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 2013

The board of directors (the "**Directors**") (the "**Board**") of Pacific Plywood Holdings Limited (the "**Company**") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2013 and the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2013

		Six months ended 30 June	
	Notes	**2013** *HK$'000* **(Unaudited)**	2012 *HK$'000* (Unaudited)
Turnover — gross proceeds	*4*	**32,706**	39,636
Revenue		**17,656**	25,717
Interest income		**10,558**	23,760
Others		**7,098**	1,957
Cost of sales		**(1,374)**	(763)
Interest expense		**–**	(200)
Other cost of sales		**(1,374)**	(563)
Gross profit		**16,282**	24,954
Other income and gains		**8,232**	11
Reversal of impairment loss on loan receivables		**–**	32,969
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss		**35,491**	–
Impairment loss on available-for-sale financial assets		**–**	(17,808)
Change in fair value of investment held for trading		**–**	1,910
Share-based payment expenses		**–**	(434)
Administrative expenses		**(11,443)**	(11,214)
Operating profit		**48,562**	30,388
Finance costs		**(96)**	(2,830)
Profit before tax		**48,466**	27,558
Income tax expenses	*5*	**–**	(641)
Profit for the period	*6*	**48,466**	26,917
Profit (loss) for the period attributable to:			
Owners of the Company		**48,470**	26,920
Non-controlling interests		**(4)**	(3)
		48,466	26,917
			(Restated)
Earnings per share:			
Basic and diluted (HK cents)	*8*	**8.7**	45.8

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**48,466**	26,917
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Fair value gain on available-for-sale financial assets	**2,268**	–
Total comprehensive income for the period	**50,734**	26,917
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	**50,738**	26,920
Non-controlling interests	**(4)**	(3)
	50,734	26,917

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**2,000**	2,575
Goodwill	17	**306,019**	306,019
Deposit for acquisition of logging concession		**269**	269
Convertible instruments designated as financial assets at fair value through profit or loss		**140,203**	104,712
Available-for-sale financial assets		**110,160**	95,922
		558,651	509,497
CURRENT ASSETS			
Loan and interest receivables	10	**123,508**	127,646
Trade and other receivables	11	**17,085**	8,720
Investment held for trading		**–**	15,050
Tax recoverable		**68**	68
Bank balances and cash		**41,761**	44,477
		182,422	195,961
CURRENT LIABILITIES			
Other payables and accruals		**252**	1,883
Amounts due to directors		**–**	154
Note payable	12	**–**	10,000
Interest payable	12	**–**	3,334
		252	15,371
NET CURRENT ASSETS		**182,170**	180,590
TOTAL ASSETS LESS CURRENT LIABILITIES		**740,821**	690,087
CAPITAL AND RESERVES			
Share capital	13	**178,054**	178,054
Share premium		**524,993**	524,993
Share-based payment reserve		**1,367**	1,367
Other reserves		**100,557**	100,557
Available-for-sale financial assets revaluation reserve		**2,268**	–
Accumulated losses		**(66,598)**	(115,068)
Equity attributable to			
Owners of the Company		**740,641**	689,903
Non-controlling interests		**180**	184
TOTAL EQUITY		**740,821**	690,087

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company									
	Share capital	Share premium	Convertible notes reserve	Share-based payment reserve	Other reserves	Available-for-sale financial assets revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2012 (Audited)	247,585	340,037	–	–	(160)	–	(177,351)	410,111	–	410,111
Profit (loss) for the period, representing total comprehensive income (expense) for the period	–	–	–	–	–	–	26,920	26,920	(3)	26,917
Capital reduction	(237,682)	–	–	–	237,682	–	–	–	–	–
Acquisition of subsidiaries	–	–	30,817	–	–	–	–	30,817	43	30,860
Issue of shares upon conversion of convertible notes	3,793	25,307	(30,817)	–	–	–	–	(1,717)	–	(1,717)
Issue of share options	–	–	–	434	–	–	–	434	–	434
At 30 June 2012 (Unaudited)	13,696	365,344	–	434	237,522	–	(150,431)	466,565	40	466,605
At 1 January 2013 (Audited)	178,054	524,993	–	1,367	100,557	–	(115,068)	689,903	184	690,087
Profit (loss) for the period	–	–	–	–	–	–	48,470	48,470	(4)	48,466
Fair value gain on available-for-sale financial assets	–	–	–	–	–	2,268	–	2,268	–	2,268
Total comprehensive income (expense) for the period	–	–	–	–	–	2,268	48,470	50,738	(4)	50,734
At 30 June 2013 (Unaudited)	**178,054**	**524,993**	**–**	**1,367**	**100,557**	**2,268**	**(66,598)**	**740,641**	**180**	**740,821**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash from operating activities	**22,866**	191,602
Net cash used in investing activities	**(11,998)**	(248,062)
Net cash used in financing activities	**(13,584)**	(10,004)
Net decrease in cash and cash equivalents	**(2,716)**	(66,464)
Cash and cash equivalents at 1 January	**44,477**	78,781
Cash and cash equivalents at 30 June	**41,761**	12,317
Analysis of the balance of cash and cash equivalents:		
Bank balances and cash	**41,761**	12,317

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability. The shares of the Company are listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda.

During the six months ended 30 June 2013, the principal activities of the Group were money lending and provision of credit business, provision of corporate secretarial and consultancy services, securities investments and forestry business.

