions and related equipment. These assets are used in the Group's forestry business reportable segments. The recoverable amount of the relevant assets has been determined on the basis of their value-in-use. In addition, the Group engaged Roma Appraisals Limited, an independent qualified professional valuer not connected with the Group, to value the fair value of the forest concessions. The fair value of the forest concessions as at 31 December 2015 was approximately HK$Nil (2014: HK$29 million) based on the income based approach. The discount rate adopted was 19.59% as at 31 December 2015 (2014: 21.06%).

The review led to recognition of an impairment loss on forest concessions of HK$29 million which has been recognised in the profit or loss (2014: approximately HK$170.8 million).

11. FINANCIAL LEASE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Current financial lease receivables	**488,077**	–
Non-current financial lease receivables	**530,520**	–
	1,018,597	–

Amount receivable under finance leases

	Minimum lease payment		Present value of minimum lease payment	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Not later than one year	**521,179**	–	**488,077**	–
Later than one year	**593,570**	–	**530,520**	–
	1,114,749	–	**1,018,597**	–
Unearned finance income	**(96,152)**	–	**N/A**	–
Present value of minimum lease payment	**1,018,597**	–	**1,018,597**	–

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The average effective interest rate was approximately 5.2% per annum as at 31 December 2015.

Financial lease receivable balances are secured over the equipment held by the lessee. The Group is not permitted to sell or repledge the collateral in the absence of default by the leasee.

The financial lease receivables as at 31 December 2015 are neither past due nor impaired.

12. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**4,854**	7,132

The Group's trading terms with its customers are mainly on credit. The credit period is generally two months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has credit control procedures established to monitor credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**1,577**	3,207
31 to 60 days	**33**	2
61 to 120 days	**977**	2,468
Over 120 days	**2,267**	1,455
	4,854	7,132

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	2015	2014
	HK$'000	*HK$'000*
Not impaired	**4,854**	7,132

Receivables that were not impaired relate to customers for whom there were no recent history of default. The Group does not hold any collateral over these balances.

13. LOAN RECEIVABLES

The Group's loan receivables arose from the money lending business during the year.

Loan receivables bear interest at rates, and with credit periods, mutually agreed between the contracting parties. Loan receivables are secured by personal guarantees by the debtors/certain individuals. Overdue balances are reviewed regularly and handled closely by senior management.

The loan receivables at the end of the reporting period are analysed by the remaining period to contractual maturity date as follows:

	2015	2014
	HK$'000	*HK$'000*
Repayable:		
Within 3 months	**2,100**	2,200
3 months to 1 year	**5,351**	1,020
	7,451	3,220

The aged analysis of the loan receivables that are not individually nor collectively considered to be impaired is as follows:

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**5,901**	2,700
1 to 3 months past due	**1,550**	520
	7,451	3,220

The interest rate was fixed at the contract date. The average effective interest rate was at 1% to 2.5% per month as at 31 December 2015 (2014: 1% to 2% per month).

Loan receivables that were neither past due nor impaired relate to certain debtors for whom there was no recent history of default.

Loan receivables that were past due but not impaired relate to an independent debtor. The directors of the Company are of the opinion that no provision for impairment is necessary as the balance is considered fully recoverable.

14. SHARE CAPITAL

		Company	
		Number of shares	Nominal values
	Notes	*in '000*	*HK$'000*
Authorised:			
As at 1 January 2014			
Ordinary shares of HK$0.01 each		20,000,000	200,000
Share consolidation	*d*	(17,500,000)	–
As at 31 December 2014 and 1 January 2015			
Ordinary shares of HK$0.08 each		2,500,000	200,000
Share sub-division	*e(i)*	197,500,000	–
As at 31 December 2015			
Ordinary shares of HK$0.001 each		200,000,000	200,000
Issued and fully paid:			
As at 1 January 2014			
Ordinary shares of HK$0.01 each		385,850	3,859
Issue of shares under specific mandate	*a*	150,000	1,500
Issue of shares under general mandate	*b*	77,000	770
Issue of right shares	*c*	2,451,401	24,514
Ordinary shares of HK$0.01 each		3,064,251	30,643
Share consolidation	*d*	(2,681,220)	–
As at 31 December 2014 and 1 January 2015			
Ordinary shares of HK$0.08 each		383,031	30,643
Capital reduction	*e(ii)*	–	(30,260)
Ordinary shares of HK$0.001 each		383,031	383
Issue of offer shares	*f*	766,063	766
Issue of shares under general mandate	*g*	76,000	76
As at 31 December 2015			
Ordinary shares of HK$0.001 each		1,225,094	1,225

Notes:

(a) On 6 December 2013, the Company entered into a Specific Mandate ("SM") placing agreement with a placing agent whereby the Company conditionally agreed to place through the placing agent, on a fully underwritten basis, a total of 150,000,000 placing shares to not less than six placees at a price of HK$0.156 per SM placing share. The aggregate nominal value of the placing shares under the SM placing agreement was approximately HK$1,500,000. The net proceeds from SM Placing Shares would be used for expansions of the trading business and the information technology business, as well as for strengthening the general working capital base of the Company.

