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## PACIFIC PLYWOOD HOLDINGS LIMITED

### 太平洋實業控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board of directors (the “**Directors**”) (the “**Board**”) of Pacific Plywood Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated results and financial position of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2016 and the comparative figures for previous periods as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (Re-presented)
<b>REVENUE</b>	5	187,973	26,719
Cost of sales		(781)	(341)
Gross profit		187,192	26,378
Other income and gains	6	19,327	17,360
Selling and distribution expenses		(13,852)	–
Administrative expenses		(80,753)	(19,195)
Other expenses		(11,200)	(19,000)
<b>PROFIT BEFORE TAX</b>	7	100,714	5,543
Income tax expense	8	(10,341)	(3,183)
<b>PROFIT FOR THE PERIOD</b>		<u>90,373</u>	<u>2,360</u>
Attributable to:			
Owners of the parent		87,822	1,645
Non-controlling interests		2,551	715
		<u>90,373</u>	<u>2,360</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	10		
Basic		<u>HK2.95 cents</u>	<u>HK0.06 cents</u>
Diluted		<u>HK0.59 cents</u>	<u>HK0.06 cents</u>

\* For identification purpose only

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***Six months ended 30 June 2016*

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>PROFIT FOR THE PERIOD</b>	<b>90,373</b>	<b>2,360</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	<b>(161,903)</b>	1,425,633
Reclassification adjustments for gains/(losses) included in the condensed consolidated statement of profit or loss		
– gain on disposal	<b>(4,865)</b>	(2,879)
– impairment losses	<b>11,200</b>	–
	<b>(155,568)</b>	1,422,754
Exchange differences on translation of foreign operations	<b>(3,719)</b>	(1,007)
Adjustments relating to disposal of subsidiaries	<b>(1,425)</b>	–
	<b>(5,144)</b>	(1,007)
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX</b>	<b>(160,712)</b>	1,421,747
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(70,339)</b>	1,424,107
Attributable to:		
Owners of the parent	<b>(73,066)</b>	1,424,097
Non-controlling interests	<b>2,727</b>	10
	<b>(70,339)</b>	1,424,107

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

30 June 2016

	<i>Notes</i>	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	13,465	17,802
Goodwill	12	2,182,663	2,182,663
Intangible assets		1,694	1,194
Other long term assets		205	–
Available-for-sale investments	13	963,858	1,127,088
<b>Total non-current assets</b>		<b>3,161,885</b>	<b>3,328,747</b>
<b>CURRENT ASSETS</b>			
Available-for-sale investments	13	21,880	41,672
Loan and interest receivables	14	620,632	555,180
Trade and other receivables	15	24,114	55,419
Tax recoverable		1,118	2,174
Cash and bank balances		263,383	197,059
<b>Total current assets</b>		<b>931,127</b>	<b>851,504</b>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		13,510	21,967
Tax payable		14,226	22,628
<b>Total current liabilities</b>		<b>27,736</b>	<b>44,595</b>
<b>NET CURRENT ASSETS</b>		<b>903,391</b>	<b>806,909</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,065,276</b>	<b>4,135,656</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		263	304
<b>Net assets</b>		<b>4,065,013</b>	<b>4,135,352</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	16	3,870	2,782
Equity component of convertible notes		2,129,564	2,341,896
Other reserves		1,921,238	1,783,060
		4,054,672	4,127,738
Non-controlling interests		10,341	7,614
<b>Total equity</b>		<b>4,065,013</b>	<b>4,135,352</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*Six months ended 30 June 2016*

## 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered address of the Company is located at Canon’s Court, 22 Victoria Street, Hamilton, HM 12, Bermuda. The principal place of business of the Company is located at Units 3301–03, 33/F, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

During the period, the Group was involved in the following principal activities:

- Operation of peer-to-peer (“**P2P**”) financing platform under the CAIJIA brand and other loan facilitation services
- Money lending and provision of credit
- Securities investments
- Provision of corporate secretarial and consultancy services
- Forestry business (*note 18*)

In the opinion of the Directors, the immediate and the ultimate holding company of the Company is Allied Summit Inc., which is incorporated in the British Virgin Islands.

## 2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2015.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which also include HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in note 3 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for certain of financial instruments, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollars (“**HKS**”) and all values are rounded to the nearest thousand except when otherwise indicated.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11 HKFRS 14	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <i>Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements to HKFRSs 2012–2014 Cycle</i>	Amendments to a number of HKFRSs

The adoption of these revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies in the unaudited interim condensed consolidated financial statements.

### 4. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these unaudited interim condensed consolidated financial statements.