The condensed consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Group.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("**HKFRSs**") and Hong Kong Accounting Standards ("**HKASs**") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for "fair value" and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in Note 16.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 Interim Financial Reporting
(as part of the Annual Improvements to HKFRSs 2009–2011 Cycle)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009–2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker ("**CODM**") and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Except as described above, the application of the other new or revised HKFRSs and HKASs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

Information reported to the Board, being the CODM, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. No operating segment identified by the CODM have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. Money lending — business of money lending and provision of credits
2. Consultancy services — provision of corporate secretarial and consultancy services
3. Securities investments — trading of securities and investment in long-term securities
4. Forestry business — forest logging and harvesting

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Money lending *HK$'000*	**Consultancy services** *HK$'000*	**Securities investments** *HK$'000*	**Forestry business** *HK$'000*	**Total** *HK$'000*
Six months ended 30 June 2013 (Unaudited)					
Turnover — gross proceeds	**10,558**	**4,978**	**17,170**	**–**	**32,706**
Segment revenue from external customers	**10,558**	**4,978**	**2,120**	**–**	**17,656**
Segment results	**8,512**	**594**	**45,812**	**(1,792)**	**53,126**
Unallocated corporate expenses					**(4,565)**
Unallocated corporate income					**1**
Finance costs					**(96)**
Profit before tax					**48,466**

	Money lending *HK$'000*	Consultancy services *HK$'000*	Securities investments *HK$'000*	Forestry business *HK$'000*	Total *HK$'000*
Six months ended 30 June 2012 (Unaudited)					
Turnover — gross proceeds	23,760	2,428	13,448	–	39,636
Segment revenue from external customers	23,760	2,428	(471)	–	25,717
Segment results	56,673	1,653	(16,372)	(5)	41,949
Unallocated corporate expenses					(11,138)
Unallocated corporate income					11
Share-based payment expenses					(434)
Finance costs					(2,830)
Profit before tax					27,558

4. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	Money lending *HK$'000*	**Consultancy services** *HK$'000*	**Securities investments** *HK$'000*	**Forestry business** *HK$'000*	**Total** *HK$'000*
At 30 June 2013 (Unaudited)					
ASSETS					
Segment assets	**157,095**	**6,972**	**265,625**	**307,127**	**736,819**
Unallocated corporate assets					**4,254**
Total assets					**741,073**
LIABILITIES					
Segment liabilities	**8**	**39**	**–**	**–**	**47**
Unallocated corporate liabilities					**205**
Total liabilities					**252**

	Money lending *HK$'000*	Consultancy services *HK$'000*	Securities investments *HK$'000*	Forestry business *HK$'000*	Total *HK$'000*
At 31 December 2012 (Audited)					
ASSETS					
Segment assets	145,117	2,073	222,711	306,288	676,189
Unallocated corporate assets					29,269
Total assets					705,458
LIABILITIES					
Segment liabilities	27	10	–	976	1,013
Unallocated corporate liabilities					14,358
Total liabilities					15,371

5. INCOME TAX EXPENSES

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	**–**	641

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2013 as the Group had no assessable profit arising in Hong Kong.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2012.

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Staff costs (excluding directors' emoluments)		
— Salaries, wages and other benefits	**3,515**	2,879
— Retirement benefit scheme contribution	**205**	135
Total staff costs	**3,720**	3,014
Auditors' remuneration		
— Non-audit service	**200**	80
Directors' emoluments	**1,058**	1,185
Depreciation of property, plant and equipment	**604**	310
Minimum lease payment under operating lease in respect of land and buildings	**820**	859

7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period (for six months ended 30 June 2012: HK$Nil). The Directors have determined that no dividend will be paid in respect of the interim periods.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**48,470**	26,920

	Six months ended 30 June	
	2013	2012
	'000	*'000*
	(Unaudited)	(Unaudited) (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**556,421**	58,757

For the six months ended 30 June 2013, the weighted average number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted for capital reorganisation took effect on 15 August 2013.

For the six months ended 30 June 2013 and 2012, the computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares.

The denominator for the purpose of calculating basic and diluted earnings per share for the six months ended 30 June 2012 has been restated for the effects of the share consolidation, right issues (with bonus issues) and capital reorganisation took effect on 10 September 2012, 11 October 2012 and 15 August 2013 respectively.

9. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired certain property, plant and equipment of approximately HK$29,000 (for the six months ended 30 June 2012: HK$2,491,000).

10. LOAN AND INTEREST RECEIVABLES

	As at	
	30 June	31 December
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Fixed-rate loan and interest receivables	**123,508**	127,646

10. LOAN AND INTEREST RECEIVABLES *(Continued)*

The term of loans entered with customers ranges within one year. And after monitoring assessment and further creditworthiness analysis on the debtors, certain loans have been further extended for not more than one year. All loans and interest receivables were denominated in HK$. The loan receivables carried fixed effective interest ranging from 10% to 48% per annum (31 December 2012: 8% to 48% per annum). Included in the carrying amounts of loan and interest receivables as at 30 June 2013 was accumulated impairment loss of HK$44,060,000 (31 December 2012: HK$44,060,000). An aged analysis of the loan and interest receivables net of impairment loss at the end of the reporting period, based on the loan agreements commencement date and the date of interest incurred, is as follows:

	As at	
	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**1,200**	744
31 – 90 days	**2,340**	123,606
91 – 180 days	**8,916**	126
181 – 365 days	**108,134**	212
Over 365 days	**2,918**	2,958
	123,508	127,646

11. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**342**	173
Other receivables and prepayments *(Note 1)*	**16,743**	8,547
	17,085	8,720

Note 1: Included in the other receivables and prepayments as at 31 December 2012 was an amount due from a substantial shareholder of HK$274,000, which was unsecured, interest free and repayable on demand. No such amount was noted as at 30 June 2013.

For the six months ended 30 June 2013, the Group allowed an average credit period in the range from 30 to 90 days to its trade customers. An aged analysis of the trade receivables net of accumulated impairment loss (if any) at the end of the reporting period, based on the invoice date, which approximated the revenue recognition date, is as follows:

	As at	
	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**342**	173

12. NOTE PAYABLE AND INTEREST PAYABLE

On 12 April 2012, the Group completed the acquisition of 30% equity interest of Profit Grand Enterprises Limited ("**Profit Grand**") and its subsidiary (the "**Acquisition**"). Part of the consideration was satisfied by issuing 10% promissory notes in the principal sum of HK$195,000,000. The maturity date of the promissory notes is 15 months from the date of issuance. During the year ended 31 December 2012, the Group had early redeemed HK$185,000,000 of the promissory notes.

During the six months ended 30 June 2013, the outstanding interest and principal amount of the promissory note were fully repaid.

