PACIFIC PLYWOOD HOLDINGS LIMITED
太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

The Board of Directors (the "**Directors**") (the "**Board**") of Pacific Plywood Holdings Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2013 and the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Notes	**2013** **HK$'000**	2012 *HK$'000*
Turnover — gross proceeds	*3*	**44,782**	48,640
Revenue	*4*	**29,693**	34,720
Interest income		**19,955**	29,981
Others		**9,738**	4,739
Cost of sales		**(5,341)**	(3,003)
Interest expenses	*5*	**(1,130)**	(200)
Other cost of sales		**(4,211)**	(2,803)
Gross profit		**24,352**	31,717
Other income and gains	*6*	**15,393**	7,505
Reversal of impairment loss on loan and interest receivables, net	*11*	**5,000**	65,423
Gain on disposal of convertible instruments designated as financial assets at fair value through profit or loss		**27,347**	–
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss		**35,491**	9,712
Impairment loss on available-for-sale financial assets		**–**	(19,278)
Change in fair value of derivative financial assets		**–**	(4,000)
Change in fair value of investment held for trading		**–**	3,030
Share-based payment expenses		**–**	(1,367)
Administrative expenses		**(32,980)**	(27,141)

* *For identification purposes only*

	Notes	**2013**	2012
		HK$'000	*HK$'000*
Operating profit		**74,603**	65,601
Finance costs	*5*	**(96)**	(3,334)
Profit before tax		**74,507**	62,267
Income tax credit	*7*	**–**	12
Profit for the year	*8*	**74,507**	62,279
Profit (loss) for the year attributable to:			
Owners of the Company		**75,597**	62,283
Non-controlling interests		**(1,090)**	(4)
		74,507	62,279
			(Restated)
Earnings per share:	*10*		
Basic		**HK$0.06**	HK$0.22
Diluted		**HK$0.06**	HK$0.22

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**74,507**	62,279
Other comprehensive income		
Items that may be subsequently reclassified to profit and loss:		
Available-for-sale financial assets:		
— Change in fair value	**28,462**	–
Exchange differences arising on translation	**1,525**	–
Other comprehensive income for the year	**29,987**	–
Total comprehensive income for the year	**104,494**	62,279
Total comprehensive income (expenses) attributable to:		
Owners of the Company	**104,517**	62,283
Non-controlling interests	**(23)**	(4)
	104,494	62,279

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,394**	2,575
Goodwill		**306,019**	306,019
Deposit for acquisition of logging concession		**242**	269
Convertible instruments designated as financial assets at fair value through profit or loss		**–**	104,712
Available-for-sale financial assets		**264,165**	95,922
		571,820	509,497
CURRENT ASSETS			
Loan and interest receivables	*11*	**222,430**	127,646
Trade and other receivables	*12*	**16,467**	8,720
Investment held for trading		**–**	15,050
Tax recoverable		**–**	68
Bank balances and cash		**248,757**	44,477
		487,654	195,961
CURRENT LIABILITIES			
Other payables and accruals		**1,417**	1,883
Amounts due to directors		**–**	154
Note payable	*13*	**–**	10,000
Interest payable		**1,130**	3,334
Borrowings	*14*	**65,000**	–
Convertible note		**–**	–
		67,547	15,371
NET CURRENT ASSETS		**420,107**	180,590
TOTAL ASSETS LESS CURRENT LIABILITIES		**991,927**	690,087
CAPITAL AND RESERVES			
Share capital	*15*	**2,782**	178,054
Share premium		**721,226**	524,993
Available-for-sale financial assets revaluation reserve		**28,462**	–
Share-based payment reserve		**1,367**	1,367
Contributed surplus		**277,102**	100,717
Translation reserve		**298**	(160)
Accumulated losses		**(39,471)**	(115,068)
Equity attributable to owners of the Company		**991,766**	689,903
Non-controlling interests		**161**	184
TOTAL EQUITY		**991,927**	690,087

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL

Pacific Plywood Holdings Limited (the "**Company**") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on 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. The principal place of business of the Company is Units 3301–03, 33/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are money lending and provision of credit business, provision of corporate secretarial and consultancy services, securities investments and forestry business.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs and Hong Kong Accounting Standards ("**HKASs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Amendments to HKFRSs	Annual Improvements 2009–2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised in 2011)	Employee Benefits
HKAS 27 (Revised in 2011)	Separate Financial Statements
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC*)-Interpretation ("Int") 20	Stripping Costs in the Production Phase of a Surface Mine