(b) On 21 February 2014, the Company entered into a General Mandate ("GM") placing agreement with a placing agent whereby the Company conditionally agreed to place through the placing agent, on a fully underwritten basis, a total of 77,000,000 placing shares to not less than six placees at a price of HK$0.171 per GM placing share. The aggregate nominal value of the placing shares under the GM placing agreement was approximately HK$770,000. The net proceeds from GM Placing Shares would be used for strengthening the general working capital to finance the business development and to finance any future investment opportunities of the Company.

(c) On 23 July 2014, the Company issued right shares on the basis of four right shares for every one existing share held on 11 April 2014, at the subscription price of HK$0.04 per right share with nominal value of HK$0.04 each, resulting in net proceeds of approximately HK$93.56 million, which would be used for the partial redemption of the convertible bonds and for strengthening the general working capital base of the Company to finance its business development and any future investment opportunities.

(d) On 3 September 2014, the Company proposed to effect the share consolidation which became effective on 26 September 2014 being approved by the shareholders that every eight existing shares of HK$0.01 each in both the issued and unissued share capital of the Company were consolidated into one consolidated share of H$0.08 each ("Share Consolidation").

(e) On 6 January 2015, the Company's proposal on the capital reorganization ("Capital Reorganisation") became effective. The Capital Reorganisation involved the following:

  (i) each authorised but unissued share of the Company was sub-divided into eighty shares so that the nominal value of each unissued share was reduced from HK$0.08 to HK$0.001 each; and

  (ii) the paid up capital of each issued share was reduced from HK$0.08 to HK$0.001 by cancelling the paid up capital to the extent of HK$0.079 so as to form a new share with nominal value of HK$0.001 each.

(f) On 10 August 2015, the Company issued offer shares on the basis of two offer shares for every one existing share held on 16 July 2015, at the subscription price of HK$0.09 per offer share with nominal value of HK$0.001 each, resulting in net proceeds of approximately HK$66.22 million, which would be used for (i) as to not less than 80% for the capital injection into Heng He as its general working capital to facilitate the expansion of the financial leasing business and (ii) the remaining net proceeds for strengthening the general working capital base of the Company to develop its existing information technology and trading businesses and/or to finance any future investment opportunities.

(g) On 17 August 2015, the Company entered into a General Mandate ("GM") placing agreement with a placing agent whereby the Company conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 76,000,000 Placing Shares, to not less than six placees at a price of HK$0.120 per GM placing share. The aggregate nominal value of the placing shares under the GM placing agreement was HK$76,000. The net proceeds from GM placing shares would be used for strengthening the general working capital to finance the business development and to finance any future investment opportunities of the Company.

15. BANK BORROWINGS

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Secured bank borrowings – repayable on demand	*a*	**206**	206
Secured bank borrowings – due within one year	*b*	**374,018**	–
		374,224	206
Secured bank borrowings – due more than one year, but not more than three years	*b*	**477,600**	–
		851,824	206

a The bank borrowings were secured by a personal guarantee given by a former director of a subsidiary of the Company. The interest rate of this bank borrowing was charged at 0.88% flat per month.

b The bank borrowings were secured by the finance lease assets held by the leasee with the carrying value of approximately RMB802.1 million (equivalent to approximately HK$957.8 million), as at 31 December 2015. The interest rate of the bank loans were ranged from 5.1% to 6.3% per annum.

16. TRADE PAYABLES

An aged analysis of trade payables as at the end of reporting period based on the invoice date, are as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**17,514**	597
31 to 60 days	**236**	–
61 to 120 days	**–**	53
Over 120 days	**2,119**	1,543
	19,869	2,193

FINANCIAL REVIEW

Highlights on financial results

(HK$'000, except percentage figures)	**Year ended 31 December** **2015**	2014
Revenue	**131,398**	69,877
Gross profit	**18,713**	8,296
Gross profit margin	**14.3%**	11.9%
Operating expenses	**(15,247)**	(4,570)
Administrative expenses	**(9,603)**	(13,555)
Non-cash items:		
Depreciation of property, plant and equipment*	**(1,831)**	(1,241)
Impairment of inventories	**(113)**	(390)
Written off of inventories	**(1,249)**	–
Written off of bad debts	**(2,233)**	–
Fair value change of other financial assets	**–**	(1,748)
Impairment of prepayments, deposits and other receivables	**–**	(6,004)
Impairment of forest concessions	**(29,000)**	(170,811)
Impairment of trade receivables	**(1,671)**	(2,130)
Impairment of goodwill	**(37,159)**	(16,519)
Equity-settled share option expenses	**(26,400)**	–
Gain on fair value upon extension of convertible bonds	**–**	39,480
Gain on early redemption of convertible bonds	**–**	2,752
Loss on early redemption of promissory notes	**(2,549)**	(388)
Loss on promissory notes arising on set off against other financial asset	**(464)**	–
Finance costs of convertible bonds and promissory notes	**(15,719)**	(14,309)
Loss for the year	**(123,392)**	(180,739)
Loss excluding non-cash items**	**(5,004)**	(9,431)

* *In 2015 and 2014, all of the depreciation of property, plant and equipment were included in the operating and administrative expenses.*

** *Loss for the year less non-cash items stated*

Discussion on financial results

Compared to last year, the Group recorded an increase of 88.0% in total revenue in 2015 with the reported revenue of approximately HK$131.4 million. The significant increase was mainly contributed by the rapid growth in trading business by strengthening the direct sale channel with the bulk purchasers and the local pharmacies. Further, we also enhanced ours product mix diversification by trading of more pharmaceutical and imported food products instead of focusing on cosmetic and dairy products in the past. On the other hand, the consolidation of financial lease business into the Group's result also provided a significant impact and reported the revenue of approximately HK$31.4 million since September 2015.