13. SHARE CAPITAL

	Par value	Number of shares	Amount
	HK$	*'000*	*HK$'000*
Authorised:			
At 1 January 2012			
Ordinary shares of HK$0.025 each	0.025	16,000,000	400,000
Share consolidation *(Note a)*	N/A	(14,400,000)	–
Capital reduction *(Note b)*	0.01	–	(384,000)
Capital reorganisation *(Note b)*	0.01	38,400,000	384,000
Share consolidation *(Note d)*	N/A	(35,000,000)	–
At 31 December 2012 (Audited), 1 January 2013 (Audited) and 30 June 2013 (Unaudited)	**0.08**	**5,000,000**	**400,000**
Issued and fully paid:			
At 1 January 2012	0.025	9,903,401	247,585
Share consolidation *(Note a)*	N/A	(8,913,061)	–
Capital reduction *(Note b)*	0.01	–	(237,682)
Issue of shares upon conversion of convertible notes *(Note c)*	0.01	379,310	3,793
Share consolidation *(Note d)*	N/A	(1,198,444)	–
Issue of right shares *(Note e)*	0.08	342,413	27,393
Issue of bonus shares *(Note e)*	0.08	1,712,063	136,965
At 31 December 2012 (Audited), 1 January 2013 (Audited) and 30 June 2013 (Unaudited)	**0.08**	**2,225,682**	**178,054**

13. SHARE CAPITAL *(Continued)*

Notes:

a. As disclosed in the circular of the Company dated 23 February 2012, a share consolidation on the basis that every 10 issued and unissued shares with the par value of HK$0.025 each in the share capital of the Company had been consolidated into 1 consolidated share with the par value of HK$0.25 each with effective from 20 March 2012. Prior to the date of share consolidation, there were 9,903,401,934 issued shares, after the share consolidation, the number of issued shares changed to 990,340,193.

b. Pursuant to an ordinary resolution passed at the Company's special general meeting held on 19 March 2012, the Company's issued share capital was reduced by cancelling the issued and unissued share capital to the extent of HK$0.24 each such that the par value of the issued and unissued share capital was reduced from HK$0.25 to HK$0.01 each, as a result, approximately HK$237,682,000 was credited to the contributed surplus of the Company.

   Pursuant to an ordinary resolution passed at the Company's special general meeting held on 19 March 2012, the Company's authorised share capital was increased from HK$16,000,000 divided into 1,600,000,000 ordinary shares of HK$0.01 each to HK$400,000,000 divided into 40,000,000,000 new shares by creation of 38,400,000,000 new shares.

c. As disclosed in the announcement of the Company dated 12 April 2012, the completion of the Acquisition took place on 12 April 2012. As part of the consideration of HK$310,000,000, the convertible notes in the principal amount of HK$33,000,000 were issued by the Company. The conversion price was HK$0.087 per conversion share. On 12 April 2012, the convertible notes were converted in full into 379,310,344 ordinary shares with the par value of HK$0.01 each.

d. As disclosed in the circular of the Company dated 14 August 2012, a share consolidation on the basis that every 8 issued and unissued shares with par value of HK$0.01 each in the share capital of the Company had been consolidated into 1 consolidated share with par value of HK$0.08 each with effective from 10 September 2012. Prior to the date of share consolidation, there were 1,369,650,537 issued shares, after the share consolidation, the number of issued shares changed to 171,206,317.

e. On 7 September 2012, the shareholders of the Company (the "**Shareholders**") approved by way of poll the rights issue on the basis of 2 rights shares for every one share held on the record date of 19 September 2012 at a subscription price of HK$0.56 per rights share with bonus issue on the basis of 5 bonus shares for every 1 rights share taken up under the rights issue. The rights issue with the bonus issue became unconditional on 11 October 2012. 342,412,634 rights shares and 1,712,063,170 bonus shares with the par value of HK$0.08 each were allotted and issued on 11 October 2012 and net proceeds of approximately HK$187,042,000 were raised. Details of the rights issue and the bonus issue were set out in the circular of the Company dated 14 August 2012.

All the shares which were issued during the periods rank pari passu with the then existing shares in all respects.

14. SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") pursuant to an ordinary resolution passed on 12 June 2012 by terminating the previous share option scheme which had expired on 21 June 2012. During the annual general meeting held on 21 June 2013 ("**AGM**"), 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 21 June 2013 (the "**Refreshed Limit**"), that is 222,568,212 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. No share option has been granted or exercised since the adoption of the Share Option Scheme.

Upon the completion of the Acquisition on 12 April 2012, an option had been conditionally granted by the Company to each of China Longjiang Forest Industry (Group) General Corporation# (中國龍江森林工業(集團)總公司) ("**Longjiang Forest Industry**") and Jia Run Investments Limited ("**Jia Run**") to subscribe for not more than 49,517,009 shares of the Company after the proposed share consolidation as mentioned in Note 13(a) to the condensed consolidated financial statements became effective (equivalent to 6,189,626 shares of the Company after the proposed share consolidation as mentioned in Note 13(d) to the condensed consolidated financial statements becoming effective) (the "**Longjiang Option**" and the "**Agent Option**", respectively). After the rights issue as mentioned in Note 13(e) to the condensed consolidated financial statements became effective, the number of shares that could be subscribed became 12,936,318. The Longjiang Option and Agent Option were granted to Longjiang Forest Industry and Jia Run respectively for the establishment of a strategic alliance between the Company and Longjiang Forest Industry with respect to the development and management of the forest acquired under the Acquisition with the assistance of Jia Run as an agent. No share options had been exercised since the grant of the Longjiang Option and Agent Option. As at the date of this announcement, the Agent Option has expired while the Longjiang Option is still in effect. The number of shares that could be subscribed under the Longjiang Option became 3,234,079 shares upon the capital reorganisation which became effective on 15 August 2013.

No share-based payment expenses (for the six months ended 30 June 2012: HK$434,000) has been included in the condensed consolidated statement of profit or loss for the six months ended 30 June 2013. No liabilities were recognised due to these equity-settled share-based payment transactions.

The fair values of the Longjiang Option and the Agent Option were determined at the date of grant by using the Monte Carlo simulation method.

As the fair value of the services received could not be estimated reliably by the Company, the fair value of service received from Longjiang Forest Industry and Jia Run was measured indirectly by reference to the fair value of the option granted.