* IFRIC represents the International Financial Reporting Interpretations Committee

Except as described below, the application of the amendments to HKFRSs and HKASs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosure about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of 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.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosure required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "income statement" is renamed as the "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. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income 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 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. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and Revised HKFRSs in issued but not yet effective

The Group has not early applied the following new and revised HKFRSs and HKASs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKFRS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

Annual Improvements to HKFRSs 2010–2012 Cycle

The *Annual Improvements to HKFRSs 2010–2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company (the "**Directors**") do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2010–2012 Cycle* will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011–2013 Cycle

The *Annual Improvements to HKFRSs 2011–2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The Directors do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2011–2013 Cycle* will have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 are subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

— All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

— With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The Directors do not anticipate that the investment entities amendments will have any effect on the Group as the Company is not an investment entity.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The Directors do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The Directors do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

3. TURNOVER

Turnover represents the gross proceed received and receivable from the business of money lending and provision of credits, provision of corporate secretarial and consultancy services and securities trading during the year. There was no turnover generated from forestry business during the years ended 31 December 2013 and 2012. The following is an analysis of the Group's turnover:

	2013	2012
	HK$'000	*HK$'000*
Interest income from loan receivables	**19,955**	29,981
Consultancy income	**7,657**	5,211
Gross proceeds from disposal of investment held for trading	**17,170**	13,448
	44,782	48,640

4. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. No operating segments identified by the chief operating decision maker 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	**Consultancy services**	**Securities investments**	**Forestry business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Year ended 31 December 2013					
Turnover — gross proceeds	**19,955**	**7,657**	**17,170**	**–**	**44,782**
Segment revenue					
From external customers	**19,955**	**7,657**	**2,081**	**–**	**29,693**
Segment results	**18,782**	**245**	**80,279**	**(5,163)**	**94,143**
Unallocated corporate expenses					**(19,553)**
Unallocated corporate income					**13**
Finance costs					**(96)**
Profit before tax					**74,507**

	Money lending *HK$'000*	Consultancy services *HK$'000*	Securities investments *HK$'000*	Forestry business *HK$'000*	Total *HK$'000*
Year ended 31 December 2012					
Turnover — gross proceeds	29,981	5,211	13,448	–	48,640
Segment revenue From external customers	29,981	5,211	(472)	–	34,720
Segment results	91,938	(564)	236	(2,354)	89,256
Unallocated corporate expenses					(19,909)
Unallocated corporate income					254
Change in fair value of derivative financial assets					(4,000)
Finance costs					(3,334)
Profit before tax					62,267

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2012: Nil).

The accounting policies of the operating segment are the same as the Group's accounting policies. Segment results represent the profit earned by (loss from) each segment without allocation of central administration costs, directors' emoluments, change in fair value of derivative financial assets, bank interest income, certain other income and finance costs. This is the measure reported to the Board for the purposes of the resources allocation and assessment of segment performance.

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 31 December 2013					
ASSETS					
Segment assets	**428,563**	**2,996**	**313,415**	**308,885**	**1,053,859**
Unallocated corporate assets					**5,615**
Total assets					**1,059,474**
LIABILITIES					
Segment liabilities	**66,157**	**71**	**–**	**–**	**66,228**
Unallocated corporate liabilities					**1,319**
Total liabilities					**67,547**

	Money lending *HK$'000*	Consultancy services *HK$'000*	Securities investments *HK$'000*	Forestry business *HK$'000*	Total *HK$'000*
At 31 December 2012					
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

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment, certain other receivables and certain bank balances and cash; and
- all liabilities are allocated to operating segments other than amounts due to directors, certain other payables, note payable and certain interest payable.

Other segment information

For the year ended 31 December 2013

	Money lending *HK$'000*	Consultancy services *HK$'000*	Securities investments *HK$'000*	Forestry business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to available-for-sale financial asset	–	–	139,781	–	–	139,781
Gain on disposal of convertible instruments designated as financial assets at fair value through profit or loss	–	–	(27,347)	–	–	(27,347)
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss	–	–	(35,491)	–	–	(35,491)
Reversal of impairment loss on loan and interest receivables	(5,000)	–	–	–	–	(5,000)
Interest income from loan receivables	(19,955)	–	–	–	–	(19,955)
Interest income from convertible instruments	–	–	(6,315)	–	–	(6,315)
Dividend income	–	–	(9,076)	–	–	(9,076)
Foreign exchange loss	–	–	–	1,552	–	1,552
Interest expenses on borrowings	1,130	–	–	–	–	1,130
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:						
Interest expenses on note payable	–	–	–	–	96	96
Depreciation on property, plant and equipment	–	–	–	–	1,210	1,210
Additions to property, plant and equipment	–	–	–	–	29	29
Foreign exchange gain	–	–	–	–	(11)	(11)
Bank interest income	–	–	–	–	(2)	(2)