The sharp increase in gross profit was mainly due to the contribution of the consolidation of financial lease business segment of approximately HK$12.0 million. The trading business was also able to achieve a slight growth in gross profit margin from 4.8% in last year to 5.1% in 2015 with the reported gross profit of approximately HK$4.7 million. Combined with these factors, the reported gross profit ratio also rose to 14.3% from last year of 11.9%.

In light of the increasing operating activities carried out during the year, the overall operating and administrative expenses also increased correspondingly by 37.1% to approximately HK$24.9 million.

Apart from incurring the routine operating and administrative expenses, the Group also recorded several non-recurring expenses during the reported period such as recognizing an equity-settled share option expenses of HK$26.4 million due to the grant of 233 million share options to eligible person in August 2015. Further, the Group also incurred a loss of approximately HK$2.6 million in relation to an early redemption of HK$20 million principal of promissory notes made in March and April 2015.

Analysis by business segment

	Year ended 31 December			
(HK$'000)	**2015**	2014	**2015**	2014
	Revenue		**Profit/(loss) before tax**	
Trading business	**93,141**	53,200	**(4,330)**	797
Financial services business	**32,214**	396	**11,224**	396
Information technology business	**5,535**	16,281	**(38,913)**	(20,084)
Forestry business	**–**	–	**(29,000)**	(141,399)
Other business	**508**	–	**(13)**	–
	131,398	69,877	**(61,032)**	(160,290)

For trading business, although there was a significant growth in total revenue and continuous improvement in the gross profit ratio, the operating results remained unsatisfactory and reported a loss of approximately HK$4.3 million. As at year end, the management conducted a detailed analysis on the aging receivable and inventories balances and made for several impairments and provisions including recognizing a bad debt expense of approximately HK$2.2 million, providing an impairment of trade receivable of approximately HK$1.7 million and written off of obsolete inventories of approximately HK$1.4 million. The Group is committed to keep a closer look on the existing aging balances of both account receivables and inventories balances in order to strengthen the financial position and to minimize any potential losses in the long run.

Financial services business comprises of money lending business in Hong Kong and financial leasing business in the Mainland China. As described in the above paragraphs, the financial leasing business contributed the revenue of approximately HK$31.4 million to the Group after consolidating the results since September 2015. Both segments continued to provide growing opportunities and contribute a promising return to the Group.

Compared with last year, there was a significant decrease in revenue generated from the information technology business. Affected by the combined effect of the keen competition and the change in project cycles of the customers, the Group recorded the revenue of approximately HK$5.5 million in 2015 which represented nearly a 66% drop with reference to last year's revenue. Considering the future uncertainty of the business environment, the management considered that the goodwill arising on the prior years' acquisitions amounting to approximately HK$37.2 million should be written off in order to reflect the difficulties encountered by the Group in the recent periods.

As the forestry and planation businesses still did not operate during the year and it was unlikely to resume the operation in the foreseeable future, the forestry concession of HK$29 million was fully written off to current year profit and loss account.

Analysis by geographical segment

	Year ended 31 December			
	2015		2014	
(HK$'000, except percentage figures)	**Revenue**	**Proportion**	Revenue	Proportion
Hong Kong	**99,546**	**75.76%**	69,877	100%
Mainland China	**31,852**	**24.24%**	–	–
	131,398	**100%**	69,877	100%

Highlights on financial position

	As at 31 December	
(HK$'000, except percentage figures)	**2015**	2014
Property, plant and equipment	**5,841**	4,764
Forest concessions	**–**	29,000
Other Financing asset	**–**	5,025
Available-for-sale investments	**10,036**	–
Financial lease receivables	**1,018,597**	–
Trade receivables	**4,854**	7,132
Loan receivables	**7,451**	3,220
Cash and cash equivalents	**52,839**	32,207
Bank borrowings	**(851,824)**	(206)
Convertible bonds – liability component	**(100,205)**	(87,803)
Promissory notes	**(47,627)**	(44,291)
Finance lease obligation	**(2,867)**	(2,350)
Non-controlling interests	**68,015**	(9,472)
Equity attributable to owners of the Company	**15,679**	12,934

Discussion on financial position

The increase in property, plant and equipment was the addition of motor vehicles, leasehold improvement and certain office equipment. The current year addition also included the fixed assets arisen from the acquisition of Heng He and Heng Da during the year.