The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

14. SHARE OPTION SCHEME *(Continued)*

The following assumptions were used to calculate the fair values of share options:

	Longjiang Option	**Agent Option**
Grant date	12 April 2012	12 April 2012
Share price at grant date	HK$0.083	HK$0.083
Exercise price (before share consolidation and right issues and bonus issue)	HK$0.25 to HK$0.5	HK$0.25 to HK$0.5
Expected option period	1.723 years	0.641 years
Expected volatility	205.924%	82.203%
Risk-free interest rate	0.207%	0.145%

The Monte Carlo simulation method has been used in computing the fair value of the share options based on the Directors' best estimate. Changes in variables and assumptions may result in changes in fair value of the Longjiang Option and Agent Option.

15. COMMITMENTS

Operating leases

The Group as a lessee

The Group leases certain of its office properties under operating lease arrangements. At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**1,642**	1,641
In the second to fifth year inclusive	**342**	1,163
	1,984	2,804

Leases are negotiated and rentals are fixed for terms of approximately 2.8 years (31 December 2012: 2.8 years).

Capital commitment

The Group had no capital commitments as at 30 June 2013 (31 December 2012: Nil).

16. FAIR VALUE MEASUREMENTS OF THE FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

— Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

— Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

— Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 30 June 2013	Fair value as at 31 December 2012	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Listed equity securities classified as available-for-sale financial assets in the statement of financial position	**Assets — approximately HK$20,160,000**	Assets — approximately HK$5,922,000	Level 1	Quoted bid prices in an active market	N/A	N/A
Listed equity securities classified as investment held for trading in the statement of financial position	**Assets — Nil**	Assets — approximately HK$15,050,000	Level 1	Quoted bid prices in an active market	N/A	N/A
Redeemable convertible notes classified as convertible instruments designated as financial assets at fair value through profit or loss in the statement of financial position	**Assets — approximately HK$140,203,000**	Assets — approximately HK$104,712,000	Level 2	Discounted cash flow and Black-Scholes option pricing model. Contractual cash flow are discounted at the interest rates that were appropriate to the riskiness of the convertible notes.	N/A	N/A

There were no transfers between Levels 1, 2 and 3 in the current period and prior year.

The Directors consider that the carrying amounts of other financial assets and financial liabilities in the condensed consolidated financial statements approximate to their fair values.

17. ACQUISITION OF SUBSIDIARIES

Century Praise Limited, a wholly-owned subsidiary of the Company, has entered into a conditional agreement with Able Famous Limited and Peak Sino Limited (collectively referred to as the "**Vendors**") on 2 December 2011 (the "**Profit Grand S&P Agreement**") for the Acquisition at a consideration of HK$310,000,000. The consideration of the Acquisition was satisfied by (i) cash of HK$82,000,000; (ii) promissory notes with aggregate principal amount of HK$195,000,000; and (iii) convertible notes with aggregate principal amount of HK$33,000,000. The Acquisition was completed on 12 April 2012.

According to the Profit Grand S&P Agreement, the Group would have the control over the majority composition of the board of directors of Profit Grand and 51% of the total voting rights in the general meetings of Profit Grand. Accordingly, the Directors considered that Profit Grand and its subsidiary (the "**Profit Grand Group**") became indirect subsidiaries of the Group and the financial performance of the Profit Grand Group would be consolidated into the consolidated financial statements of the Group after completion of the Acquisition.

Consideration transferred

	HK$'000
Cash	82,000
Promissory notes	195,000
Convertible notes at fair value	29,100
Adjusted consideration	306,100

The Directors considered that the carrying value of the promissory notes at issuance date approximate to its fair value due to short-term maturity.

Assets recognised at the date of acquisition

	HK$'000
Non-current asset	
Deposit for acquisition of logging concession	269

Non-controlling interests

The non-controlling interests (70%) in the Profit Grand Group recognised at the Acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of the Profit Grand Group.

17. ACQUISITION OF SUBSIDIARIES *(Continued)*

Goodwill arising on the Acquisition

	HK$'000
Consideration transferred	306,100
Add: non-controlling interests	188
Less: recognised amount of identifiable net assets acquired	(269)
Goodwill arising on the Acquisition	306,019

Goodwill recognised in a business combination is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. The future economic benefits may result from synergy between the identifiable assets acquired or from assets that, individually, do not qualify for recognition in the financial statements. As at the date of this announcement, certain consents, licenses and approvals are still under negotiation and have not been obtained, the inherent logging concession is not identifiable and distinguishable from the goodwill of the Profit Grand Group. Accordingly, the fair value attributable to the Profit Grand Group is allocated as goodwill instead of an intangible asset.

None of the goodwill arising on the Acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on the Acquisition

	HK$'000
Consideration paid in cash	82,000
Less: deposit paid as at 31 December 2011	(20,000)
Net cash outflow in 2012	62,000

Impact of the Acquisition on the results of the Group

Included in the profit for the six months ended 30 June 2012 is loss of approximately HK$5,000 attributable to the Profit Grand Group. No revenue for the six months ended 30 June 2012 is attributable to the Profit Grand Group.

Had the Acquisition been effected at the beginning of the six months ended 30 June 2012, the total amount of revenue of the Group for the six months ended 30 June 2012 would have been approximately HK$25,717,000, and the amount of the profit for the six months ended 30 June 2012 would have been approximately HK$26,917,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Acquisition been completed at the beginning of the six months ended 30 June 2012, nor it is intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had the Profit Grand Group been acquired at the beginning of the six months ended 30 June 2012, the Directors calculated depreciation of plant and equipment based on the recognised amounts of plant and equipment at the Acquisition date.

18. RELATED PARTY TRANSACTIONS

All of the related party transactions and balances are disclosed elsewhere in the condensed consolidated financial statements.

