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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 AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

CHARACTERISTICS OF THE GEM ("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 (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 Merdeka Financial Services Group Limited, I am pleased to present the 2018 annual report of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018. During the year, the Group is principally engaged in financial services business, trading business and information technology business. Financial services business and trading business continued to grow healthily. However, the Group may experience bottleneck in the future development of financial leasing business in the People Republic of China (the "**PRC**") market.

BUSINESS AND OPERATION REVIEW

Since 2015, the Company has started its financial services business from money lending to brokerage to asset management in Hong Kong and financial leasing business in the PRC.

Trading business

Trading business continues to provide a stable source of revenue to the Group during the year under review. The business is running steadily but competitive with a thin profit margin, the Group is expanding its trading business into more variety of consumer products. The Group's trading outlet is located in Sheung Shui, where is nearer to its customers visiting Hong Kong from the PRC. The variety of the Group's trading products has been enlarged to confectioneries and pharmacy products and sourced locally and from overseas, such as Japan and other Asia countries. Furthermore, after registered as a food importer/food distributor under the Food Safety Ordinance, the Group has been ordering OEM products from Asia countries that include Japan and Malaysia. Recently, such registration has been renewed.

Financial services business

The financial services business includes securities brokerage business, money lending business, asset management business and financial leasing business.

Merdeka Capital Limited ("**Merdeka Capital**"), besides in developing its securities brokerage business, has been continuously exploring the opportunities in developing a more profitable business in taking up the role as a book-runner as well as a lead manager in respect of issuance of debts listed worldwide. In addition, Merdeka Capital will explore opportunities in developing retail brokerage and/or margin financing business.

For the money lending business, the Group has been approached by potential borrowers for provision of loans from time to time but the management is cautious in making provision of loans to avoid possible bad debts.

Heng Asset Management Limited is continuing its asset management business with discovering further development on fund management including listed securities, bonds and private direct investments.

During the year under review, 恒河融資租賃（上海）有限公司 (Heng He Finance Lease (Shanghai) Company Limited*) ("**Heng He**") continuously earns interest income derived from the existing finance lease contracts. However, the financial leasing market in the PRC is highly fragmented and competitive, Heng He faced various competitions from other financial leasing companies of different sizes in the PRC. Those commercial banks referring customers previously were not be willing to or were not be able to refer new customers with larger business size due to their tightening fiscal policy and stricter lending conditions.

As at 31 December 2018, Heng He had the following material finance lease contracts in an aggregate amount of RMB205.0 million. Details of the finance lease contracts are as follows:

	Principal Amount *(RMB'000)*	**Date**	**Tenor**	**Interest rate per annum**
Customer A *(Note 1)*	25,000	20 January 2017	3 years	6.18%
Customer B *(Note 2)*	65,000	18 August 2016	3 years	6.18%
Customer C *(Note 3)*	115,000	20 October 2016	3 years	5.10%

Notes:

1. A company incorporated in the PRC which is principally engaged in embroidery processing.

2. A company incorporated in the PRC which engages in digital networking and information technology development.

3. A company incorporated in the PRC which specialized in the provision of heat supply and industrial use steam.

Information technology business

During the year under review, 綿陽恒達信息科技有限公司 (Mian Yang Heng Da Information Technology Limited*) ("**Heng Da**"), has been developing mobile and cloud based application software, operating related e-commence platform and also franchised a mobile game licence from a provider to market and ran exclusively a mobile game platform in Mian Yang city of Sichuan province, the PRC.

However, the information technology business remained challenging due to the keen competition, high staff turnover and the rapid change in project cycles of the customers during the year under review. Heng Da continues to incur operating losses and the management expects the operation will not become profitable in the coming years. As such, the Group decided to dispose its entire 60% equity interests in Heng Da to an independent third party for a cash consideration of RMB10,000 in December 2018. Currently, the disposal is pending for the approval from the Mian Yang government. Once the disposal is approved, Heng Da will be no longer the subsidiary of the Group.

OUTLOOK

Trading business

Although the competition in the trading business is fierce, the Group is expanding the variety of its selling products to maintain the competitiveness and secure the Group's source of revenue.

Financial services business

The Group is currently holding licenses to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**"). In the coming years, the Group will put more resources in developing these regulated activities.

Due to the keen competition in the securities brokerage operation, the profit margin on regular brokerage and securities trading is very slim. The Group will continue to grasp opportunities to act as book-runner and lead managers on financing exercise in order to strengthen the revenue base.

It is expected that economic policies and Sino-US trade disputes will continue to cause stock market fluctuation. However, certain Chinese companies with reasonable valuations, excellent management and good competitive landscape will still achieve outstanding performance growth, which will improve stock price. On the other hand, the stock price of some companies with higher valuations but without performance as its support will be probably challenged by downside risks. The Group will continue to seek growth in both scale and performance in the coming years.

For the money lending business, the Group remains cautious in concluding loans in order to mitigate the risk in money-laundering and bad debts.

In light of the current severe global business environment and capital requirement encountered in the financial leasing business, the Group may experience bottleneck in its business development due to fierce competition. The Group expects that the development will remain sluggish in the coming future.

Given the steady increment of the listed companies in Hong Kong, the Group anticipates the demand from Hong Kong listed issuers requesting for professional services in relation to corporate governance matters and compliance with the appropriate local rules governing the listed companies in Hong Kong and other relevant legal and regulatory requirements will persist. On 28 February 2019, the Group completed an acquisition of entire interest in Veda Corporate Services Limited and its subsidiaries which are engaged in the provision of company secretarial services. The Group expects the acquisition will enhance the source of revenue in future.

Furthermore, the Group will continue to seize other growth opportunities to enhance competitiveness to strive for the best return to the shareholders of the Company.

CONVERTIBLE BONDS

Further to the convertible bonds issued by the Company on 12 August 2008 (the "**2008 CB**") as part of the consideration for the acquisition of forest concessions in Papua, Indonesia, the Company issued further convertible bonds on 21 April 2015 (the "**2015 CB**") in the principal amount of HK$40.0 million as part of the consideration for the acquisition of the entire issued share capital of Blossom Height.

As at 31 December 2018, the Company had outstanding 2008 CB and 2015 CB of aggregate principal amounts of approximately HK$124.1 million and HK$40.0 million respectively which could be converted into 1,305,978,947 shares of the Company (the "**Shares**") and 173,913,043 Shares accordingly.