HKFRS 9	<i>Financial Instruments</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>1</sup>
HKFRS 16	<i>Leases</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> No mandatory effective date is determined but is available for early adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

### 5. SEGMENT INFORMATION

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

- (a) Loan facilitation services: operation of P2P financing platform under the CAIJIA brand and other loan facilitation services
- (b) Money lending: money lending and provision of credit for interest income
- (c) Securities investments: trading of securities and investment in long-term securities
- (d) Consultancy services: provision of corporate secretarial and consultancy services
- (e) Forestry business: forest logging and harvesting

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that bank interest income, gain on disposal of subsidiaries as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

#### Six months ended 30 June 2016

	Loan facilitation services (Unaudited) HK\$'000	Money lending (Unaudited) HK\$'000	Securities investments (Unaudited) HK\$'000	Consultancy services (Unaudited) HK\$'000	Forestry business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment revenue</b>						
Sales to external customers	<u>158,780</u>	<u>28,843</u>	<u>–</u>	<u>350</u>	<u>–</u>	<u>187,973</u>
<b>Segment results</b>	<u>92,119</u>	<u>28,824</u>	<u>(8,626)</u>	<u>(1,353)</u>	<u>(462)</u>	<u>110,502</u>
<i>Reconciliation:</i>						
Bank interest income						251
Gain on disposal of subsidiaries						11,425
Corporate and other unallocated expenses						<u>(21,464)</u>
Profit before tax						100,714
Income tax expense						<u>(10,341)</u>
Profit for the period						<u>90,373</u>

#### Six months ended 30 June 2015

	Money lending (Unaudited) HK\$'000	Securities investments (Unaudited) HK\$'000	Consultancy services (Unaudited) HK\$'000	Forestry business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment revenue</b>					
Sales to external customers	<u>26,083</u>	<u>–</u>	<u>636</u>	<u>–</u>	<u>26,719</u>
<b>Segment results</b>	<u>35,056</u>	<u>8,356</u>	<u>(589)</u>	<u>(20,786)</u>	<u>22,037</u>
<i>Reconciliation:</i>					
Bank interest income					1
Corporate and other unallocated expenses					<u>(16,495)</u>
Profit before tax					5,543
Income tax expense					<u>(3,183)</u>
Profit for the period					<u>2,360</u>

30 June 2016

	Loan facilitation services (Unaudited) HK\$'000	Money lending (Unaudited) HK\$'000	Securities investments (Unaudited) HK\$'000	Consultancy services (Unaudited) HK\$'000	Forestry business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment assets</b>	2,401,542	672,808	974,855	1,203	–	4,050,408
<i>Reconciliation:</i>						
Tax recoverable						1,118
Corporate and other unallocated assets						41,486
Total assets						<u>4,093,012</u>
<b>Segment liabilities</b>	12,747	–	33	345	–	13,125
<i>Reconciliation:</i>						
Tax payable						14,226
Deferred tax liabilities						263
Corporate and other unallocated liabilities						385
Total liabilities						<u>27,999</u>

31 December 2015

	Loan facilitation services (Audited) HK\$'000	Money lending (Audited) HK\$'000	Securities investments (Audited) HK\$'000	Consultancy services (Audited) HK\$'000	Forestry business (Audited) HK\$'000	Total (Audited) HK\$'000
<b>Segment assets</b>	2,387,768	622,327	1,154,000	1,578	–	4,165,673
<i>Reconciliation:</i>						
Tax recoverable						2,174
Corporate and other unallocated assets						12,404
Total assets						<u>4,180,251</u>
<b>Segment liabilities</b>	17,247	–	–	81	–	17,328
<i>Reconciliation:</i>						
Tax payable						22,628
Deferred tax liabilities						304
Corporate and other unallocated liabilities						4,639
Total liabilities						<u>44,899</u>

## 6. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2016	2015
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Bank interest income	251	1
Dividend income from available-for-sale investments	1,986	5,491
Gain on disposal of available-for-sale investments (transfer from equity on disposal)	4,824	2,868
Gain on disposal of subsidiaries	11,425	–
Reversal of impairment of loan and interest receivables	–	9,000
Others	841	–
	<u>19,327</u>	<u>17,360</u>

## 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2016	2015
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Depreciation	3,134	116
Foreign exchange difference, net	739	(1,026)
Impairment of available-for-sale investments*	11,200	–
Impairment of goodwill*	–	19,000
Loss on disposal of items of property, plant and equipment	2,562	–
Employee benefit expenses (including directors' and chief executive's remuneration)		
– Wages and salaries	47,236	6,184
– Pension scheme contributions	9,709	304
	<u>56,945</u>	<u>6,488</u>

\* Included in "Other expenses" on the face of the condensed consolidated statement of profit or loss



## 8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong		
Charge for the period	1,067	3,183
Overprovision in prior periods	(11)	–
Current – People’s Republic of China (“PRC”)		
Charge for the period	9,326	–
Deferred	(41)	–
	<u>10,341</u>	<u>3,183</u>
Total tax expense for the period	<u>10,341</u>	<u>3,183</u>

## 9. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Earnings:</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>87,822</u>	<u>1,645</u>
	<b>Number of shares</b>	
	<b>Six months ended 30 June</b>	
	2016	2015
	(Unaudited)	(Unaudited)
	<i>'000</i>	<i>'000</i>
<b>Shares:</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,973,399	2,782,102
Effect of dilution – weighted average number of ordinary shares:		
Mandatory convertible notes	<u>11,808,703</u>	–
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	<u>14,782,102</u>	<u>2,782,102</u>

For the six months ended 30 June 2015, the computation of diluted earnings per share did not assume the exercise of the Company’s outstanding share options because the exercise price of those options was higher than the average market price for shares.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group has addition of property, plant and equipment at a total cost of HK\$1,776,000 (six months ended 30 June 2015: HK\$103,000).