19. EVENT AFTER THE END OF THE INTERIM PERIOD

a. On 22 July 2013, Best Harvest Asia Limited ("**Best Harvest**"), a wholly-owned subsidiary of the Company, acquired an additional 83,000,000 ordinary shares of HK$0.001 each in the capital of Simsen International Corporation Limited ("**Simsen Shares**") at a consideration of approximately HK$9.38 million (excluding transaction costs), equivalent to HK$0.113 per Simsen Share. The 83,000,000 Simsen Shares represented approximately 3.26% of the issued share capital of Simsen International Corporation Limited ("**Simsen**"). After the acquisition, the Group holds 251,000,000 Simsen Shares, representing approximately 9.87% of the issued share capital of Simsen.

b. On 23 July 2013, Alpha Riches Limited ("**Alpha Riches**"), a wholly-owned subsidiary of the Company as purchaser, entered into a framework agreement with Fly Star Global Investments Limited as the vendor ("**Fly Star**") and Ms. Wu Chia Lien as Fly Star's guarantor in relation to a possible acquisition of 100% of the issued share capital of Easy Bright Corporation Limited (the "**Target Company**") (the "**Proposed Acquisition**") (the "**Framework Agreement**"). The major asset of the Target Company is a parcel of land consisted of two consecutive concessions with an aggregate area of approximately 11,819 square meters in Beijing, the People's Republic of China (the "**PRC**") (the "**Project Site**").

   The consideration of the Proposed Acquisition will be determined after further negotiation between Fly Star and Alpha Riches and will not be more than 70% of the appraised consolidated net asset value of the Target Company and its subsidiaries (taking into account of the final valuation of the Project Site to be prepared by an independent valuer). The details of the Proposed Acquisition have been disclosed in the Company's announcement dated 23 July 2013.

c. On 14 August 2013, the Shareholders approved the relevant resolutions in relation to the proposed capital reorganisation at a special general meeting of the Company, pursuant to which with effect from 15 August 2013, (i) every four existing issued and unissued shares of HK$0.08 each in the share capital of the Company are consolidated into one consolidated share of HK$0.32 each; (ii) following such share consolidation, (a) the issued share capital of the Company is reduced through a cancellation of the paid-up capital of the Company to the extent of HK$0.319 on each of the issued consolidated shares in the share capital of the Company such that the par value of each issued consolidated share be reduced from HK$0.32 to HK$0.001 and (b) the par value of all consolidated shares in the authorised share capital of the Company is reduced from HK$0.32 each to HK$0.001 each resulting in the reduction of the authorised share capital of the Company from HK$400,000,000 divided into 1,250,000,000 consolidated shares to HK$1,250,000 divided into 1,250,000,000 new shares of par value of HK$0.001 each; (iii) subject to and forthwith upon the issued share capital reduction and authorised capital reduction becoming effective, the authorised share capital is increased from HK$1,250,000 (divided into 1,250,000,000 new shares) to HK$400,000,000 (divided into 400,000,000,000 new shares) by the creation of 398,750,000,000 new shares; and (iv) the amount of credit arising from the issued share capital reduction be transferred to the contributed surplus account of the Company and the Directors are authorised to apply amount standing to the credit of the contributed surplus account in such manner as they consider appropriate in accordance with the bye-laws of the Company and all applicable laws, including but not limited to setting off against the accumulated losses of the Company from time to time. Details of such capital reorganisation have been set out in the circular of the Company dated 22 July 2013.

d. On 20 August 2013, the Company announced to raise not less than approximately HK$200.31 million and not more than approximately HK$201.48 million, before expenses, by issuing not less than 1,112,841,060 rights shares and not more than 1,119,309,218 rights shares to the qualifying Shareholders by way of the rights issue at the subscription price of HK$0.18 per rights share on the basis of two rights shares for every one share held on the record date (the "**Rights Issue**"). Subject to the satisfaction of the conditions of the Rights Issue, bonus shares will be issued to the first registered holders of the rights shares on the basis of one bonus share for every one rights share taken up under the Rights Issue. On the basis of not less than 1,112,841,060 rights shares and not more than 1,119,309,218 rights shares to be issued under the Rights Issue, not less than 1,112,841,060 bonus shares and not more than 1,119,309,218 bonus shares will be issued (the "**Bonus Issue**"). Details of the Rights Issue (with the Bonus Issue) have been disclosed in the Company's announcement dated 20 August 2013.

DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

BUSINESS REVIEW

The Company is an investment holding company, and through its subsidiaries, is principally engaged in the business of money lending and provision of credits, securities investments, provision of corporate secretarial and consultancy services and forestry business.

Money Lending and Provision of Credits Business

Since obtaining the Money Lenders License under the Money Lenders Ordinance (Cap.163 of the laws of Hong Kong) in 2011, Joy Wealth Finance Limited ("**Joy Wealth**"), a wholly-owned subsidiary of the Company, has provided a wide variety of loans with an accumulated amount of approximately HK$684,000,000 with interest rates ranging from 8% to 48% per annum. For the six months ended 30 June 2013, the interest income was approximately HK$10,558,000 (30 June 2012: HK$23,760,000), and there is no impairment loss (30 June 2012: Nil) or reversal of impairment loss (30 June 2012: HK$32,969,000) noted.

Securities Investments Business

As at the date of this announcement, the Group had invested in Simsen, a company whose shares are listed on the main board of the Stock Exchange (Stock Code: 993) as a strategic investment with the intention to promote the finance business of Joy Wealth through the retail platform provided by Simsen as the subsidiaries of Simsen have a broad customer base and distribution channels for its businesses such as securities business, insurance products, money lending and provision of credits etc.

On 26 April 2013, Best Harvest acquired 126,000,000 Simsen Shares by fully accepting its provisional allotment under the Simsen rights issue at a consideration of approximately HK$11.97 million in order to maintain the Group's interest in Simsen. Further details have been disclosed in the announcement of the Company dated 15 April 2013.

Including the additional acquisition of 83,000,000 Simsen Shares at a consideration of approximately HK$9.38 million (excluding transaction costs) on 22 July 2013, the Group held 251,000,000 Simsen Shares as at the date of this announcement, representing approximately 9.87% of the issued share capital of Simsen. No disposal of Simsen Shares during the six months ended 30 June 2013 because Simsen Shares were regarded as a long term strategic investment for the sake of the development of the key business of money lending of the Group.