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 (the "**High Court**") by Mr. Au Kai To Karel, as the plaintiff claiming against (i) End User Technology Limited ("**End User**"), an indirect wholly-owned subsidiary of the Company, as the 1st defendant; (ii) the Company, as the 2nd defendant; and (iii) Lau Chi Yan Pierre, the managing director and executive director of the Company, as the 3rd 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. Formal trial was held on 4–7 September 2017.

On 29 September 2017, the Company received a judgement dated 29 September 2017 handed down by the High Court (the "**Judgement**") ordering, among others, that the Company and End User, to pay, jointly and severally, damages to Mr. Au Kai To Karel in the sum of HK$4.4 million.

As announced by the Company in its announcement dated 14 November 2017, the Company has appealed against the Judgment by way of Notice of Appeal filed on 25 October 2017 with the Court of Appeal. The Company's appeal is numbered CACV 237 of 2017. Additionally, after seeking further legal advice on the Judgement, the Appeal, the Petition (as explained below) and other appropriate actions to be taken thereon.

On 13 November 2017, the Company received a petition made by Mr. Au Kai To Karel (the "**Petition**") in the matter of the Companies (Winding Up and Miscellaneous Provision) Ordinance, Chapter 32 (the "**Ordinance**") from the High Court that the Company may be wound up by the High Court under the provisions of the Ordinance on the ground that the Company is deemed to be unable to pay the sum of HK$4.4 million as stipulated therein the Judgement mentioned above. The Petition is numbered HCCW 343 of 2017.

The Company, on 1 December 2017, applied to the Court for a validation order in respect of the Company's disposition of property pending determination of the Petition (the "**Validation Order**").

At the hearing on 24 January 2018, the Validation Order was granted by the Court in the terms as follows: until further order of the Court, (i) any payment or other disposition of property made on or after 13 November 2017 in the ordinary course of the business of the Company shall not be void; (ii) the payments made into or out of certain specified bank accounts of the Company in respect of expenses incurred in the ordinary course of business shall be sanctioned; (iii) the payment of reasonable legal expenses incurred by the Company in various legal proceedings shall not be void; (iv) any transfer of the Company's shares on or after 13 November 2017 shall not be void; and (v) the Company shall provide to the Petitioner all quarterly Reports commencing December 2017 and annual Reports starting from the year ending 31 December 2017 within three days from the date of issuance of the same to the public.

On 7 May 2018, upon the Company having paid into court the judgement sum of HK$4.4 million pursuant to a court order dated 16 April 2018, the Petition was adjourned until the determination of the Appeal.

On 4 January 2019, the Court of Appeal allowed the Company's appeal despite dismissing End User's appeal. Reasons for judgment was handed down on 18 January 2019. The Group will seek further legal advice on the reasons for judgment and other appropriate actions will be taken thereon if so advised. The Group will take every possible step to protect the interests and assets of the Group as well as the interest of the shareholders and investors of the Company.

The Group will keep its shareholders and the public informed of any further significant developments by making further announcements as and when appropriate.

EVENT AFTER REPORTING PERIOD

Acquisition of 100% equity interest in Veda Corporate Services Limited

On 18 February 2019, the Company through a direct wholly-owned subsidiary entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which the Company has conditionally agreed to acquire 100% of the issued share capital of Veda Corporate Services Limited ("**VCSL**") (the "**Acquisition**") at a consideration of HK$8,000,000, which shall be settled by way of issue of the relevant promissory notes by the Company upon completion. VCSL and its subsidiaries (the "**VCSL Group**") are principally engaged in the provision of company secretarial services and is a holder of the Trust or Company Service Provider licence registered with the Companies Registry of Hong Kong.

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The vendor is directly wholly-owned by Mr. Wong Hin Shek, who holds approximately 23.12% of the entire issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, the vendor is a connected person of the Company under the GEM Listing Rules and the Acquisition constitutes a connected transaction for the Company for the purpose of the GEM Listing Rules.

As the relevant applicable percentage ratios for the Acquisition are less than 25% and the total consideration in respect thereof is less than HK$10,000,000 and the Acquisition is on normal commercial terms, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules.

On 28 February 2019, all conditions precedent for the completion under the Sale and Purchase Agreement have been fulfilled and completion took place in accordance with the terms and conditions of the Sale and Purchase Agreement. Following completion, VCSL became an indirectly wholly-owned subsidiary of the Company and the financial results of the VCSL Group will be consolidated into the financial statements of the Group.

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. 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
26 March 2019

* *For identification purpose only*

ANNUAL RESULTS

The board of Directors (the "**Board**") is pleased to announce that the consolidated annual results of the Group for the year ended 31 December 2018, together with the comparative figures for the previous year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
REVENUE	*4*	**559,785**	430,184
Cost of sales		**(544,619)**	(398,919)
Gross profit		**15,166**	31,265
Other income, other gains and losses	*4*	**1,412**	32,809
Operating expenses		**(36,419)**	(24,667)
Administrative expenses		**(11,980)**	(13,883)
Provision for impairment loss on goodwill		**(5,803)**	—
Provision for impairment loss on trade receivables		**(5,217)**	—
Provision for impairment loss on loan receivables		**—**	(1,000)
Provision for impairment loss on prepayments, deposits and other receivables		**(64,422)**	(285)
Written off of bad debts		**(154)**	(3,009)
Written off of inventories		**(31)**	(137)
(Loss)/profit from operations		**(107,448)**	21,093
Finance costs	*5*	**(12,256)**	(21,183)
LOSS BEFORE TAX	*6*	**(119,704)**	(90)
Income tax	*7*	**—**	(3,242)
LOSS FOR THE YEAR		**(119,704)**	(3,332)
Loss for the year attributable to:			
Owners of the Company		**(92,051)**	(6,725)
Non-controlling interests		**(27,653)**	3,393
		(119,704)	(3,332)
LOSS PER SHARE			
Basic and diluted	*9*	**(HK$0.042)**	(HK$0.003)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018	2017
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(119,704)**	(3,332)
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translating of financial statements of overseas subsidiaries	**(9,855)**	15,328
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(129,559)**	11,996
Total comprehensive (loss)/income attributable to:		
Owners of the Company	**(97,880)**	2,437
Non-controlling interests	**(31,679)**	9,559
	(129,559)	11,996