## 12. GOODWILL

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
<b>Cost</b>		
At beginning of the period/year	2,488,682	306,019
Acquisition of subsidiaries	–	2,182,663
Disposal of subsidiaries	<u>(306,019)</u>	<u>–</u>
	<u>2,182,663</u>	<u>2,488,682</u>
<b>Accumulated impairment</b>		
At beginning of the period/year	306,019	67,019
Impairment during the period/year	–	239,000
Disposal of subsidiaries	<u>(306,019)</u>	<u>–</u>
	<u>–</u>	<u>306,019</u>
<b>Net carrying amount</b>		
At end of the period/year	<u>2,182,663</u>	<u>2,182,663</u>

At 30 June 2016 and 31 December 2015, the carrying amount of goodwill of HK\$2,182,663,000 was allocated to operation of loan facilitation services business. In the opinion of the Directors, there was no indicator for impairment on the goodwill in relation to loan facilitation cash-generating unit based on the current operation performance and the expected future revenue growth rate.

## 13. AVAILABLE-FOR-SALE INVESTMENTS

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
<u>Non-current portion:</u>		
Listed equity investments, at fair value	<u>963,858</u>	<u>1,127,088</u>
<u>Current portion:</u>		
Unlisted fund trust investments	<u>21,880</u>	<u>41,672</u>

#### 14. LOAN AND INTEREST RECEIVABLES

The term of loans entered with its customers are on credit. The credit period is generally within one year, extending up to two years, after monitoring assessment and further creditworthiness analysis on the debtors reviewed by senior management. All loan and interest receivables are denominated in HK\$. The loan receivables carried fixed interest rate ranging from 10% to 36% per annum.

An aged analysis of the loan and interest receivables at the end of the reporting period, based on the loan agreement commencement date and the date of interest income accrued, is as follows:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Within 30 days	3,044	74,046
31 to 90 days	475,503	360,825
91 to 180 days	46,567	–
181 to 365 days	16,661	39,413
Over 365 days	78,857	80,896
	<u>620,632</u>	<u>555,180</u>

#### 15. TRADE AND OTHER RECEIVABLES

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Trade receivables	5,600	40,791
Impairment	(60)	(60)
	<u>5,540</u>	<u>40,731</u>
Deposits	4,488	5,176
Prepayments	2,845	4,945
Other receivables	11,241	4,567
	<u>18,574</u>	<u>14,688</u>
Total trade and other receivables	<u>24,114</u>	<u>55,419</u>

The Group's trading terms with its customers are mainly on credit. The credit periods are ranging from 30 to 90 days for its trade receivables. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. 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 provisions, is as follows:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Within 30 days	578	3,147
31 to 60 days	–	14,478
61 to 90 days	–	16,741
Over 90 days	<b>4,962</b>	6,365
	<b><u>5,540</u></b>	<b><u>40,731</u></b>

## 16. SHARE CAPITAL

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
<b>Authorised:</b>		
400,000,000,000 shares of HK\$0.001 each	<b><u>400,000</u></b>	<b><u>400,000</u></b>
<b>Issued and fully paid:</b>		
3,870,102,650 (31 December 2015: 2,782,102,650) ordinary shares of HK\$0.001 each	<b><u>3,870</u></b>	<b><u>2,782</u></b>

During the six months ended 30 June 2016, 1,088,000,000 shares were issued to Allied Summit Inc., a controlling shareholder of the Company, upon exercise of the conversion rights attaching to the mandatory convertible notes of the Company at a conversion price of HK\$0.2 per share.

## 17. ACQUISITION OF A SUBSIDIARY

On 14 January 2016, a subsidiary of the Company entered into a sale and purchase agreement with an independent third party, pursuant to which the Group acquired a 100% interest in Beijing Ling Sheng Tian Xia Technology Limited<sup>#</sup> (“**Ling Sheng**”). Ling Sheng planned to engage in an internet financing platform in the PRC, but at the time of acquisition, Ling Sheng did not have any employees and had not actively engaged in internet financing business. Accordingly, in the opinion of the Directors, the acquisition of Ling Sheng does not constitute a business combination but an acquisition of assets and liabilities. The carrying amounts of the identifiable assets and liabilities of Ling Sheng as at the date of acquisition were as follows:

	<b>30 June 2016 (Unaudited) HK\$'000</b>
Net assets acquired:	
Cash and bank balances	487
Other receivables	104
Other payables	<b><u>(591)</u></b>
	<b><u>—</u></b>