Upon the completion of a subscription on redeemable convertible preference shares on 30 November 2012 and as at the date of this announcement, Perpetual Master Limited ("**Perpetual Master**"), a wholly-owned subsidiary of the Company, is holding 90 redeemable convertible preference shares of Million Wealth Capital Investment Limited ("**Million Wealth**") of HK$1,000,000 each (the "**Preference Shares**"). By holding such Preference Shares, the Group will earn a dividend at a rate of 10% per annum, compounded annually, and will have an additional money lending platform to further promote and develop its money lending and provision of credits business. Perpetual Master is entitled the rights to convert the Preference Shares into ordinary shares as and when appropriate.

On 12 October 2012, the Company completed the investment in the convertible notes with total principal amount of HK$95,000,000 and interest of 8% per annum issued by China Environmental Energy Investment Limited (a company whose shares are listed on the Stock Exchange with Stock Code 986) ("**China Environmental**") (the "**Convertible Notes**").

In order for the Company to enjoy more flexibility in capturing the possible capital gains, the Company entered into a call option deed with an optionholder on 12 October 2012, pursuant to which the Company had agreed to grant and the optionholder had agreed to obtain a call option at the premium of HK$4,800,000 under which the optionholder can purchase from the Company the Convertible Notes with principal amount of up to HK$60,000,000 at the price equivalent to 120% of the principal amount of these Convertible Notes. According to the valuation assessment by an independent valuer, the Directors are of the opinion that the fair value of the Convertible Notes with principal amount of HK$95,000,000 as at 30 June 2013 was HK$140,203,000 (31 December 2012: HK$104,712,000) with a fair value gain of approximately HK$35,491,000 recognised in the profit or loss for the six months ended 30 June 2013. Subsequent to 30 June 2013 and up to the date of this announcement, after the exercises of option by the optionholder, the Company held the Convertible Notes with the principal amount of HK$68,405,000.

During the current period, the Group disposed of, (i) in the open market, 594,000 shares of Huili Resources (Group) Limited ("**HRGL Shares**") with aggregate gross sale proceeds (excluding transaction costs) of approximately HK$1,461,240; (ii) 5,000,000 HRGL Shares with aggregate gross sale proceeds (excluding transaction costs) of approximately HK$12,250,000; and (iii) 1,406,000 HRGL Shares with aggregate gross sale proceeds (excluding transaction costs) of approximately HK$3,458,760 on 22 January 2013, 4 February 2013 and 5 February 2013 respectively (collectively the "**Disposals**"). After the Disposals, the Group does not hold any HRGL Shares.

In sum, during the current period, the investment in Simsen Shares led to a fair value gain being recognised as a comprehensive income. The investment in the Preference Shares and the Convertible Notes in aggregate brought an other income approximates to HK$11,532,000 and the Disposals resulted in a gain of disposal approximates to HK$2,120,000 were recognised.

Provision of Corporate Secretarial and Consultancy Services Business

The Group has been conducting the provision of corporate secretarial and consultancy services business mainly through Pacific Vision Advisory Services Limited ("**Pacific Vision**"), a wholly-owned subsidiary of the Company. The Group has recruited a team of professionals in the areas of accounting, finance, legal and corporate secretary and has built up a client portfolio with a number of listed companies.

During the period under review, a segment revenue of approximately HK$4,978,000 and a segment profit of HK$594,000 had been recorded (30 June 2012: segment revenue of HK$2,428,000 and a segment profit of HK$1,653,000 respectively).

Forestry Business

On 12 April 2012, the Group completed the Acquisition, which through the subsidiary of Profit Grand, has the harvesting rights within a forest sized approximately 65,800 hectares in the Independent State of Papua New Guinea (the "**PNG**") at a total consideration for the Acquisition of HK$310,000,000. The Group has from time to time been following up with the relevant government authorities regarding the outstanding necessary licenses and approvals required for the commencement of the forestry logging and harvesting in the PNG. The Company was informed by the PNG legal adviser that the outstanding necessary licenses and approvals are more likely to be obtained in 2014. The Group has been successfully granted the foreign enterprise certificate. Up to the date of this announcement, the Environment Impact Statement (the "**EIS**") has been submitted to the Department of Environment and Conservation (the "**DEC**"), and the officer of the DEC has confirmed that all council members were satisfied with the submitted EIS. Environment Permit would be probably granted after the completion of several formal procedures before the end of 2013. The submission of Forestry Clearance Authority ("**FCA**") had been delayed due to the Commission of Enquiry into the Special Agricultural Business Lease system, but the FCA was in the preparation for submission. The PNG legal adviser has confirmed that such enquiry is not a legal impediment as the Law of the PNG is clear that if the FCA application is in order, then the Forestry Authority must consider the application. As further advised by the PNG legal adviser, on the assumption that the applications for the FCA are in order and in the absence of any unforeseen circumstances, it is expected that there is no material legal impediment for the Group to obtain the FCA.

Outlook

Money Lending and Provision of Credits Business

Money lending and provision of credits business has continued to be the major business segment of the Group and contributed stable interest income to the Group, the Group will further develop this business segment, diversify the customer portfolio and seek opportunity to cooperate with both Simsen and Million Wealth, whose respective principal businesses involve, among other things, money lending which may bring a synergy effect.

The Group has received 6 loan proposals, among which, 5 proposals are from 5 respective borrowers which have proposed to pledge securities/convertible securities issued by companies which shares are listed on the Stock Exchange as collaterals. These loan proposals are subject to further negotiations with the respective borrower and may or may not materialise. Further announcement(s) will be made by the Company in this regard in accordance with the Listing Rules as and when appropriate.

Securities Investments Business

Looking forward, the Company will closely monitor its existing securities investments and explore all means to control the investment risks and gain a positive profit. In the meantime, the Group will keep looking for other suitable securities investment opportunities to broaden the Group's income sources.

Provision of Corporate Secretarial and Consultancy Services Business

Since its establishment in November 2011, Pacific Vision has successfully identified and has been providing on-going corporate secretarial services to both listed and corporate clients in Hong Kong. Pacific Vision has also successfully provided consultancy services to several corporate investors. Although this business is flourishing gradually, due to keen competition in the market, the Group is struggling to identify new clients.

Looking for a period of two years ahead, it is expected there would be increasing demand for financial advisory and corporate consultancy services in the PRC under the economic environment and situation of the PRC. In order to capture this valuable business opportunity and to identify new clients, the Group planned to set up a branch office in the PRC to market, promote, develop and maintain the provision of corporate secretarial and consultancy services business in the PRC.