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,682**	4,011
Statutory deposit		**510**	510
Goodwill		**—**	5,803
Intangible assets		**5,705**	5,705
Available-for-sale investments		**—**	1,475
Finance lease receivables	*10*	**5,283**	240,366
Total non-current assets		**14,180**	257,870
Current assets			
Inventories		**1,010**	1,292
Trade receivables	*11*	**2,460**	8,202
Loan receivables	*12*	**—**	1,080
Prepayments, deposits and other receivables	*13*	**112,731**	75,715
Finance lease receivables	*10*	**547,941**	1,837,309
Held-for-trade investments		**428**	534
Bank balances — Trust accounts		**6,543**	5,759
Bank balances and cash — general accounts		**12,255**	36,490
Total current assets		**683,368**	1,966,381
Total assets		**697,548**	2,224,251
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*14*	**2,040**	2,040
Reserves		**(60,351)**	38,074
		(58,311)	40,114
Non-controlling interests		**69,070**	101,046
Total equity		**10,759**	141,160

	Notes	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Deferred tax liabilities		**941**	941
Convertible bonds		**105,651**	95,940
Finance lease obligation due more than one year		**—**	199
Bank borrowings due more than one year	*15*	**—**	72,060
Total non-current liabilities		**106,592**	169,140
Current liabilities			
Bank borrowings due within one year	*15*	**415,788**	1,752,555
Finance lease obligation due within one year		**—**	827
Promissory notes		**—**	27,622
Trade payables	*16*	**13,652**	47,683
Other payables and accruals	*17*	**149,709**	83,035
Tax payables		**1,048**	2,229
Total current liabilities		**580,197**	1,913,951
Total liabilities		**686,789**	2,083,091
Total equity and liabilities		**697,548**	2,224,251
Net current assets		**103,171**	52,430
Net assets		**10,759**	141,160

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Attributable to owners of the Company										
	Issued capital	Share premium account	Contributed surplus	Equity component of convertible bonds	Share option reserve	Capital reduction reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000**	*HK$'000**	*HK$'000**	*HK$'000**	*HK$'000**	*HK$'000**	*HK$'000**	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2016 and 1 January 2017	1,620	923,103	66,710	53,115	27,328	163,191	(12,495)	(1,219,271)	3,301	88,039	91,340
Changes in equity for 2017											
Loss for the year	—	—	—	—	—	—	—	(6,725)	(6,725)	3,393	(3,332)
Other comprehensive income	—	—	—	—	—	—	8,953	209	9,162	6,166	15,328
Total comprehensive income/ (loss)	—	—	—	—	—	—	8,953	(6,516)	2,437	9,559	11,996
Issue of new shares upon placing	320	25,056	—	—	—	—	—	—	25,376	—	25,376
Issue of consideration shares	100	8,900	—	—	—	—	—	—	9,000	—	9,000
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	3,448	3,448
As at 31 December 2017 and 1 January 2018, as original presented	**2,040**	**957,059**	**66,710**	**53,115**	**27,328**	**163,191**	**(3,542)**	**(1,225,787)**	**40,114**	**101,046**	**141,160**
Effect on adoption of HKFRS 9	—	—	—	—	—	—	—	**(545)**	**(545)**	**(297)**	**(842)**
As at 31 December 2017 and 1 January 2018, as restated	**2,040**	**957,059**	**66,710**	**53,115**	**27,328**	**163,191**	**(3,542)**	**(1,226,332)**	**39,569**	**100,749**	**140,318**
Changes in equity for 2018											
Loss for the year	—	—	—	—	—	—	—	**(92,051)**	**(92,051)**	**(27,653)**	**(119,704)**
Other comprehensive loss	—	—	—	—	—	—	**(5,641)**	**(188)**	**(5,829)**	**(4,026)**	**(9,855)**
Total comprehensive loss	—	—	—	—	—	—	**(5,641)**	**(92,239)**	**(97,880)**	**(31,679)**	**(129,559)**
As at 31 December 2018	**2,040**	**957,059**	**66,710**	**53,115**	**27,328**	**163,191**	**(9,183)**	**(1,318,571)**	**(58,311)**	**69,070**	**10,759**

* These reserve accounts comprise the consolidated reserves of approximately HK$nil (2017: HK$38,074,000) 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 HKFRSs, 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 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 certain 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

In the current year, the Group has applied a number of new standards and interpretation issued by the HKICPA for the first time of which the followings are relevant to the Group's consolidated financial statements:

- HKFRS 9 *Financial Instruments*;
- HKFRS 15 *Revenue from Contracts with Customers* and amendments to HKFRS 15; and
- HK(IFRIC) Interpretation 22 *Foreign Currency Transactions and Advance Consideration*.

Except for the effect stated below, the adoption of the new and revised HKFRSs has no material impact on the Group's consolidated financial statements.

(A) Application of HKFRS 9

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has applied HKFRS 9 retrospectively, with the initial application date of 1 January 2018.

(a) Classification and measurement

HKFRS 9 basically retains the exiting requirements in HKAS 39 for the classification and measurements of financial liabilities. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities. Under HKFRS 9, financial assets are measured at its fair value plus, in the case of a financial assets not at fair value through profit or loss, transaction cost at initial recognition and subsequently measured at fair value through profit or loss ("**FVPL**"), amortised cost, or fair value through other comprehensive income ("**FVOCI**"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instrument's contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the "**SPPI**" criterion).

(I) Classification and measurement of financial assets

The new classification and measurement of the Group's financial assets are as follows:

— Debt instruments at amortised cost that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's bank balances and cash, loan receivable, trade receivables, finance lease receivables and financial assets included in other receivables and deposits.

— Financial assets at FVPL include debt instruments whose cashflow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under HKAS 39, those debt instruments were classified as financial assets at FVPL.

The assessment of the Group's business model was made as of initial application, i.e. 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

(II) Impairment

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses (**"ECLs"**) model". HKFRS 9 requires the Group to recognised ECL for other receivables and deposits earlier than HKAS 39. Loan receivables, trade receivables, finance lease receivables and bank balances and cash are subject to ECL model but the Group considered the effect of impairment is insignificant for the current year.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Other receivables and deposits

Other receivables and deposits are measured at amortised cost. Upon the implementation of HKFRS 9, expected credit loss allowances of approximately HK$842,000 has been recognised against accumulated losses as at 1 January 2018.