Due to the uncertain prospects and political environment in Timika, the forestry and plantation businesses did not progress as scheduled and it was not likely to resume the operation in the foreseeable future. In view of these facts, the Group continue to write down the forestry concessions which resulted in the written off of HK$29 million expensed in the current year's result.

Affected by the overall weaken economy in recent years, the profit guarantee for Ever Hero's Group net profit before tax and extraordinary items for the year ended 31 December 2014, which shall not be less than HK$8 million, has not been achieved. As such, the other financial asset has been fully set off against the 2014 PN on a dollar for dollar basis.

Financial lease receivables were wholly derived from the acquisition of Heng He which engages in financial leasing business in the Mainland China. The financial lease receivables as at 31 December 2015 are secured over the equipment leased and the balances were neither past due nor impaired and therefore, management considered that no provision was necessary to offset against the receivable balances.

The increase in cash and cash equivalents was mainly contributed by the two successful raising exercises of open offer and placing of shares during the year. Further, the Group also benefited from the growing financial leasing business driven by the Heng He since acquisition.

Significant increase in non-controlling interests was mainly contributed by the acquisition of Blossom Height and its subsidiaries during the year. As at 31 December 2015, the Group holds 56.97% of Heng He.

Capital structure and gearing ratio

	Year ended 31 December			
	2015		2014	
	HK$'000	***Proportion***	*HK$'000*	*Proportion*
Total borrowings				
– Bank borrowings	**851,824**	**83.66%**	206	0.14%
– Convertible bonds (liability component)	**100,205**	**9.84%**	87,803	59.50%
– Finance lease obligation	**2,867**	**0.28%**	2,350	1.59%
– Promissory notes	**47,627**	**4.68%**	44,291	30.01%
	1,002,523	**98.46%**	134,650	91.24%
Equity attributable to owners of the company	**15,679**	**1.54%**	12,934	8.76%
Total capital employed	**1,018,202**	**100%**	147,584	100%

As a result of the acquisition of Blossom Height and its subsidiaries during the year, the secured bank borrowings of Heng He had been consolidated into the Group's financial statement. Further, part of the consideration paid to the vendor was settled by the issuance of 2015 PN. These factors contributed to the rise of gearing ratio during the year that increased from 91.24% in 2014 to 98.46% in the current year.

During the year ended 31 December 2015, there was no conversion or redemption of the convertible bonds. The increase in the convertible bonds was solely due to the addition of the imputed interest during the year. As such, the outstanding principal amount of the convertible bonds remained approximately HK$124.1 million for both years with the maturity date due on 12 August 2017.

There are 2 batches of promissory notes collectively referred as 2014 PN and 2015 PN respectively. As at 31 December 2015, the outstanding principal and coupon interest of the 2014 PN amounted to approximately HK$26.6 million (2014: HK$51.7 million) which was due in April 2017. In April 2015, the Company issued the principal amount of HK$32 million of 2015 PN as part of the consideration to acquire the 40% equity interests in Heng He. The 2015 PN will be matured in October 2018.

Liquidity and financial resources

	As at 31 December	
(HK$'000)	**2015**	2014
Current assets	**570,963**	70,110
Current liabilities	**406,266**	5,512
Current ratio	**140.54%**	1,271.95%

As explained in the preceding paragraph above, both current assets and current liabilities of Heng He had been consolidated into the Group's financial statement since acquisition which included the financial lease receivables, cash and bank balances, account payable, other payable and short term bank borrowings. As a result, both current assets and current liabilities of the Group increased significantly that drove the current ratio down to 1.41 in 2015 from 12.7 in 2014.

As at 31 December 2015, the Group's cash and cash equivalents amounted to approximately HK$52.8 million (2014: HK$32.2 million). No cash and cash equivalents of the Group were pledged for general banking facilities as at 31 December 2015 and 2014. As at 31 December 2015, about 41.5% (2014: 95.8%) of the Group's cash and cash equivalents were deposits placed with licensed banks in Hong Kong, among which about 41.1% (2014: 95.8%) were denominated in Hong Kong dollars.

Foreign currency exposure

The Group's reporting currency is Hong Kong dollar. During the year ended 31 December 2015, most of the Group's transactions were denominated in Hong Kong dollars ("HK$") and Renminbi ("RMB"). The Group had exposure to the risk of exchange rate fluctuations for RMB on account of its cost of financial leasing and information technology operations in the Mainland China. The Group did not formally employ any hedging instruments or derivative products considering the relevant costs and benefits. However, the Group will continue to monitor closely the exchange rate risk.

Contingent liabilities

As at 31 December 2015, the Group did not have any significant contingent liabilities (2014: Nil).

Acquisition and disposal of subsidiaries and affiliated companies

Details of acquisition and disposal of subsidiaries during the year ended 31 December 2015 are disclosed in the notes to the financial statements of the annual report of the Company. Except for those disclosed in the annual report, the Group did not acquire or dispose of any material subsidiaries and affiliated companies during the year ended 31 December 2015.

Significant investments

The Group did not acquire or hold any significant investment during the year ended 31 December 2015 (2014: Nil).