Forestry Business

The management of the Group will keep closely following up the obtainment for all the necessary approvals, licenses, registrations, confirmation and/or permits as may be required to conduct forestry related business and to enjoy and exploit the logging concession under the laws and regulations in the PNG.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2013, the Group had recorded net current assets of approximately HK$182,170,000 (31 December 2012: HK$180,590,000); bank balances and cash of approximately HK$41,761,000 (31 December 2012: HK$44,477,000); and no borrowings noted as at 30 June 2013 and 31 December 2012. The note payable of HK$10,000,000 as at 31 December 2012 which was fully settled during current period was made in HK$. The Group did not enter into any financial instruments for hedging purpose.

Capital Structure

During the six months ended 30 June 2013

There was no change to the authorised and issued share capital of the Company during the six months ended 30 June 2013. As at 30 June 2013, the total number of the issued ordinary shares was 2,225,682,121 with the par value of HK$0.08 each (31 December 2012: 2,225,682,121).

Subsequent to six months ended 30 June 2013

On 14 August 2013, the Shareholders approved the relevant resolutions in relation to the proposed capital reorganisation at a special general meeting of the Company, pursuant to which with effect from 15 August 2013, (i) every four existing issued and unissued shares of HK$0.08 each in the share capital of the Company are consolidated into one consolidated share of HK$0.32 each; (ii) following such share consolidation, (a) the issued share capital of the Company is reduced through a cancellation of the paid-up capital of the Company to the extent of HK$0.319 on each of the issued consolidated shares in the share capital of the Company such that the par value of each issued consolidated share be reduced from HK$0.32 to HK$0.001 and (b) the par value of all consolidated shares in the authorised share capital of the Company is reduced from HK$0.32 each to HK$0.001 each resulting in the reduction of the authorised share capital of the Company from HK$400,000,000 divided into 1,250,000,000 consolidated shares to HK$1,250,000 divided into 1,250,000,000 shares of par value of HK$0.001 each; (iii) subject to and forthwith upon the issued share capital reduction and authorised capital reduction becoming effective, the authorised share capital is increased from HK$1,250,000 (divided into 1,250,000,000 new shares) to HK$400,000,000 (divided into 400,000,000,000 new shares) by the creation of 398,750,000,000 new shares; and (iv) the amount of credit arising from the issued share capital reduction be transferred to the contributed surplus account of the Company and the Directors are authorised to apply amount standing to the credit of the contributed surplus account in such manner as they consider appropriate in accordance with the bye-laws of the Company and all applicable laws, including but not limited to setting off against the accumulated losses of the Company from time to time. Details of the capital reorganisation have been set out in the circular of the Company dated 22 July 2013.

On 20 August 2013, the Company announced to raise not less than approximately HK$200.31 million and not more than approximately HK$201.48 million, before expenses, by issuing not less than 1,112,841,060 rights shares and not more than 1,119,309,218 rights shares to the qualifying Shareholders by way of the Rights Issue at the subscription price of HK$0.18 per rights share on the basis of two rights shares for every one share held on the record date. Subject to the satisfaction of the conditions of the Rights Issue, bonus shares will be issued to the first registered holders of the rights shares on the basis of one bonus share for every one rights share taken up under the Rights Issue. On the basis of not less than 1,112,841,060 rights shares and not more than 1,119,309,218 rights shares to be issued under the Rights Issue, not less than 1,112,841,060 bonus shares and not more than 1,119,309,218 bonus shares will be issued.

Significant Investment, Acquisition and Disposal

As aforesaid, the Disposals occurred during the current period which realised a gain of disposal approximates to HK$2,120,000.

On 26 April 2013, Best Harvest acquired 126,000,000 Simsen Shares by fully accepting its provisional allotment under the Simsen rights issue at a consideration of approximately HK$11.97 million in order to maintain the Group's interest in Simsen. Further details have been disclosed in the announcement of the Company dated 15 April 2013. Including the additional acquisition of 83,000,000 Simsen Shares at a consideration of approximately HK$9.38 million (excluding transaction costs) on 22 July 2013, as at the date of this announcement, the Group is holding 251,000,000 Simsen Shares, representing approximately 9.87% of the issued share capital of Simsen. No disposal of Simsen Shares during the six months ended 30 June 2013 because Simsen Shares were regarded as a long term strategic investment for the sake of the development of the key business of money lending of the Group.

Apart from the existing businesses as mentioned above, the Group has been actively seeking for prospective investment opportunities. On 23 July 2013, Alpha Riches entered into the Framework Agreement in relation to a possible acquisition of a parcel of land in Beijing, the PRC, details of which were disclosed in the Company's announcement dated 23 July 2013. A refundable earnest money of HK$20 million has been paid according to the terms of the Framework Agreement. The entering into of the formal agreement is subject to the deposit of the escrow money of HK$180 million in cash to an escrow account by Alpha Riches.

The parcel of land is situated in the innermost ring known as the Imperial City and surrounded by historical building such as the Forbidden City, the Tiananmen and Drum Tower. The supreme location at the heart of the country's capital city marks its residents with the greatest social and political status while the nearby subway station and main streets provide easy access to various neighborhoods of Beijing, the PRC. The Proposed Acquisition provides an opportunity for the Group to tap into the recovering property market in the PRC and to generate diversified income and additional cash flow for the Group's continuous development. The Company has engaged a PRC legal adviser to carry out the due diligence on the Proposed Acquisition and an independent valuer to prepare the valuation on the parcel of land.

As at the date of this announcement, the formal agreement between Alpha Riches and Fly Star has been executed.

Save for disclosed above, there was no significant investment, acquisition or disposal that should be notified to the Shareholders as at the date of this announcement.

Segment Information

Details of segment information of the Group for the six months ended 30 June 2013 are set out in note 4 to the unaudited condensed consolidated financial statements.

Employees

As at 30 June 2013, 18 staff members were being employed. In-house training programs were provided for the staff to enhance their skills and job knowledge. Management would continue to foster close co-operation 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.

Details of Charges on Assets

As at 30 June 2013, the Group did not pledge any assets to banks or other financial institutions nor did the Group have any corporate guarantee given to any entity (31 December 2012: nil).