(III) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the consolidated statement of financial position as at 31 December 2017, but are recognised in the consolidated statement of financial position on 1 January 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in accumulated losses and reserves as at 1 January 2018. Accordingly, the information presented for 31 December 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9:

- The determination of the business model within which a financial asset is held;
- The designation an d revocation of previous designations of certain financial assets and financial liabilities as measured at FVPL; and
- The designation of certain investments in equity investments not held for trading as at FVOCI.

If an investment in a debt investment had low credit risk at the date of initial application of HKFRS 9, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

(IV) Classification and measurement of financial liabilities

Under HKFRS 9, for a financial liability designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is required to be presented in other comprehensive income, with the remaining amount of change in the fair value of the liability being presented in profit or loss (unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss and in which case all gains or loss on that liability are presented in profit or loss).

Other than the abovementioned, the application of HKFRS 9 in respect of financial liabilities' classification and measurement requirements has had no impact on the consolidated financial statements.

(V) Hedge accounting

The Group has not applied any hedge accounting and hence the new general hedge accounting model set out in HKFRS 9 has not had any impact on the Group's consolidated financial statements.

(B) Application of HKFRS 15

HKFRS 15 has replaced HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and other revenue-related interpretations. Under HKAS 11 and HKAS 18, revenue arising from construction contracts and provision of services was recognised over time whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods was passed to the customers. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 has introduced additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Management has assessed the impact and concluded that the application of HKFRS 15 has not had any material impact on the Group's consolidated 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 is engaged in the trading of goods, components and accessories;

(b) financial services business segment is engaged in provision of finance lease services, provision of money lending services and provision of securities services;

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

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

Executive directors of the Company, 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 profit or loss, which is a measure of adjusted profit/loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit/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 2018

HK$'000	**Trading business**	**Financial services business**	**Information technology business**	**Other business**	**Total**	**Unallocated**	**Group Total**
Segment revenue:							
Revenue from external customers	**485,469**	**73,812**	**504**	**—**	**559,785**	**—**	**559,785**
Segment loss	**(3,532)**	**(88,097)**	**(3,511)**	**—**	**(95,140)**	**—**	**(95,140)**
Interest income	**43**	**13**	**1**	**—**	**57**	**—**	**57**
Finance costs	**(369)**	**—**	**—**	**—**	**(369)**	**(11,887)**	**(12,256)**
Other expenses	**—**	**—**	**—**	**—**	**—**	**(12,365)**	**(12,365)**
Loss before tax	**(3,858)**	**(88,084)**	**(3,510)**	**—**	**(95,452)**	**(24,252)**	**(119,704)**
Additions to non-current assets	**—**	**104**	**—**	**—**	**104**	**2,081**	**2,185**
Provision for impairment loss on trade receivables	**(2,163)**	**—**	**(3,054)**	**—**	**(5,217)**	**—**	**(5,217)**
Provision for impairment loss on goodwill	**—**	**(5,803)**	**—**	**—**	**(5,803)**	**—**	**(5,803)**
Provision for impairment loss on prepayments, deposits and other receivables	**—**	**(64,422)**	**—**	**—**	**(64,422)**	**—**	**(64,422)**
Written off of inventories	**(31)**	**—**	**—**	**—**	**(31)**	**—**	**(31)**
Written off of bad debts	**—**	**—**	**—**	**—**	**—**	**(154)**	**(154)**
Depreciation of property, plant and equipment	**(5)**	**(485)**	**(5)**	**—**	**(495)**	**(1,337)**	**(1,832)**

For the year ended 31 December 2017

HK$'000	Trading business	Financial services business	Information technology business	Other business	Total	Unallocated	Group Total
Segment revenue:							
Revenue from external customers	325,217	104,155	812	—	430,184	—	430,184
Segment profit/(loss)	(260)	8,261	(323)	(43)	7,635	107	7,742
Interest income	38	21	1	—	60	—	60
Finance costs	(351)	—	—	—	(351)	(20,832)	(21,183)
Gain on extinguishment of convertible bonds liability component	—	—	—	—	—	31,162	31,162
Other expenses	—	—	—	—	—	(17,871)	(17,871)
Profit/(loss) before tax	(573)	8,282	(322)	(43)	7,344	(7,434)	(90)
Addtions to non-current assets	—	564	—	—	564	2,498	3,062
Provision for impairment loss on loan receivables	—	(1,000)	—	—	(1,000)	—	(1,000)
Provision for impairment loss on prepayments, deposits and other receivables	—	(285)	—	—	(285)	—	(285)
Written off of inventories	(50)	—	(87)	—	(137)	—	(137)
Written off of bad debts	—	97	—	—	97	(3,106)	(3,009)
Depreciation of property, plant and equipment	(44)	(747)	(41)	—	(832)	(2,953)	(3,785)

As at 31 December 2018

HK$'000	Trading business	Financial services business	Information technology business	Other business	Total	Unallocated	Group Total
Segment assets	**12,597**	**673,685**	**1,336**	**—**	**687,618**	**—**	**687,618**
Bank balances and cash — general accounts	**—**	**—**	**—**	**—**	**—**	**262**	**262**
Other assets	**—**	**—**	**—**	**—**	**—**	**9,668**	**9,668**
Total assets	**12,597**	**673,685**	**1,336**	**—**	**687,618**	**9,930**	**697,548**
Segment liabilities	**(6,300)**	**(496,849)**	**(1,827)**	**—**	**(504,976)**	**—**	**(504,976)**
Convertible bonds	**—**	**—**	**—**	**—**	**—**	**(105,651)**	**(105,651)**
Other liabilities	**—**	**—**	**—**	**—**	**—**	**(76,162)**	**(76,162)**
Total liabilities	**(6,300)**	**(496,849)**	**(1,827)**	**—**	**(504,976)**	**(181,813)**	**(686,789)**