For the year ended 31 December 2012

	Money lending *HK$'000*	Consultancy services *HK$'000*	Securities investments *HK$'000*	Forestry business *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to available-for-sale financial asset	–	–	90,000	–	–	90,000
Additions to convertible instruments designated as financial assets at fair value through profit or loss	–	–	95,000	–	–	95,000
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss	–	–	(9,712)	–	–	(9,712)
Impairment loss on available-for-sale financial assets	–	–	19,278	–	–	19,278
Change in fair value of investment held for trading	–	–	(3,030)	–	–	(3,030)
Reversal of impairment loss on loan and interest receivables	(83,717)	–	–	–	–	(83,717)
Impairment loss recognised in respect of loan and interest receivables	18,294	–	–	–	–	18,294
Share-based payment expenses	–	–	–	1,367	–	1,367
Interest income from loan receivables	(29,981)	–	–	–	–	(29,981)
Interest income from convertible instruments	–	–	(1,687)	–	–	(1,687)
Dividend income	–	–	(764)	–	–	(764)
Interest expenses on borrowings	200	–	–	–	–	200
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:						
Interest expenses on note payable	–	–	–	–	3,334	3,334
Depreciation on property, plant and equipment	–	–	–	–	913	913
Additions to property, plant and equipment	–	–	–	–	3,315	3,315
Change in fair value of a derivative financial assets	–	–	–	–	4,000	4,000
Foreign exchange gain	–	–	–	–	(14)	(14)
Bank interest income	–	–	–	–	(3)	(3)
Income tax credit	–	–	–	–	(12)	(12)

Geographical information

The Group's operations are located in Hong Kong and PNG.

The geographical information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets, excluded those financial instruments, is based on the location of the assets.

	Revenue from external customers		Non-current assets	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**29,693**	34,720	**1,394**	2,575
PNG	**–**	–	**306,261**	306,288
	29,693	34,720	**307,655**	308,863

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A (Revenue from money lending)	**N/A***	15,386
Customer B (Revenue from money lending)	**7,559**	5,851
Customer C (Revenue from money lending)	**4,195**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on:		
— note payable	**96**	3,334
Interest on (included in cost of sales):		
— borrowings wholly repayable within one year	**1,130**	200
	1,226	3,534

6. OTHER INCOME AND GAINS

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**2**	3
Consideration from granting of call option	**–**	4,800
Interest income from convertible instruments	**6,315**	1,687
Dividend income	**9,076**	764
Others	**–**	251
	15,393	7,505

7. INCOME TAX CREDIT

	2013	2012
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
— Overprovision in prior year	**–**	(12)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No tax payable on the profit for the year arising in Hong Kong since the assessable profit is wholly absorbed by the losses brought forward. Tax losses carried forward amount to approximately HK$5,985,000 (2012: HK$15,466,000).

No provision for People's Republic of China (the "**PRC**") corporate income tax has been made during the year as the subsidiaries operated in PRC had no assessable profit for the year (2012: Nil).

No provision for PNG profits tax has been made during the year as the subsidiaries operated in PNG had no assessable profit for the year (2012: Nil).

8. PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration		
— Audit service	**940**	890
— Other service	**340**	449
Total auditor's remuneration	**1,280**	1,339
Directors' emoluments	**1,358**	2,798
Staff costs (excluding directors' emoluments)		
— Salaries, wages and other benefits	**8,330**	5,929
— Retirement benefit scheme contribution	**382**	325
Total staff costs (excluding directors' emoluments)	**8,712**	6,254
Depreciation of property, plant and equipment	**1,210**	913
Net foreign exchange loss (gain)	**1,541**	(14)
Minimum lease payment under operating lease in respect of land and buildings	**1,714**	1,718

9. DIVIDEND

No dividend was paid or proposed during 2013, nor has any dividend been proposed since the end of the reporting period (2012: Nil).

10. EARNINGS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share	**75,597**	62,283

	2013	2012
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,250,456**	277,877

The denominator for the purpose of calculating basic and diluted earnings per share for the year ended 31 December 2012 has been restated to reflect the share consolidation and rights issue (with bonus issue) during the year ended 31 December 2013.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price for shares for both 2013 and 2012.