Pledge of assets

As at 31 December 2015, the finance lease assets held by the leases with the carrying value of approximately RMB802.1 million (equivalent to approximately HK$957.8 million) had been pledged to the bank as security for the loan facilities of the Group (2014: Nil).

Capital commitments

As at 31 December 2015, the Group did not have any significant capital commitments (2014: Nil).

Employees and remuneration policy

As at 31 December 2015, the Group employed 35 staff (2014: 25). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitiveness. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits included provident fund contributions, medical insurance coverage and performance related bonuses. A share option scheme is also established to reward and motivate the employees of the Group.

Events after the reporting period

(1) On 22 January 2016 (after the trading hours), Heng He, 坤艮股權投資基金管理(上海)有限公司 (Kun Gen Equity Investment Fund Management (Shanghai) Limited*)("Kun Gen") and 上海華皓財務管理有限公司 (Shanghai Hua Hao Financial Management Limited*)("Shanghai Hua Hao") signed and executed the documents necessary for the formation of 萬德徵信有限公司 (Merdeka Credit Information Limited*)("Merdeka Credit"), namely, the memorandum and articles of association, the first directors' meeting minutes and the first shareholders' meeting minute (the "Necessary Documents") in relation to the formation of Merdeka Credit. It is expected that Merdeka Credit would be principally engaged in the provision of various kinds of credit information services to local and overseas institutional investors, financial institutions, regulatory authorities, government departments and economic research houses.

The registered capital of Merdeka Credit is RMB50 million (equivalent to approximately HK$60 million). Pursuant to the Necessary Documents, Heng He, Kun Gen and Shanghai Hua Hao will contribute 70%, 20% and 10% of the registered capital of Merdeka Credit respectively.

As the applicable percentage ratios for the transaction contemplated under the formation of Merdeka Credit exceed 5% but are less than 25%, the transaction constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements thereunder.

* *For identification purpose only*

(2) On 8 January 2016, (i) the Company, (ii) 國洲股權投資基金管理(上海)有限公司 (Guo Zhou Equity Investment Fund Management (Shanghai) Limited *)("Guo Zhou"); and (iii) Shanghai Xunli entered into a strategic cooperation agreement ("Strategic Cooperation Agreement"), pursuant to which, among other matters, definitive separate cooperation agreement would be negotiated and entered into when commencing any and all specific business. There is no specific term for the validity of the Strategic Cooperation Agreement.

    Shanghai Xunlin is a substantial shareholder holding 43.03% shareholding interest in Heng He, as such, Shanghai Xunli is regarded as a connected person of the Company at the subsidiary level, however, as the Strategic Cooperation Agreement did not involve any transaction and thus did not constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

FINAL DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2015.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, the directors and chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules:

* *For identification purpose only*

Interests and short positions in the shares and the underlying shares of the share options and the convertible bonds of the Company as at 31 December 2015

(i) Long positions in the shares of the Company:

Name of directors	Number of the shares interested and nature of interest Personal	 Founder of a discretionary trust	 Total	Approximate percentage of the total issued share capital of the Company (%)
Cheung Wai Yin, Wilson	557,814	98,437,500 *(note)*	98,995,314	8.08
Lau Chi Yan, Pierre	3,984,375	–	3,984,375	0.33

Note: As at the Latest Practicable Date, 98,437,500 Shares were owned by Ivana Investments Limited ("Ivana"), a company incorporated in the British Virgin Islands owned as to 100% by CW Limited, which in turn is wholly-owned by Asiatrust Limited, a trust company in its capacity as the trustee of a discretionary trust, the founder (as defined in the SFO) of which is Mr. Cheung Wai Yin, Wilson ("Mr. Cheung") and the discretionary objects which are family members of Mr. Cheung (including Mr. Cheung himself). Accordingly, Mr. Cheung is deemed to be interested in the relevant Shares of the purpose of the SFO. Mr. Cheung is also personally interested in 557,814 Shares.

(ii) Long positions in the underlying shares of the share options granted under the share option scheme of the Company:

Name of directors	Date of grant of the share options	Exercise period of the share options	Exercise price per share *HK$*	Number of the share options outstanding	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company *(%)*
Cheung Wai Yin, Wilson	19/8/2015	19/8/2015 - 18/8/2025	0.147	100,000,000	100,000,000	8.163
Lau Chi Yan, Pierre	19/8/2015	19/8/2015 - 18/8/2025	0.147	20,000,000	20,000,000	1.633
Yeung Mo Sheung, Ann	17/1/2013	17/1/2013 - 16/1/2023	2.130	16,483	16,483	0.001
	19/8/2015	19/8/2015 - 18/8/2025	0.147	1,000,000	1,000,000	0.082
Ng Kay Kwok	19/8/2015	19/8/2015 - 18/8/2025	0.147	1,000,000	1,000,000	0.082
Yip Kat Kong, Kenneth	19/8/2015	19/8/2015 - 18/8/2025	0.147	1,000,000	1,000,000	0.082

(iii) Long positions in the underlying shares of the convertible bonds of the Company:

Name of the holder of the convertible bonds	Principal amount of the convertible bonds *HK$*	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company *(%)*
Cheung Wai Yin, Wilson	110,000,000	297,619,048	24.29

Note: These convertible bonds (originally due on 12 August 2011 and extended to 12 August 2017) were issued by the Company on 12 August 2008 as part of the consideration to acquire the forestry business. They are unlisted, interest-free and convertible into the shares of the Company at the adjusted conversion price of HK$0.3696 per share of the Company (subject to adjustment according to the terms of the convertible bonds). The interest is held by Ivana, a company incorporated in the British Virgin Islands owned as to 100% by CW Limited, which in turn is wholly-owned by Asiatrust Limited, a trust company in its capacity as the trustee of a discretionary trust, the founder (as defined in the SFO) of which is Mr. Cheung and the discretionary objects which are family members of Mr. Cheung (including Mr. Cheung himself).

Save as disclosed above, as at 31 December 2015, none of the directors and chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' Interests in Shares and Underlying Shares" and "Share Option Scheme" above, at no time during the year ended 31 December 2015 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the directors and chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2015, the following persons (not being the directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

(i) Long positions in the shares of the Company:

Name of shareholders	Capacity and nature of interest	Number of the shares interested	Approximate percentage of the total issued share capital of the Company *(%)*
Asiatrust Limited *(Note)*	Trustee	98,437,500	8.04
CW Limited *(Note)*	Controlled corporation	98,437,500	8.04
Ivana	Beneficial owner	98,437,500	8.04

Note: The interest is held by Ivana, a company incorporate in the British Virgin Islands owned as to 100% by CW Limited, which in turn is wholly-owned by Asiatrust Limited, a trust company in its capacity as the trustee of a discretionary trust, the founder (as defined in the SFO) of which is Mr. Cheung and the discretionary objects of which are family members of Mr. Cheung (including Mr. Cheung himself).

(ii) Long positions in the underlying shares of the convertible bonds of the Company:

Name of the holder of the convertible bonds	Nature of Interest	Principal amount of the convertible bonds *HK$*	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company *(%)*
Asiatrust Limited *(Note 1)*	Trustee	110,000,000	297,619,048	24.29
CW Limited *(Note 1)*	Controlled corporation	110,000,000	297,619,048	24.29
Ivana	Beneficial owner	110,000,000	297,619,048	24.29
Yihua Enterprise Limited	Beneficial owner	40,000,000	173,913,043	14.20
Cheng Jun *(Note 2)*	Controlled corporation	40,000,000	173,913,043	14.20
Gao Yun Feng *(Note 2)*	Controlled corporation	40,000,000	173,913,043	14.20

Note 1: The interest is held by Ivana, a company incorporate in the British Virgin Islands owned as to 100% by CW Limited, which in turn is wholly-owned by Asiatrust Limited, a trust company in its capacity as the trustee of a discretionary trust, the founder (as defined in the SFO) of which is Mr. Cheung and the discretionary objects of which are family members of Mr. Cheung (including Mr. Cheung himself).

Note 2: The interest is held by Yihua Enterprise Limited, a company incorporated in the British Virgin Islands owned as to 50% by Mr. Cheng Jun and 50% by Mr. Gao Yun Feng.

Save as disclosed above, the directors and chief executive of the Company are not aware that there is any party who, as at 31 December 2015, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") was adopted by the shareholders of the Company in the annual general meeting of the Company held on 3 May 2012 and was effective from that date. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption.

As at 31 December 2015, there were 233,404,981 share options outstanding under the Share Option Scheme. Based on these outstanding share options, the total number of shares available for issue is 233,404,981, which represents approximately 19.05% and 19.05% of the total issued share capital of the Company as at 31 December 2015 and the date of this announcement respectively.

Details of the movements of the share options under the Share Option Scheme during the year were as follows:

Name	Number of share options						Date of grant of the share options	Exercise period of the share options	Price of the shares before the date of grant *(Note 2)* per share	Original exercise price of the share options *(Note 1)* per share	Adjusted exercise price of the share options after open offer *(Note 1)* per share
	Outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Adjusted because of open offer *(Note 1)*	Cancelled/ Lapsed During the period	Outstanding as at 31 December 2015					
Executive director											
Cheung Wai Yin, Wilson	–	100,000,000	–	–	–	100,000,000	19/8/2015	19/8/2015 – 18/8/2025	0.147	0.147	–
Lau Chi Yan, Pierre	–	20,000,000	–	–	–	20,000,000	19/8/2015	19/8/2015 – 18/8/2025	0.147	0.147	–
Independent non-executive director											
Yeung Mo Sheung, Ann	10,439	–	–	6,044	–	16,483	17/1/2013	17/1/2013 – 16/1/2023	0.010	3.360	2.130
	–	1,000,000	–	–	–	1,000,000	19/8/2015	19/8/2015 – 18/8/2025	0.147	0.147	–
Ng Kay Kwok	–	1,000,000	–	–	–	1,000,000	19/8/2015	19/8/2015 – 18/8/2025	0.147	0.147	–
Yip Kat Kong, Kenneth	–	1,000,000	–	–	–	1,000,000	19/8/2015	19/8/2015 – 18/8/2025	0.147	0.147	–
Employees and other eligible participants											
Employees	26,833	–	–	15,534	–	42,367	30/5/2012	30/5/2012 – 29/5/2022	0.017	5.680	3.600
	–	40,000,000	–	–	–	40,000,000	19/8/2015	19/8/2015 – 18/8/2025	0.147	0.147	–
Other eligible participants	210,268	–	–	121,735	–	332,003	30/5/2012	30/5/2012 – 29/5/2022	0.017	5.680	3.600
	8,948	–	–	5,180	–	14,128	17/1/2013	17/1/2013 – 16/1/2023	0.010	3.360	2.130
	–	70,000,000	–	–	–	70,000,000	19/8/2015	19/8/2015 – 18/8/2025	0.147	0.147	–
	256,488	233,000,000	–	148,493	–	233,404,981					