As at 31 December 2017

HK$'000	Trading business	Financial services business	Information technology business	Other business	Total	Unallocated	Group Total
Segment assets	15,533	2,194,586	4,614	51	2,214,784	—	2,214,784
Bank balances and cash — general accounts	—	—	—	—	—	3,479	3,479
Other assets	—	—	—	—	—	5,988	5,988
Total assets	15,533	2,194,586	4,614	51	2,214,784	9,467	2,224,251
Segment liabilities	(6,002)	(1,920,864)	(2,526)	—	(1,929,392)	—	(1,929,392)
Convertible bonds	—	—	—	—	—	(95,940)	(95,940)
Promissory notes	—	—	—	—	—	(27,622)	(27,622)
Other liabilities	—	—	—	—	—	(30,137)	(30,137)
Total liabilities	(6,002)	(1,920,864)	(2,526)	—	(1,929,392)	(153,699)	(2,083,091)

Geographical information

(a) Revenue from external customers

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**486,799**	328,371
Mainland China	**72,986**	101,813
	559,785	430,184

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

(b) Non-current assets — property, plant and equipment

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**1,969**	2,908
Mainland China	**713**	1,103
	2,682	4,011

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	
	2018	2017
	HK$'000	*HK$'000*
Customer A — revenue from trading business — Hong Kong	**422,450**	255,255
Customer B — revenue from financial services business — PRC	**—**	51,505
	422,450	306,760

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:

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Revenue:		
Revenue from trading business	**485,469**	325,217
Revenue from financial services business	**73,812**	104,155
Revenue from information technology business	**504**	812
	559,785	430,184
Other income, other gains and losses:		
Interest income on bank deposit	**57**	60
Investment income	**77**	—
Gain on extinguishment of convertible bonds liability component	**—**	31,162
Sundry income	**1,278**	1,587
	1,412	32,809

5. FINANCE COSTS

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Imputed interest charge on convertible bonds *(note 1)*	**9,711**	12,702
Imputed interest charge on promissory notes	**1,272**	3,839
Coupon interest charge on promissory notes	**—**	123
Interest charge on bank borrowings	**62,717**	77,922
Interest charge on other borrowings	**881**	4,099
Interest charge on finance lease obligation *(note 2)*	**23**	69
	74,604	98,754
Less: interest charge on bank borrowings included in cost of sales for financial services business	**(62,348)**	(77,571)
	12,256	21,183

Notes:

(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:

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
(a) Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	**14,465**	19,431
Pension scheme contributions	**260**	242
	14,725	19,673
(b) Other items:		
Auditors' remuneration — audit services	**816**	800
Depreciation of property, plant and equipment	**1,832**	3,785
Operating lease payments in respect of office premises	**3,786**	2,849
Provision for impairment loss on goodwill	**5,803**	—
Provision for impairment loss on trade receivables	**5,217**	—
Provision for impairment loss on loan receivables	**—**	1,000
Provision for impairment loss on prepayments, deposits and other receivables	**64,422**	285
Written off of inventories	**31**	137
Written off of bad debts	**154**	3,009

7. INCOME TAX

Hong Kong profits tax was provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong for both years ended 31 December 2018 and 2017. The PRC enterprise income tax has been provided at the rate of 25% (2017: 25%). Taxes on profits assessable elsewhere have been calculated at the prevailing rates of tax based on existing legislation, interpretations and practices.

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Hong Kong profits tax:		
— current year	—	—
— under provision in prior years	—	459
PRC enterprise income tax:		
— current year	—	2,550
— under provision in prior years	—	233
	—	3,242

As at 31 December 2018, the Group has unused tax losses of approximately HK$378,347,000 (2017: HK$222,716,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

8. DIVIDEND

No dividend has been paid or declared by the Company during the year (2017: 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:

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company used in the basic loss per share calculation	**(92,051)**	(6,725)

	Number of shares (thousands)	
Shares		
Weighted average number of ordinary shares in issue during the year	**2,040,094**	1,803,053
Effect of 2015 CB	**173,913**	173,913
Weighted average number of ordinary shares for the purpose of calculating loss per share	**2,214,007**	1,976,966

No diluted loss per share information presented for the years ended 31 December 2018 and 2017 as the impact of the convertible bonds and share options outstanding had anti-dilutive effect on the basic loss per share.

10. FINANCE LEASE RECEIVABLES

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Current finance lease receivables	**547,941**	1,837,309
Non-current finance lease receivables	**5,283**	240,366
	553,224	2,077,675

Amount receivable under finance leases

	Minimum lease payment		Present value of minimum lease payment	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**565,846**	1,898,555	**547,941**	1,837,309
In more than one year but not more than two years	**4,554**	248,375	**3,388**	240,310
In more than two years but not more than five years	**2,281**	57	**1,895**	56
	572,681	2,146,987	**553,224**	2,077,675
Unearned finance income	**(19,457)**	(69,312)	**N/A**	N/A
Present value of minimum lease payment	**553,224**	2,077,675	**553,224**	2,077,675

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The interest rates of the above finance leases range from 4.05% to 9.40% per annum (2017: 4.37% to 9.40%).

Finance 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 finance lease receivables as at 31 December 2018 and 2017 are neither past due nor impaired.

The terms of finance leases entered into ranged from 1 to 5 years (2017: 2 to 5 years).

11. TRADE RECEIVABLES

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**7,677**	8,202
Less: provision for impairment loss	**(5,217)**	—
	2,460	8,202

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:

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**283**	865
31 to 60 days	**24**	532
61 to 120 days	**24**	3,377
Over 120 days	**2,129**	3,428
	2,460	8,202

Reconciliation of the impairment loss of trade receivables:

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
At beginning of year	**—**	—
Allowance for the year	**5,217**	—
At end of year	**5,217**	—

12. 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.

	2018	2017
	HK$'000	*HK$'000*
As at 1 January	**1,080**	3,300
Repayment	**(400)**	(1,220)
less: provision for impairment loss	**—**	(1,000)
Disposal of subsidiaries	**(680)**	—
As at 31 December	**—**	1,080

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Loan receivables	**—**	2,080
Less: provision for impairment loss	**—**	(1,000)
	—	1,080

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

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Repayable:		
Within 3 months	—	1,080
3 months to 1 year	—	—
	—	1,080

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

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	—	80
1 to 3 months past due	—	—
Over 3 months to 1 year past due but not impaired	—	300
Over 1 year past due but not impaired	—	700
	—	1,080

The interest rate was fixed at the contract date. The average interest rate was at 1% to 2.5% per month as at 31 December 2017.