11. LOAN AND INTEREST RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Fixed-rate loan and interest receivables	**261,490**	171,706
Less: Accumulated impairment loss	**(39,060)**	(44,060)
	222,430	127,646

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 loan and interest receivables are denominated in HK$. The loan receivables carry fixed interest rates ranging from 10% to 48% (2012: 8% to 48%) per annum. An aging analysis of the loan and interest receivables net of accumulated impairment loss at the end of the reporting period, based on the loan agreement commencement date and the date of interest incurred respectively, is as follows:

	2013	2012
	HK$'000	*HK$'000*
0–30 days	**150,933**	744
31–90 days	**7,592**	123,606
91–180 days	**5,077**	126
181–365 days	**843**	212
Over 365 days	**57,985**	2,958
	222,430	127,646

Set out below is an analysis of loan and interest receivables that are past due but not impaired:

	2013	2012
	HK$'000	*HK$'000*
1–30 days	**–**	226
31–90 days	**15,682**	3,304
91–180 days	**–**	109
181–365 days	**–**	215
Over 365 days	**4**	40
	15,686	3,894

Note: As at 31 December 2013 and 2012, the amounts which are past due but not impaired are not subject to any collateral. As subsequent settlements are noted, the Directors considered that no impairment is necessary for these overdue debtors.

The movements in accumulated impairment of loan and interest receivables are as follows:

	2013	2012
	HK$'000	*HK$'000*
At 1 January	**44,060**	109,483
Reversal of impairment loss	**(5,000)**	(83,717)
Impairment loss recognised	**–**	18,294
At 31 December	**39,060**	44,060

Included in the above accumulated impairment loss at 31 December 2013 was individually impaired loan and interest receivables with a carrying amount of approximately HK$39,064,000 (2012: HK$44,064,000) before impairment which have been in financial difficulties.

As at 31 December 2013, loan and interest receivables amounting to approximately HK$147,460,000 (2012: HK$49,779,000) were subject to collateral for listed shares with a fair value of approximately HK$215,877,000 (2012: HK$36,960,000).

Subsequent to 31 December 2013, loan and interest receivables amounting to approximately HK$44,169,000 (2012: HK$44,374,000) were subject to collateral for listed shares (2012: promissory note issued by a listed company in Hong Kong amounting to approximately HK$25,000,000 and frozen cash of that debtor amounting to approximately HK$44,606,000).

12. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**511**	173
Prepayments	**4,984**	1,301
Other receivables *(Note)*	**10,972**	7,246
	15,956	8,547
Total trade and other receivables	**16,467**	8,720

Note: As at 31 December 2013, included in other receivables are interest receivables of approximately HK$537,000 (2012: HK$1,687,000) from the convertible bonds issued by China Environmental Energy Investment Limited ("China Environmental") and other receivables of HK$Nil (2012: approximately HK$4,000,000) from the call option holder regarding the consideration of the call option of the convertible bonds issued by China Environmental.

As at 31 December 2013, included in other receivables are dividend receivables amounting to approximately HK$9,841,000 (2012: HK$764,000) regarding the investment in redeemable convertible preference shares.

For the year ended 31 December 2013 the Group allowed a credit period in the range from 30 to 90 days (2012: 30 to 90 days) to its debtors. An aging analysis of the trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 90 days	**511**	173

The aging analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired	**511**	173

There was no trade receivable balance as at 31 December 2013 and 2012 which was past due for which the Group has not provided for impairment loss at the end of both reporting periods.

In determining the recoverability of a trade or other receivable, the Group considers any change in credit quality of the trade and other receivables from the date credit was initially granted up to the reporting date. In view of the good settlement history from those debtors of the Group, the Directors considered that there is no impairment loss recognised for the year. The Group does not hold any collateral over these balances.

13. NOTE PAYABLE

On 12 April 2012, the Group completed the acquisition of 30% equity interest of Profit Grand Enterprises Limited 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 "**Promissory Notes**"). The maturity date of the Promissory Notes was 15 months from the date of issuance. During the year ended 31 December 2013, the Group has fully repaid the Promissory Notes of approximately HK$10,000,000 (2012: HK$185,000,000).

14. BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Current		
Other borrowings — unsecured	**65,000**	–
Carrying amounts repayable:		
On demand or within one year	**65,000**	–
Less: Amounts due within one year shown under current liabilities	**(65,000)**	–
	–	–

Other borrowings represented borrowings from an independent third party.