<sup>#</sup> *The English name of this company represents management's best effort to translate the Chinese name of this company, as no English name has been registered.*

An analysis of cash flows in respect of the acquisition of a subsidiary is as follows:

**30 June**  
**2016**  
**(Unaudited)**  
**HK\$'000**

Consideration	–
Cash and bank balances acquired	487
	487
Net inflow of cash and cash equivalents included in cash flows from investing activities	487

## 18. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2016, the Company entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interest of a group of subsidiaries, which was engaged in forestry business in the Independent State of Papua New Guinea (the “PNG”) previously. The consideration of HK\$10,000,000 for the disposal of subsidiaries has been received as at the date of this announcement. The net liabilities of the subsidiaries being disposed of and including loans assigned to the purchaser at the date of disposal was HK\$1,425,000, and this resulted in a gain on disposal of subsidiaries of HK\$11,425,000 recognised in the condensed consolidated statement of profit or loss during the period.

## 19. OPERATING LEASES ARRANGEMENTS

The Group leases certain of its office premises under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At 30 June 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 June</b>	31 December
	<b>2016</b>	2015
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>10,813</b>	21,058
In the second to fifth years, inclusive	<b>5,875</b>	11,067
	<b>16,688</b>	32,125

## 20. CAPITAL COMMITMENT

The Group did not have any significant capital commitment as at 30 June 2016 (31 December 2015: Nil).

## 21. FAIR VALUE OF FINANCIAL INSTRUMENTS

At 30 June 2016 and 31 December 2015, the Group's available-for-sale investments include investment in equity securities listed in Hong Kong and investment in an unlisted fund trust established in the PRC.

Subsequent to initial recognition at fair value, investment in equity securities listed on the Stock Exchange is measured based on the quoted price (unadjusted) in active market (Level 1 fair value measurement). At 30 June 2016, HK\$963,858,000 (31 December 2015: HK\$1,127,088,000) investment in equity securities is measured at fair value on a recurring basis.

At 30 June 2016, HK\$21,880,000 (31 December 2015: HK\$41,672,000) investment in an unlisted fund trust established in the PRC is measured at cost since the investment in unlisted equity instrument does not have a quoted market price and the fair value cannot be measured reliably.

Fair value hierarchy has been defined in the Group's consolidated financial statements for the year ended 31 December 2015. The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the interim condensed consolidated financial statements approximate to their fair values. There was no transfer between Level 1 and 2 in the current and prior periods.

## 22. RELATED PARTY TRANSACTIONS

### (a) Transaction with a related party

During the six months ended 30 June 2016, 1,088,000,000 shares of the Company were issued to Allied Summit Inc., a controlling shareholder of the Company, upon exercise of the conversion rights attaching to the mandatory convertible notes of the Company at a conversion price of HK\$0.2 per share. Further details of which are set out in the Company's announcement dated 26 May 2016.

### (b) Compensation of key management personnel of the Group

In the opinion of the Directors, the directors and chief executive of the Company represented the key management personnel of the Group and whose compensation are set out as follows:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	<u>1,149</u>	<u>238</u>

## 23. EVENT AFTER THE END OF THE REPORTING PERIOD

(a) On 8 July 2016, the Group entered into a loan agreement with a borrower (the "First Borrower"), an independent third party, pursuant to which the Group has agreed to provide loan with principal amount of up to HK\$2,000,000 to the First Borrower in accordance with the terms thereunder. Prior to 8 July 2016, the Group provided the previous loan facilities to the First Borrower and its associates (as defined under the Listing Rules) with loan principal amounts of HK\$97,100,000 in aggregate. As at the date of this announcement, the previous loans to the First Borrower and its associates have either been fully repaid or have not been due. Further details of which are set out in the Company's announcement dated 8 July 2016.

(b) On 23 August 2016, the Group entered into a loan agreement with a borrower (the "Second Borrower"), an independent third party, pursuant to which the Group has agreed to provide loan with principal amount of up to HK\$82,000,000 to the Second Borrower in accordance with the terms thereunder. Prior to 23 August 2016, the Group provided the previous loan facilities to the Second Borrower with loan principal amounts of HK\$206,000,000 in aggregate. As at the date of this announcement, the previous loans to the Second Borrower have either been fully repaid or have not been due. Further details of which are set out in the Company's announcement dated 23 August 2016.

## 24. COMPARATIVE AMOUNTS

Certain comparative amounts have been re-presented to conform to current period's presentation and disclosures.

## MANAGEMENT DISCUSSION AND ANALYSIS

### DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

### BUSINESS REVIEW

During the six months ended 30 June 2016, the Group was principally engaged in the business of operation of P2P financing platform and other loan facilitation services, money lending and provision of credit, securities investments, provision of corporate secretarial and consultancy services and forestry business.