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.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Prepayments	**64**	6,062
Trade deposit	**6,416**	4,774
Deposits and other receivables	**171,515**	70,879
	177,995	81,715
Less: provision for impairment loss	**(65,264)**	(6,000)
	112,731	75,715

Other receivables were neither past due nor impaired and related to receivables which had no recent history of default.

14. SHARE CAPITAL

		Company	
		Number of shares	**Nominal values**
	Notes	*in '000*	*HK$'000*
Authorised:			
As at 31 December 2017, 1 January and 31 December 2018			
Ordinary shares of HK$0.001 each		**200,000,000**	**200,000**
Issued and fully paid:			
As at 1 January 2017			
Ordinary shares of HK$0.001 each		1,620,094	1,620
Issue of shares under general mandate	*a*	320,000	320
Issue of consideration shares	*b*	100,000	100
As at 31 December 2017, 1 January and 31 December 2018			
Ordinary shares of HK$0.001 each		**2,040,094**	**2,040**

Notes:

(a) On 19 June 2017, the Company entered into a general mandate placing agreement with a placing agent whereby the Company conditionally agreed to place through the placing agent, on a best endeavour basis, up to 320,000,000 placing shares, to not less than six placees at a price of HK$0.081 per GM placing share. On 20 July 2017, 320,000,000 new shares were placed. The net proceeds of approximately HK$25.4 million would be used for partial repayment of promissory notes, expansion of the securities business and general working capital.

(b) On 7 February 2017, Merdeka Financial Services Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement for the acquisition of 51% issued share capital of Heng Asset Management Limited at a consideration of HK$10 million which should be satisfied by the allotment and issuance of 100,000,000 ordinary shares of the Company under specific mandate approved by the shareholders at the extraordinary general meeting of the Company. The shares were allotted and issued on 10 August 2017 upon the completion of the acquisition.

15. BANK BORROWINGS

		As at 31 December	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Fixed rate:			
Secured bank borrowings — repayable on demand	*a*	—	206
Secured bank borrowings — due within one year	*b*	**415,788**	1,752,349
		415,788	1,752,555
Secured bank borrowings — due more than one year, but not more than three years	*b*	—	72,060
		415,788	1,824,615

Notes:

a The bank borrowings were secured by a personal guarantee given by a former director of a subsidiary of the Company, which was dissolved in 2018. The interest rate of this bank borrowing was charged at 0.88% flat per month.

b Bank borrowings obtained in the PRC were secured by the finance lease assets held by the leasee with the carrying value of approximately RMB554.1 million (equivalent to approximately HK$630.8 million), as at 31 December 2018 (2017: RMB1,858.1 million (equivalent to approximately HK$2,231.5 million)). The interest rate of the bank loans was 4.0% per annum (2017: 3.8% to 5.7% per annum).

Included therein, a general banking facility amounted to HK$7.0 million was secured by a deposit of HK$4.0 million. The facility was utilised to the extent of approximately HK$5.0 million as at 31 December 2018 (31 December 2017: HK$4.9 million). This general banking facility is subject to the fulfilment of covenants relating to certain of the security coverage ratios, as are commonly found in lending arrangements with financial institutions. If any of the security coverage ratios shall at any time fall below the level required, the Group shall provide additional security acceptable to the bank and/or reduce the outstanding of the facilities designated by the bank. The Group regularly monitors its compliance with these covenants.

16. TRADE PAYABLES

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

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Trade payable from trading business	**1,285**	1,082
Trade payable from information technology business	**1,310**	2,023
Trade payable from financial services business	**4,503**	38,367
Amount payable arising from the business of dealing in securities		
— Cash clients	**6,554**	5,986
— HKSCC	**—**	225
	13,652	47,683

An aged analysis of trade payables arising from business other than dealing in securities as at the end of reporting period based on the invoice date/contractual term, are as follows:

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**4,490**	38,454
31 to 60 days	**22**	749
61 to 120 days	**202**	2
Over 120 days	**2,384**	2,267
	7,098	41,472

17. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Other payables *(note)*	**145,189**	82,070
Accruals	**4,520**	965
	149,709	83,035

Note:

Other payables are non-interest-bearing and have an average term of three months.

As at 31 December 2018, included in other payables an amount of approximately HK$48.2 million due to a non-controlling shareholder of a subsidiary of the Company. The amount is unsecured, interest-free and repayable on demand.

FINANCIAL AND BUSINESS REVIEW

For the year ended 31 December 2018, the Group recorded a revenue of approximately HK$559.8 million (2017: approximately HK$430.2 million). Loss for the year attributable to owners of the Company was approximately HK$92.1 million (2017: approximately HK$6.7 million). Basic and diluted loss per share was approximately HK$0.042 (2017: approximately HK$0.003). The net loss was mainly attributable from i) the tightening fiscal policy and stricter lending conditions affected the financial leasing market in the PRC leading to the decrease in both turnover and gross margin and ii) the provision for impairment loss on other receivables.

Trading business

The revenue for the year ended 31 December 2018 of the trading business was approximately HK$485.5 million (2017: approximately HK$325.2 million) and a segment loss of approximately HK$3.5 million (2017: approximately HK$0.3 million). Trading business is one of the core businesses of the Group which contributed approximately 86.7% of the Group's revenue for the year ended 31 December 2018. Having our trading outlet located in Sheung Shui, where is the most convenient location for the PRC visitors shopping for confectioneries, daily and pharmacy products, the source of revenue was comparatively stable. However, as the entry barrier of this trading business is low leading to fierce competition, the gross profit margin is comparatively low.

Financial services business

The financial services business includes the provision of financial leasing services, money lending services, securities brokerage services and asset management business. The revenue for the year ended 31 December 2018 of the financial services business was approximately HK$73.8 million (2017: approximately HK$104.2 million) and a segment loss of approximately HK$88.1 million (2017: segment profit of approximately HK$8.3 million). The segment loss was mainly contributed from the impairment loss on other receivables of approximately HK$64.4 million and impairment loss on goodwill of approximately HK$5.8 million.

During the year under review, the financial leasing services business in the PRC faced various competitions from other financial leasing companies of different sizes in the PRC. Only few financial leasing contracts with a narrow interest margin were concluded together with some material financial leasing contracts matured during the year under review that led to lesser interest income recognised. Those commercial banks referring customers previously were unwilling to or were not be able to refer new customers with larger business size due to their tightening fiscal policy and stricter lending conditions.