Future Plans for Material Investment or Capital Assets

As at the date of this announcement, the Company is holding convertible notes issued by China Environmental with the principal amount of HK$68,405,000. The Company has from time to time monitored and reviewed the business and financial performance of China Environmental. The Group will consider to dispose of or to convert the convertible notes into shares of China Environmental as and when appropriate according to the then circumstance.

As at the date of this announcement, the Company is holding 90 redeemable convertible Preference Shares of HK$1,000,000 each. The Company has from time to time reviewed the business and financial performance of Million Wealth. The Group will consider to redeem the Preference Shares or to convert the Preference Shares into ordinary shares of Million Wealth as and when appropriate.

In relation to the Proposed Acquisition, a due diligence review and investigation of the assets, liabilities, financial condition, contracts, commitments and business of the Target Group and in particular, whether the Target Group has proper and valid rights and land title over the Project Site, will be conducted and analysed. The escrow money and the entering of formal agreement will be strived for at the best effort.

Save for the above-mentioned, as at the date of this announcement, the Company had not entered into any agreement, arrangement, understanding, intention or negotiation about acquiring of any new business.

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.

Treasury Policy

The Group has adopted a treasury policy on 24 May 2011 in relation to the securities investments of the Group to invest 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

The Group mainly earns revenue and incurs costs in HK$ and is not subject to foreign exchange risk. In addition, the Group did not have any related hedge as at 30 June 2013.

Commitment

As at 30 June 2013, the Group had the total future aggregate minimum lease payments under various non-cancellable operating leases in respect of office properties amounting to approximately HK$1,984,000.

As at 30 June 2013, the Group had no material capital commitment.

Contingent Liability

As at 30 June 2013, the Group had no material contingent liability.

Working capital and gearing ratio

The gearing ratios of the Group as at 30 June 2013 and 31 December 2012 are as follow:

	As at	
	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Amounts due to directors	**–**	154
Note payable	**–**	10,000
Less: Bank balances and cash	**(41,761)**	(44,477)
Net debt	**(41,761)**	(34,323)
Total equity	**740,821**	690,087
Total capital	**699,060**	655,764
Gearing ratio (net debt to total capital)	**(6%)**	(5%)

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 2013, save as disclosed below, 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 Securities and Futures Ordinance ("**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 Director 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 Transaction by Directors of Listed Companies (the "**Model Code**") contained in the Listing Rules.

Long position in the Shares, Underlying Shares and Debentures of Associated Corporations

Name of Director	**Name of associated corporation**	**Capacity and nature of interest**	**Number of shares of associated corporation interested**	**Percentage of shares of associated corporation**
Mr. Ng Kwok Fai *(Note 2)*	Allied Summit Inc.	Beneficial owner *(Note 1)*	20	20

Notes 1: Allied Summit Inc., an associated corporation of the Company which is interested in 58.27% of the issued shares of the Company, is owned as to 80% by Mr. Su Weibiao and as to the remaining 20% by Mr. Ng Kwok Fai.

Notes 2: Mr. Ng Kwok Fai has resigned as a director of the Company with effect from 16 July 2013.

DIRECTOR'S 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) are 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, 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 2013, 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:

Name	**Capacity and nature of interest**	**Number of shares interested**	**Percentage of the Company's issued share capital (%)**
Mr. Su Weibiao	Held by controlled corporation	1,296,975,804	58.27
Allied Summit Inc. *(Note 1)*	Beneficial owner	1,296,975,804	58.27

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

SHARE OPTIONS

On 12 April 2012, a share option was granted to Longjiang Forest Industry for its assistance and advice pursuant to the Strategic Cooperation Agreement entered on 2 December 2011 for the establishment of a strategic alliance with the Group in respect of the development and management of the forest sized approximately 65,800 hectares in the PNG. The Longjiang Option entitles Longjiang Forest Industry to subscribe for not more than 5% of the issued share capital of the Company as at the date of the Strategic Cooperation Agreement of 2 December 2011, equivalent to 495,170,096 shares. As a consequence of the capital reorganisation effective on 20 March 2012, the share consolidation effective on 10 September 2012 and the rights issue (with the bonus issue) effective on 11 October 2012, the number of shares to be issued upon the exercise of the Longjiang Option has been adjusted to 12,936,318 shares at the maximum and the minimum subscription price of HK$2.00 per share and HK$2.00 per share respectively. The Longjiang Option has not been exercised since its grant date and is still in effect as at 30 June 2013. The number of shares that could be subscribed under the Longjiang Option became 3,234,079 shares upon the capital reorganisation which became effective on 15 August 2013.

The Company has adopted the Share Option Scheme pursuant to an ordinary resolution passed on 12 June 2012 by terminating the previous share option scheme which had expired on 21 June 2012. During the AGM, the Shareholders of the Company 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 21

June 2013, that is 222,568,212 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. No share option has been granted or exercised since the adoption of the Share Option Scheme.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "**Code**") as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2013, with deviations from Code provisions A.4.1 and A.6.7.

Code provision A.4.1

The Company has not fully complied with Code provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term and subject to re-election because not all independent non-executive Directors are appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meeting. 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 A.6.7

The Company has not fully complied with Code provision A.6.7 which stipulates that the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders because not all independent non-executive Directors attended the AGM due to their various work commitments.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the terms contained in the Model Code as the Company's code of conduct regarding the Directors' securities transactions. All Directors, upon specific enquiry, confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2013.

PURCHASE, SALE OR REDEMPTION OF SHARES

For the six months ended 30 June 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares. As at 30 June 2013, 2,225,682,121 ordinary shares with the par value of HK$0.08 each were issued. Details have been set out in the "Capital Structure" section of this announcement and note 13 to the accompanying unaudited consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises of three independent non-executive Directors, Mr. Wong Chun Hung, Mr. Wong Sze Kai and Mr. Zheng Zhen. The Audit Committee has adopted terms of reference which are in line with the Code.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2013 have been reviewed by the Audit Committee.

As at the date of this announcement, the Directors of the Company 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. Wong Sze Kai
Mr. Zheng Zhen

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

Hong Kong, 29 August 2013

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