Notes:

1. Pursuant to the terms and conditions of the Share Option Scheme, the number and the exercise price of the share options is subject to adjustment in the case of capitalisation issue, rights issue, subdivision or consolidation of the shares of the Company, or other similar changes in the Company's share capital.

2. The price of the shares of the Company before the date of the grant of the share options is the closing price of the shares of the Company as quoted on the Stock Exchange on the trading day immediately before the date on which the share options were granted.

Save as disclosed above, at the date of this announcement, no other share options were exercised subsequent to the balance sheet date.

During the year ended 31 December 2015, 233,000,000 share options were granted by the Company.

The fair value of the share options granted during the year ended 31 December 2015 was approximately HK$26,400,000 (2014: HK$Nil) of which the Group recognised a share option expense of approximately HK$26,400,000 (2014: HK$Nil) during the year.

No other feature of the share options granted was incorporated into the measurement of fair value.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

The Group has commissioned itself to become a high-growth player in pursuing excellence in operations, at the same time we are dedicated to become a "Green Corporation" that explores business opportunities in this new and exciting sustainable world. We see no conflict in becoming a profit making entity simultaneously being a Green Corporation.

The Board understands that it is important to involve itself in preparing the environmental, social and governance ("ESG") report that summarises and reports the Group's ESG activities and performance in the year 2015 and it has extended its full support to the Secretary of the Company, who is reporting directly to the Board and is responsible for the task of compiling the ESG report which will be contained in and published together with our 2015 Annual Report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has always recognised the importance of the transparency and accountability to shareholders of the Company (the "Shareholders"). It is the belief of the Board that the Shareholders can maximise their benefits from good corporate governance. The Company is committed to maintaining and ensuring high standards of corporate governance in the interests of the Shareholders. Throughout the year ended 31 December 2015, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules, except for the following deviations from the code provisions of the Code:

Code Provision A.2.1

The Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

There is no separation of the roles of chairman and chief executive officer as set out in the Code Provision A.2.1.

Mr. Cheung Wai Yin, Wilson currently assumes the roles of both the chairman and chief executive officer of the Company. Traditionally, the chief executive officer of the Company also assumes the role of the chairman of the Company because it is believed that the structure of the Board ensures the balance of power and authority therefore no need to segregate the roles of the chairman and chief executive officer of the Company. Mr. Cheung Wai Yin, Wilson, has substantial experience that is essential to fulfilling the role of the chairman of the Company, at the same time, he has the appropriate management skills and business acumen that are the pre-requisites for assuming the role of the chief executive officer of the Company in the day-to-day management of the Group.

The Board is currently composed of five directors including three independent non-executive directors with a balance of skills and experience appropriate for the requirements of the Group. Furthermore, the roles of the management of the Company's major operating subsidiaries are performed by the managing director and other individuals. The balance of power and authority is therefore ensured by the current structure of the Board. Whilst it does not believe that such role separation will improve the corporate performance, the Board, as well as the Company, intends to comply with this code provision by seeking and appointing suitable candidate with appropriate background, acknowledge, experience and calibre to assume the role as the chairman of the Company.

Code Provision A.4.2

The Code Provision A.4.2 provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the articles of association of the Company, any director appointed to fill a casual vacancy shall hold office only until the next following AGM and shall then be eligible for re-election.

The Board considers that the Company is in compliance with paragraph 4(2) of Appendix 3 under the GEM Listing Rules and such a deviation is not material as casual vacancy is expected seldom happens and duration between appointment to fill casual vacancy and the immediate following AGM is less than one year and is considered to be short.

Pursuant to the articles of association of the Company, the Chairman and the managing director of the Company shall not be subject to retirement by rotation or also not be taken into account in determining the number of directors to retire in each year. The Board considers that the continuity of the Chairman and the managing director and their leaderships will be essential for the stability of the key management of the Board. On the other hand, the Board will ensure that the directors of the Company other than the Chairman and the managing director will rotate at least once every three years in order to comply with the Code Provision A.4.2.