#### **Operation of P2P Financing Platform and Other Loan Facilitation Services Business**

Since the completion of the acquisition of Katar Global Limited and its subsidiaries (the “**Katar Global Group**”) on 20 October 2015, the Group, through relevant structured contracts (the “**Structured Contracts**”), has been engaging in the operation of a P2P financing platform in the PRC, matching borrowers with private lenders for various financial products through the internet under the “**CAIJIA**” (“**財加**”) brand, which is conducted via the website [www.91caijia.com](http://www.91caijia.com). During the six months ended 30 June 2016, a segment revenue of approximately HK\$158,780,000 (six months ended 30 June 2015: Nil) and a segment profit of approximately HK\$92,119,000 (six months ended 30 June 2015: Nil) were recorded.

#### *Compliance of Structured Contracts with the PRC Laws, Rules and Regulations for Operation of P2P Financing Platform*

During the six months ended 30 June 2016 and up to the date of this announcement, there is no evidence that comes to the attention of the Company that the parties to the Structured Contracts have not performed their obligations in compliance with the Structured Contracts. Moreover, as at the date of this announcement, the Group has not encountered any interference or encumbrance from any governing bodies in operating its business under the Structured Contracts. Thus, the Board considered that the implementation of the Structured Contracts is satisfactory and in compliance and the Structured Contracts shall be enforceable under the PRC laws and regulations.

#### *Efforts and Actions on Complying with the Qualification Requirement for Operation of P2P Financing Platform*

Under the Regulations for the Administration of Foreign-invested Telecommunications Enterprises promulgated by the State Council on 11 December 2001, which were subsequently amended on 10 September 2008, foreign ownership of companies that provide value-added telecommunication services, which include the operation of P2P financing platform, is limited to 50% and a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the “**Qualification Requirement**”). In order to unveil the uncertainties on the Structured Contracts as well as to prepare for the possible unwinding of Structured Contracts in the future, the Group is making effort to meet the Qualification Requirement. The Group is adding some e-commerce elements in the existing finance business of the Group by setting up a website for Joy Wealth Finance Limited (“**Joy Wealth**”), a wholly-owned subsidiary of the Company, at [www.joywealth.com.hk](http://www.joywealth.com.hk), and through such website, Joy Wealth will accept applications from borrowers online.

## Money Lending and Provision of Credit Business

Since obtaining the money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in 2011, Joy Wealth has provided a wide variety of loans with an accumulated amount of approximately HK\$1,957 million. Interest rates ranged from 10% to 36% per annum during the six months ended 30 June 2016 (six months ended 30 June 2015: 10% to 24%) with interest income of approximately HK\$28,843,000 (six months ended 30 June 2015: HK\$26,083,000) generated. There was no reversal of impairment of loan and interest receivables (six months ended 30 June 2015: HK\$9,000,000) recognised for the current period. Details on the loan and interest receivables are set out in note 14 to the interim condensed consolidated financial statements.

## Securities Investments Business

As at 30 June 2016, the Group is holding several investments which are equity securities listed on the Stock Exchange for long term investment with fair value of approximately HK\$963,858,000 (31 December 2015: HK\$1,127,088,000). During the six months ended 30 June 2016, these investments in listed securities led to a net fair value loss being recognised as an other comprehensive loss in an amount of approximately HK\$155,568,000 (six months ended 30 June 2015: net fair value gain of HK\$1,422,754,000) while there was gain on disposal of approximately HK\$4,824,000 (six months ended 30 June 2015: HK\$2,868,000) recognised in the unaudited condensed consolidated statement of profit or loss. Significant investments in listed securities are discussed as below:

### *Investment in shares of Imperial Pacific*

The Group held 5,426,900,000 shares of Imperial Pacific International Holdings Limited (a company whose shares are listed on the Stock Exchange with stock code: 1076) (“**Imperial Pacific**”), representing approximately 3.9% of the issued share capital of Imperial Pacific as at 30 June 2016. Imperial Pacific, through its subsidiaries, is mainly engaged in (i) gaming and resort business, including the development and operation of integrated resort on the Island of Saipan; and (ii) processing and trading of food products which mainly include frozen and functional food products (which ceased and was discontinued on 26 May 2016).

As at 30 June 2016, the fair value of the shares of Imperial Pacific held by the Group amounted to approximately HK\$770,620,000 (31 December 2015: HK\$917,146,000), representing approximately 80% (31 December 2015: 81%) of the Group’s total investment in the listed securities. The net fair value loss recognised as an other comprehensive loss for the investment in shares of Imperial Pacific for the six months ended 30 June 2016 was approximately HK\$146,526,000 (six months ended 30 June 2015: net fair value gain of HK\$1,111,324,000).

### *Investment in shares of Huarong Int Fin*

The Group also held 56,786,000 shares of Huarong International Financial Holdings Limited (a company whose shares are listed on the Stock Exchange with stock code: 993) (“**Huarong Int Fin**”), representing approximately 1.7% of the issued share capital of Huarong Int Fin as at 30 June 2016. Huarong Int Fin, through its subsidiaries, is principally engaged in securities, futures and options contracts brokerage, provision of margin financing, corporate finance and asset management services, direct investment in equities, bonds, funds, derivative instruments and other financial products and provision of money lending services.