The asset management business continuous in grasping developing opportunities in fund management including listed securities, bonds and private direct investments.

Held-for-trade investments

As at 31 December 2018, the Group managed a listed equity investment with fair value of approximately HK$0.4 million (2017: approximately HK$0.5 million).

Gains/(losses) for the year ended 31 December 2018

Name of listed securities	**Stock code**	**Realised gains** ***HK$'000***	**Unrealised losses** ***HK$'000***	**Dividend received** ***HK$'000***
China LNG Group Limited 中國天然氣集團有限公司	931	**77**	**(98)**	**—**

Held-for-trade investments as at 31 December 2018

Name of listed securities	**Stock code**	**Brief description of the business**	**Number of shares held**	**Proportion of shares held**	**Investment cost** ***HK$'000***	**Market value** ***HK$'000***	**Approximate Percentage to total assets value of the Group**
China LNG Group Limited	931	Development of liquified natural gas ("**LNG**") business	**360,000**	**0.006%**	**715**	**428**	**0.11%**

Gains for the year ended 31 December 2017

Name of listed securities	Stock code	Realised gains *HK$'000*	Unrealised gains *HK$'000*	Dividend received *HK$'000*
China LNG Group Limited 中國天然氣集團有限公司	931	—	13	—

Held-for-trade investments as at 31 December 2017

Name of listed securities	Stock code	Brief description of the business	Number of shares held	Proportion of shares held	Investment cost *HK$'000*	Market value *HK$'000*	Approximate Percentage to total assets value of the Group
China LNG Group Limited	931	Development of LNG business	417,500	0.07%	798	534	0.02%

In view of the fluctuations in the global and local financial markets, the Board is always cautious of the prospects of the trading performance of the Group's portfolio of listed securities investments.

In assessing the recoverable amount of the cash generating unit of the financial services business as at 31 December 2018, value-in-use calculation has been adopted that the estimated future cash flows were discounted to their present value using a discount rate that reflected current market assessment of time value of money and the risk specific to the financial services business. The calculation used in cash flow projections was based on latest financial budgets covering a period of 5 years and at a discount rate of 15.0% which was determined with reference to the market conditions, such as company specific risk premium and cost of debt. The cash flow projections beyond the 5-year period are extrapolated using a perpetual growth rate of 3%. The management of financial services business reviewed the assumptions taking into account of (i) the general economic environment; (ii) industry dynamics; (iii) past performance; and (iv) on-going business development of the financial services business in preparing the cash flow projections.

Information technology business

The revenue for the year ended 31 December 2018 of the information technology business was approximately HK$0.5 million (2017: approximately HK$0.8 million) and a segment loss of approximately HK$3.5 million (2017: approximately HK$0.3 million) which was mainly contributed by Heng Da.

Heng Da continues to incur operating losses and the management anticipates the operation will not become profitable in the coming years. As such, the Group decided to dispose its entire 60% equity interests in Heng Da to an independent third party for a cash consideration of RMB10,000 in December 2018. Currently, the disposal is pending for the approval from the Mian Yang government. Once the disposal is approved, Heng Da will be no longer the subsidiary of the Group.

FINAL DIVIDEND

The Board resolved not to recommend the payment of any dividend for the year ended 31 December 2018 (2017: Nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 December 2018, the Group recorded cash and bank balances (including trust accounts) amounting to approximately HK$18.8 million (2017: approximately HK$42.2 million) and the net current assets value was approximately HK$103.2 million (2017: approximately HK$52.4 million).

The Group's gearing ratio as at 31 December 2018 was approximately 1.13 (2017: approximately 0.98), being a ratio of total interest-bearing debts, including bank borrowings, convertible bonds, promissory notes and finance lease obligation of approximately HK$521.4 million (2017: approximately HK$1,949.2 million) to the total equity attributable to owners of the Company plus total interest-bearing debts of approximately HK$463.1 million (2017: approximately HK$1,989.3 million).

FINANCIAL ASSISTANCES RECEIVED BY THE COMPANY

During the year ended 31 December 2018, Mr. Cheung Wai Yin Wilson ("**Mr. Cheung**"), the executive Director of the Company, advanced fund of approximately HK$13.6 million to the Company at no interest and no fixed repayment terms.

On 28 September 2018, Mr. Wong Hin Shek ("**Mr. Wong**"), the substantial shareholder of the Company, entered into a loan agreement with the Company in which Mr. Wong agreed to grant a loan facility to the Company in the principal amount of up to HK$25,000,000 at an interest rate of 5.125% per annum with an availability period from 28 September 2018 up to 30 September 2019. The loan will be matured after twelve months from the drawdown date.

As Mr. Cheung and Mr. Wong are the connected persons to the Company, the loans constitute financial assistance received by the Company from connected person. The loans were conducted on normal commercial terms or better to the Company and not secured by any asset of the Group, the loans were fully exempted from all disclosure, annual review, circular and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

PLEDGE OF ASSETS

As at 31 December 2018, the Group pledged bank deposits of approximately HK$4.0 million (2017: approximately HK$4.0 million) to secure banking facilities of the Group.

CAPITAL STRUCTURE

The Company had no changes in capital structure during the year ended 31 December 2018.

INVESTMENT POSITION AND PLANNING

Disposal of 100% equity interest in Mega Wealth Investments Limited, Merdeka Finance Limited and Prestige Gold Limited

On 28 September 2018, the Group entered into sale and purchase agreements to dispose 100% equity interest of each of Mega Wealth Investments Limited, Merdeka Finance Limited and Prestige Gold Limited to a company held by a director at a total consideration of approximately HK$2.9 million. The disposal satisfied the requirements of a de minimis transaction pursuant to Rule 20.74 that exempted the Group from the reporting, announcement and independent shareholders' approval requirements as ascribed therein Chapter 20 of the GEM Listing Rules. The disposal was completed on 28 September 2018.

Disposal of 60% equity interest in Heng Da

On 28 December 2018, the Group entered into a share transfer agreement with an independent third party in which the Group agreed to dispose and the independent third party agreed to acquire 60% equity interest of Heng Da at a consideration of RMB10,000. The disposal was classified as a non-disclosable transaction under Chapter 19 of the GEM Listing Rules. The disposal is pending for the approval from the Mian Yang government.