Model Code For Securities Transactions By the Directors

The Company has not adopted a code of conduct nor established written guidelines regarding the securities transactions by the directors and relevant employees of the Company but has applied the principles of the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all directors of the Company and the Company is not aware of any non-compliance with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 December 2015.

Nomination Committee

The Company has established a nomination committee (the "Nomination Committee") with specific written terms of reference in line with the code provisions under the Code. The Nomination Committee consists of five members comprising three INEDs, namely Ms. Yeung Mo Sheung, Ann, Mr. Ng Kay Kwok and Mr. Yip Kat Kong, Kenneth, and two executive directors, namely Mr. Cheung Wai Yin, Wilson and Mr. Lau Chi Yan, Pierre. The chairman of the Nomination Committee is elected by the members who are present at the meeting.

Remuneration Committee

The Company has established a remuneration committee (the "Remuneration Committee") with specific written terms of reference in line with the code provisions under the Code. The Remuneration Committee consists of five members comprising three INEDs, namely Ms. Yeung Mo Sheung, Ann, Mr. Ng Kay Kwok and Mr. Yip Kat Kong, Kenneth, and two executive directors, namely Mr. Cheung Wai Yin, Wilson and Mr. Lau Chi Yan, Pierre. The chairman of the Remuneration Committee is elected by the members who are present at the meeting.

Audit Committee

The Company has established the Audit Committee in 2001 with specific written terms of reference formulated in accordance with the requirements of the GEM Listing Rules. The primary duties of the Audit Committee are to ensure the objectivity and credibility of the Company's financial reporting and internal control procedures as well as to maintain an appropriate relationship with the external auditors of the Company.

The Audit Committee consisted of three members comprising three INEDs, namely Ms. Yeung Mo Sheung, Ann, Mr. Ng Kay Kwok and Mr. Yip Kat Kong, Kenneth for the year ended 31 December 2015, one of whom is a qualified accountant and has extensive experience in accounting and financial matters. The chairman of the Audit Committee is elected by the members who are present at the meeting. All members of the Audit Committee hold the relevant industry or legal, accounting and financial experience necessary to give advice on the Board's strategies and other related matters. All members of the Audit Committee have complete and unrestricted access to the external auditors and all employees of the Company.

The Audit Committee has reviewed the consolidated annual results of the Group for the year ended 31 December 2015, and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE COMPANY

Each of the INEDs of the Company has filed a written confirmation to the Company confirming his independence pursuant to Rule 5.09 of the GEM Listing Rules and has undertaken to inform the Stock Exchange and the Company as soon as practicable if there is any subsequent change in circumstances which may affect his independence. As at the date of this Announcement, the Board still considers the INEDs of the Company to be independent. Two of the three INEDs of the Company are not appointed for any specific terms, but they are subject to retirement by rotation and re-election at the AGM of the Company in accordance with the articles of association of the Company.

THE COMPANY SECRETARY

The Company has appointed and employed, on a full time basis, Mr. Lai Yau Hong, Thomson as the company secretary. He is an associate member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries and is an individual who, by virtue of his professional qualifications and relevant experience, is, in the opinion of the Board, capable of discharging the functions of company secretary. During the year ended 31 December 2015, the company secretary has taken over 15 hours of relevant professional training.

The company secretary is responsible not just for taking minutes of the Board's meetings but also for supporting the board by ensuring good information flow within the Board and that board policy and procedures are followed and for advising the Board through the Chairman and the CEO on governance matters and also for facilitating induction and professional development of directors.

The company secretary reports to the Chairman and the CEO while all directors have access to the advice and services of him to ensure that board procedures, and all applicable law, rules and regulations, are followed.

A physical board meeting is required to be held to discuss and approve any change in the company secretary.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2015.

PUBLICATION OF THE ANNUAL RESULTS, ANNUAL REPORT, ESG REPORT AND CORPORATE GOVERNANCE REPORT

The results announcement of the Company for the year ended 31 December 2015 will be published and remains on the website of the Company at http://www.merdeka.com.hk and will remain on the GEM website at http://www.hkgem.com on the "Latest Listed Company Information" page for at least seven days from the day of its publication. The Company's annual report, ESG report and corporate governance report will be despatched to the Shareholders and made available on the websites of the Company and the Stock Exchange on or before 18 March 2016.

ANNUAL GENERAL MEETING

The notice of the 2016 AGM of the Shareholders will be published and despatched to the Shareholders in the manner as required by the GEM Listing Rules in due course.

By Order of the Board of
Merdeka Financial Services Group Limited
Cheung Wai Yin, Wilson
Chairman and Chief Executive Officer

Hong Kong, 11 March 2016

As at the date of this announcement, the directors of the Company are:

Executive Directors:
Mr. Cheung Wai Yin, Wilson *(Chairman and Chief Executive Officer)*
Mr. Lau Chi Yan, Pierre *(Managing Director)*

Independent Non-executive Directors:
Ms. Yeung Mo Sheung, Ann
Mr. Ng Kay Kwok
Mr. Yip Kat Kong, Kenneth

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Listed Company Information" page for at least seven days from the day of its publication and posting and will be published and remains on the website of the Company at http://www.merdeka.com.hk.