As at 30 June 2016, the fair value of the shares of Huarong Int Fin held by the Group amounted to approximately HK\$155,594,000 (31 December 2015: HK\$181,142,000), representing approximately 16% (31 December 2015: 16%) of the Group’s total investment in the listed securities. The net fair



value loss recognised as an other comprehensive loss for the investment in shares of Huarong Int Fin for the six months ended 30 June 2016 was approximately HK\$19,074,000 (six months ended 30 June 2015: net fair value gain of HK\$287,395,000).

### **Provision of Corporate Secretarial and Consultancy Services Business**

Pacific Vision Advisory Services Limited (“**Pacific Vision**”), a wholly-owned subsidiary of the Company, was engaged in the provision of corporate secretarial and consultancy services business. During the six months ended 30 June 2016, a segment revenue of approximately HK\$350,000 (six months ended 30 June 2015: HK\$636,000) and a segment loss of approximately HK\$1,353,000 (six months ended 30 June 2015: HK\$589,000) were recorded. Due to keen competition for corporate secretarial and consultancy services, such business segment has underperformed and recorded continuous losses for the past years.

### **Forestry Business**

On 12 April 2012, the Group acquired 30% of the entire issued share capital of Profit Grand Enterprises Limited (“**Profit Grand**”), which through its subsidiary has the logging rights within a forest sized approximately 65,800 hectares in the PNG. Certain approvals, licenses, registrations, confirmations and/or permits are required under the laws and regulations of the PNG (the “**Official Approvals**”) in order for the Group to conduct forestry related business and to enjoy logging concession right in the PNG. During the six months ended 30 June 2016, in the view that it was highly uncertain when the Official Approvals could be obtained from the relevant government authorities, the Group sold all of its interest in Profit Grand to an independent third party at the consideration of HK\$10,000,000 in order to realise such investment and a gain on disposal of Profit Grand of approximately HK\$11,425,000 was recognised.

## **OUTLOOK**

### **Operation of P2P Financing Platform and Other Loan Facilitation Services Business**

There is strong demand of online financial products in the PRC and the Group is of the view that P2P financing platform and other loan facilitation services business is a new business with enormous growth potential. Moreover, the relevant experience in the money lending and provision of credit business of the Group would generate synergies to the operation of P2P financing platform and other loan facilitation services business. It is expected that the operation of P2P financing platform and other loan facilitation services business will generate positive cash flow to the Group in the coming years.

In order to remove the Company’s reliance on, and hence forth the risks associated with the adoption of, the Structured Contracts in the operation of P2P financing platform as mentioned in the circular of the Company dated 29 September 2015 in relation to the acquisition of the Katar Global Group, the Company has been looking for acquisition opportunities of foreign companies principally engaged in e-commerce related business with track records or considering the establishment of e-commerce related business overseas by itself to gain foreign e-commerce experiences in order to unwind the Structured Contracts. It has also been the Company’s plan and intention to adopt a new business model for the Katar Global Group in the future such that its business could be carried on without the Structured Contracts and without material adverse impact.

## **Money Lending and Provision of Credit Business**

Money lending and provision of credit business will continue to be one of the major business segments of the Group and contribute stable interest income to the Group. The Group will further develop this business segment, diversify the customer portfolio and seek new opportunities to cooperate with its business partners.

## **Securities Investments Business**

As part of its routine exercise, the Company reviews the performance of its existing investment portfolio and evaluating the investment potentials of other investment opportunities available to the Company. Subject to the results of such reviews, the Company may make suitable investment decisions according to the then circumstance and information available which may involve the disposal of the whole or part of its existing investment portfolio and/or the change of the components and/or the asset allocation of its investment portfolio and/or broaden and diversify its investment portfolio with a view of realising and/or optimising the expected return and minimising the risks.

## **Provision of Corporate Secretarial and Consultancy Services Business**

As this business segment has underperformed and recorded continuous losses for the past years, the Group realised this business by selling Pacific Vision subsequently after 30 June 2016 and reallocated its internal resources from this segment to other promising business segments of the Group, such as the newly acquired P2P financing platform and other loan facilitation services business and money lending and provision of credit business.

## **Forestry Business**

Following the disposal of Profit Grand during the current period, the Group has reallocated its internal resources from the forestry business to other promising business segments of the Group, such as the operation of P2P financing platform and other loan facilitation services business and the money lending and provision of credit business.

## **FINANCIAL REVIEW**

### **Financial Results**

For the six months ended 30 June 2016, the Group's revenue was approximately HK\$187,973,000 (six months ended 30 June 2015: HK\$26,719,000). The Group recorded a profit of approximately HK\$90,373,000 for the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$2,360,000), the basic and diluted earnings per share were HK2.95 cents and HK0.59 cents respectively (six months ended 30 June 2015: basic and diluted earnings per share of HK0.06 cents).