CONTINGENT LIABILITIES

As at 31 December 2018, save for the litigation, the Group had no other significant contingent liabilities (2017: Nil).

CAPITAL COMMITMENTS

As at 31 December 2018, the Group had no significant capital commitments (2017: Nil).

FOREIGN CURRENCY RISK

The Group's reporting currency is Hong Kong dollar. During the year ended 31 December 2018, 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 PRC. 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group employed 35 staff (2017: 35). The Group's remuneration policy is based 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.

CONNECTED TRANSACTIONS

Save as disclosed, the Company did not have any other connected transactions which were subject to the reporting requirements under Chapter 20 of the GEM Listing Rules for the year ended 31 December 2018.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2018, 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:

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 2018

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

	Number of the shares interested and nature of interest			
Name of Directors	**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	4.85%
Lau Chi Yan, Pierre	3,984,375	—	3,984,375	0.20%

Note:

As at the Latest Practicable Date, 98,437,500 Shares were owned by Ivana Investment 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	4.901%
Lau Chi Yan, Pierre	19/8/2015	19/8/2015 – 18/8/2025	0.147	20,000,000	20,000,000	0.980%
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	0.049%
Ng Kay Kwok	19/8/2015	19/8/2015 – 18/8/2025	0.147	1,000,000	1,000,000	0.049%

(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	1,157,894,736	56.76

Note: These convertible bonds (originally due on 12 August 2011 and extended to 12 August 2020) 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$0.095 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 2018, 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 2018 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 2018, 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	Nature of interest/capacity	Number of Shares	Approximate percentage of total issued share capital of the Company *(%)*
Ivana	Beneficial owner	98,437,500	4.83
CW Limited *(Note 1)*	Controlled corporation	98,437,500	4.83
Asiatrust Limited *(Note 1)*	Trustee	98,437,500	4.83
Team Sunny International Holdings Limited *(Note 2)*	Beneficial owner	471,640,000	23.12
Wong Hin Shek *(Note 2)*	Controlled corporation	471,640,000	23.12

Notes:

(1) 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 of which are family members of Mr. Cheung (including Mr. Cheung himself).

(2) The interest is held by Team Sunny International Holdings Limited, a company incorporated in the British Virgin Islands owned as to 100% by Mr. Wong Hin Shek.

(3) The percentage represented the percentage of the Company's share capital as stated in the relevant disclosure of interests forms.

(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 *(%)*
Ivana	Beneficial owner	110,000,000	1,157,894,736	56.76
CW Limited *(Note 1)*	Controlled corporation	110,000,000	1,157,894,736	56.76
Asiatrust Limited *(Note 1)*	Trustee	110,000,000	1,157,894,736	56.76
Yihua Enterprise Limited	Beneficial owner	40,000,000	173,913,043	8.52
Cheng Jun *(Note 2)*	Controlled corporation	40,000,000	173,913,043	8.52
Gao Yun Feng *(Note 2)*	Controlled corporation	40,000,000	173,913,043	8.52

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 2018, 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 2018, there were 233,390,855 share options outstanding under the Share Option Scheme. Based on these outstanding share options, the total number of shares available for issue is 233,390,855, which represents approximately 11.44% of the total issued share capital of the Company as at 31 December 2018.

Details of the movements of the share options under the Share Option Scheme for the year ended 31 December 2018 were as follows:

	Number of share options								
Name	Outstanding as at 1 January 2018	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 31 December 2018	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
Executive Directors									
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 Directors									
Yeung Mo Sheung, Ann	16,483	—	—	—	16,483	17/1/2013	17/1/2013 – 16/1/2023	0.010	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
Employees and other eligible participants									
Employees	28,241	—	—	—	28,241	30/5/2012	30/5/2012 – 29/5/2022	0.017	3.600
	40,000,000	—	—	—	40,000,000	19/8/2015	19/8/2015 – 18/8/2025	0.147	0.147
Other eligible participants	332,003	—	—	—	332,003	30/5/2012	30/5/2012 – 29/5/2022	0.017	3.600
	14,128	—	—	—	14,128	17/1/2013	17/1/2013 – 16/1/2023	0.010	2.130
	71,000,000	—	—	—	71,000,000	19/8/2015	19/8/2015 – 18/8/2025	0.147	0.147
	233,390,855	—	—	—	233,390,855				

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.

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 2018 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 2018 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 and to complying with applicable statutory and regulatory requirements with a view to assuring the conduct of management as well as protecting the interests of the Shareholders.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 15 of the GEM Listing Rules. Throughout the year ended 31 December 2018, to the best knowledge of the Board, the Company has complied with the code provisions set out in the CG Code except for the following deviations from the code provisions of the CG 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 prerequisites 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 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.

Code Provision A.6.7

The Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings, to gain and develop a balanced understanding of the views of shareholders. The three independent non-executive Directors could not attend the annual general meeting held on 20 June 2018 due to other important business engagements.

The Board will continue to review its corporate governance practices in order to enhance its corporate governance standards, comply with the increasingly complicated regulatory requirements, and meet with the rising expectations of the Shareholders and respective investors.

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. All Directors have confirmed, following the specific enquiry by the Company, that they have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year.

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 auditor of the Company.

The Audit Committee consisted of three members comprising three independent non-executive Directors, namely Ms. Yeung Mo Sheung, Ann, Mr. Ng Kay Kwok and Mr. Au-yeung Sei Kwok, 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 auditor and all employees of the Company.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2018 with senior management and external auditor of the Company, and confirmed that the preparation of such complied with applicable accounting standards and practices adopted by the Company and the requirements under the GEM Listing Rules and other applicable statutory and regulatory requirements, and adequate disclosure had been made.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES

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 2018.

PUBLICATION OF THE ANNUAL RESULTS AND DESPATCH OF THE ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at http://www.merdeka.com.hk. The annual report of the Company for the year ended 31 December 2018 containing all the information required by the GEM Listing Rules will be published on the Websites of the Stock Exchange and the Company and despatched to the Shareholders in due course.

ANNUAL GENERAL MEETING

The notice of the 2019 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, 26 March 2019

As at the date of this announcement, the Directors 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. Au-yeung Sei Kwok

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.