### **Liquidity and Financial Resources**

As at 30 June 2016, the Group had recorded net current assets of approximately HK\$903,391,000 (31 December 2015: HK\$806,909,000); and cash and bank balances of approximately HK\$263,383,000 (31 December 2015: HK\$197,059,000). The Group did not enter into any financial instruments for hedging purpose.

## **Capital Structure**

As at 30 June 2016, the total number of the issued ordinary shares with the par value of HK\$0.001 each was 3,870,102,650 (31 December 2015: 2,782,102,650). Details of movements of the share capital of the Company during the six months ended 30 June 2016 are set out in note 16 to the interim condensed consolidated financial statements.

## **Working Capital and Gearing Ratio**

As the Group had a net cash position as at 30 June 2016 and 31 December 2015 with no borrowing, the gearing ratios were not applicable.

## **Significant Investment, Acquisition and Disposal**

Save for disclosed elsewhere in this announcement, there was no significant investment, acquisition or disposal of subsidiaries and associated companies that should be notified to the shareholders of the Company (the “**Shareholders**”) for the six months ended 30 June 2016 incurred. The performance and prospect of the significant investments of the Group during the period under review were discussed under the sections of “Securities Investments Business” above.

## **Segment Information**

Details of segment information of the Group for the six months ended 30 June 2016 are set out in note 5 to the interim condensed consolidated financial statements.

## **Employees**

As at 30 June 2016, 355 staff members have been employed (31 December 2015: 1,078) and relevant remuneration was disclosed in note 7 to the interim condensed consolidated financial statements. In-house training programs were provided for the staff to enhance their skills and job knowledge. The management would continue to foster close cooperation among the staff.

The Group will review employee remuneration from time to time and salary increment is normally approved annually or by special adjustment depending on length of services and performance when warranted. In addition to salaries, the Group provides employee benefits including medical and mandatory provident funds. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending on the financial performance of the Group and the performance of the employees.

## **Details of Charges on Assets**

As at 30 June 2016, the Group did not pledge any assets to banks or other financial institutions (31 December 2015: Nil).

## **Future Plans for Material Investment or Capital Assets**

It is the Group’s corporate mission to continue to explore ways to improve its financial performance, to diversify its operations into new and more profitable businesses and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing in or changing to other profitable business as long as it is in the interest of the Company and the Shareholders as a whole. Also, as part of its routine exercise, the Company reviews the performance of its existing investment portfolio and evaluating the investment potentials of other investment opportunities available to the Company from time to time. Subject to the results of such reviews,

the Company may make suitable investment decisions according to the then circumstance and information available which may involve the disposal of the whole or part of its existing investment portfolio and/or change of the asset allocation of its investment portfolio and/or expanding its investment portfolio with a view of realising and/or optimising the expected return and minimising the risks. Meanwhile, the Company does not preclude the possibility that the Company may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise, as the Company has from time to time been approached by investors for potential investment projects.

Save as disclosed elsewhere in this announcement, as at the date of this announcement, the Company had not entered into any agreement, arrangement, understanding, intention or negotiation that should be disclosed pursuant to the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”).

### **Treasury Policy**

The Group has adopted a treasury policy on 24 May 2011 in relation to the Group’s investment in securities of other listed companies on the Stock Exchange. The objective of the policy is to enable the Group to control and govern the possible future securities investments (if any, which may or may not occur).

### **Foreign Exchange Exposures**

Business transactions of the Group are mainly denominated in HK\$ and Renminbi. The Group has not implemented any foreign currency hedging policy at the moment. However, in the view of the fluctuation of Renminbi in recent years, continuous monitoring on the foreign exchange exposure is carried out and the management will consider hedging the foreign exchange exposure if it has material impact on the Group.

### **Capital Commitment**

As at 30 June 2016, the Group had no material capital commitment (31 December 2015: Nil).

### **Contingent Liability**

As at 30 June 2016, the Group had no material contingent liability (31 December 2015: Nil).

### **EVENT AFTER THE END OF THE REPORTING PERIOD**

Details of significant events occurring after the reporting period are set out in note 23 to the interim condensed consolidated financial statements.

### **DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 30 June 2016, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 Part XV of the SFO and none of the Directors, the chief executive of the Company nor their associates (as defined in the Listing Rules) had any other interests or short positions in the shares of the Company, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of

the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors or the chief executive of the Company is taken or deemed to have under such provisions of the SFO; or (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or (c) were required to be notified to the Company or the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

## **DIRECTORS' INTERESTS IN A COMPETING BUSINESS**

To the best knowledge of the Directors, none of the Directors and their respective associates (as defined in the Listing Rules) is considered to have any interests in the businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

The register of substantial Shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30 June 2016, the Company had been notified of the following substantial Shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

### **Long position in ordinary shares of the company:**

<b>Name</b>	<b>Capacity and nature of interest</b>	<b>Number of shares interested</b>	<b>Percentage of the Company's issued share capital (%)</b>
Su Weibiao	Held by controlled corporation	13,621,219,755	351.96
Allied Summit Inc. <i>(Notes 1 and 2)</i>	Beneficial owner	13,621,219,755	351.96

*Note 1:* Allied Summit Inc. is owned as to 80% by Mr. Su Weibiao and as to remaining 20% by Mr. Ng Kwok Fai.

*Note 2:* Allied Summit Inc. holds i) 2,709,219,755 shares of the Company, representing approximately 70.00% of the issued share capital of the Company as at the date of this announcement; and ii) the convertible notes issued by the Company in the principal amount of HK\$2,182,400,000 which are convertible into 10,912,000,000 conversion shares of the Company upon full conversion, representing approximately 281.96% of the issued share capital of the Company as at the date of this announcement. The conversion rights under such convertible notes shall only be exercisable provided that the public float requirements under Rule 8.08 of the Listing Rules is satisfied.

## **SHARE OPTIONS**

The Company has adopted the share option scheme (the “**Share Option Scheme**”) pursuant to an ordinary resolution passed on 12 June 2012 (the “**Adoption Date**”) and terminated the previous share option scheme which had expired on 21 June 2012. The purpose of the Share Option Scheme is to provide incentives to the grantee, including employee, officer, agent consultant or representative of the Group (including any executive or non-executive director of any member of the Group), to

contribute to the Group and to enable the Group to recruit high-calibre employees and attract resources that are valuable to the Group. The Share Option Scheme shall be valid and effective for a period of ten years commencing from the Adoption Date and will expire on 11 June 2022.

During the special general meeting held on 18 December 2013, the Shareholders duly approved that, subject to and conditional upon the listing committee of the Stock Exchange granting listing of and permission to deal in the shares of the Company to be issued upon the exercise of options which may be granted under the Company's Share Option Scheme, the existing scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the Share Option Scheme be refreshed and renewed provided that the total number of shares of the Company which may be allotted and issued pursuant to the grant or exercises of the options under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme) shall not exceed 10% of the shares of the Company in issue as at 18 December 2013, that is 278,210,265 shares of the Company. The Directors are authorised, subject to compliance with the Listing Rules, to grant options under the Share Option Scheme up to the refreshed limit and to exercise all the powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options granted under the Share Option Scheme. The subscription price will be a price determined by the Board and at least the highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant of the option, which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; and (c) the nominal value of the shares. The total number of shares which may be issued upon exercise of options must not exceed 30% of the number of shares in issue from time to time. No options may be granted if such grant would result in the 30% limit being exceeded. Details were shown in the circular of the Company dated 2 December 2013.

No share option has been granted or exercised since the adoption of the Share Option Scheme. The total number of shares of the Company for issue under the Share Option Scheme as at 24 March 2016 (the date of the Company's annual report 2015) and the date of this announcement was 278,210,265 shares, representing 10.0% and 7.2% of the issued share capital of the Company as at 24 March 2016 and the date of this announcement respectively.

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions (the “**Code Provisions**”) set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules for the six months ended 30 June 2016 except the following deviations:

### **Code Provision A.4.1**

Code Provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. One independent non-executive Director who was appointed in previous years is not appointed for a specific term but is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-Laws of the Company. As such, it is considered that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the CG Code. Also, the Board does not believe that arbitrary term limits on Director's service are appropriate given that Directors ought to be committed to representing the long-term interests of the Shareholders.

## Code Provision E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting of the Company. Mr. Huang Chuan Fu, the chairman of the Board, did not attend the annual general meeting of the Company held on 3 June 2016 (the “AGM”) due to his other important engagement. Mr. Wong Chun Hung, an independent non-executive Director, had chaired the said AGM and answered questions from the Shareholders.

## CODE OF CONDUCT REGARDING DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the terms contained in the Model Code for Security Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the Company’s code of conduct for security transactions and dealing (the “Model Code”). All existing Directors, upon specific enquiry, have confirmed that they have complied with the Model Code during the six months ended 30 June 2016.

## PURCHASE, SALE OR REDEMPTION OF SHARES

For the six months ended 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed shares. As at 30 June 2016, 3,870,102,650 ordinary shares with the par value of HK\$0.001 each were issued.

## AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises of three independent non-executive Directors, Mr. Wong Chun Hung, Mr. Zheng Zhen and Mr. To Langa Samuelson. The Audit Committee has adopted terms of reference which are in line with the CG Code.

The unaudited condensed consolidated results for the six months ended 30 June 2016 have been reviewed by the Audit Committee.

As at the date of this announcement, the Directors are:

### *Executive Directors*

Mr. Huang Chuan Fu (*Chairman*)  
Mr. Liang Jian Hua  
Ms. Jia Hui  
Mr. Jiang Yi Ren

### *Independent Non-executive Directors*

Mr. Wong Chun Hung  
Mr. Zheng Zhen  
Mr. To Langa Samuelson

By order of the Board  
**Pacific Plywood Holdings Limited**  
**Huang Chuan Fu**  
*Chairman and Executive Director*

Hong Kong, 26 August 2016

*In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*