	Maturity date	Effective interest rate	Carrying amounts	
			2013	2012
			HK$'000	*HK$'000*
Fixed rate unsecured other borrowings denominated in HK$:				
HK$ loan of HK$65,000,000	26 April 2014	10%	**65,000**	–

During the year ended 31 December 2013, the interest expense of approximately HK$1,130,000 (2012: HK$200,000) was recognised in profit of loss as cost of sales.

15. 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			
Ordinary shares of HK$0.08 each	0.08	5,000,000	400,000
Share consolidation *(Note f)*	N/A	(3,750,000)	–
Capital reduction *(Note g)*	0.001	–	(398,750)
Capital reorganisation *(Note g)*	0.001	398,750,000	398,750
At 31 December 2013			
Ordinary shares of HK$0.001 each	0.001	400,000,000	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	0.08	2,225,682	178,054
Share consolidation *(Note f)*	N/A	(1,669,262)	–
Capital reduction *(Note g)*	0.001	–	(177,498)
Issue of right shares *(Note h)*	0.001	1,112,841	1,113
Issue of bonus shares *(Note h)*	0.001	1,112,841	1,113
At 31 December 2013	0.001	2,782,102	2,782

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 note in the principal amount of HK$33,000,000 was issued by the Company. The conversion price was HK$0.087 per conversion share. On 12 April 2012, the convertible note was 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 1 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 right 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.

f. As disclosed in the announcement of the Company dated 14 August 2013, a share consolidation on the basis that every 4 issued and unissued shares with the par value of HK$0.08 each in the share capital of the Company had been consolidated into 1 consolidated share with the par value of HK$0.32 each with effective from 15 August 2013. Prior to the date of share consolidation, there were 2,225,682,121 issued shares, after the share consolidation, the number of issued shares changed to 556,420,530.

g. Pursuant to an ordinary resolution passed at the Company's special general meeting held on 14 August 2013, the Company's issued share capital was reduced by cancelling the issued and unissued share capital to the extent of HK$0.319 each such that the par value of the issued and unissued share capital was reduced from HK$0.32 to HK$0.001 each, as a result, approximately HK$177,498,000 was credited to the contributed surplus of the Company.

   Pursuant to an ordinary resolution passed at the Company's special general meeting held on 14 August 2013, the Company's authorised share capital was increased from HK$1,250,000 divided into 1,250,000,000 ordinary shares of HK$0.001 each to HK$400,000,000 divided into 400,000,000,000 new shares by creation of 398,750,000,000 new shares.

h. On 4 October 2013, the Shareholders approved by way of poll the rights issue on the basis of 2 rights shares for every 1 share held on the record date of 15 October 2013 at a subscription price of HK$0.18 per rights share with bonus issue on the basis of 1 bonus share for every 1 rights share taken up under the right issue. The rights issue with the bonus issue became unconditional on 4 November 2013. 1,112,841,060 rights shares and 1,112,841,060 bonus shares with the par value of HK$0.001 each were allotted and issued on 4 November 2013 and net proceeds of approximately HK$197,346,000 were raised. Details of the rights issue and the bonus issue were set out in the circular of the Company dated 16 September 2013.

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

16. 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:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**1,299**	1,641
In the second to fifth year inclusive	**–**	1,163
	1,299	2,804

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

17. EVENTS AFTER THE REPORTING PERIOD

(a) On 9 January 2014, the Group entered into a second loan agreement with an independent third party with whom a first loan agreement was entered into on 9 December 2013 for a loan facility amount of HK$30,000,000 which was repaid in full prior to the entering of the second loan agreement. Pursuant to the second loan agreement, a loan facility of HK$30,000,000 at interest rate of 24% per annum for a term of three months from the date of the loan agreement which may be extended for further three months. The Group shall have absolute discretion as to whether to make available any sum for drawdown which is subject to inter alia, the provision of securities or collaterals with principal value of not less than the sum of drawing.

As at the date of this announcement, HK$30,000,000 has been drawdown with a collateral of shares of a company listed on the Main Board of the Stock Exchange by way of share mortgage and guarantee.

(b) On 14 January 2014, the Group entered into a second loan agreement with an independent third party with whom a first loan agreement was entered into on 19 December 2013 for a loan facility of HK$9,000,000 which is still being outstanding as at the date of this announcement. Pursuant to the second loan agreement, a loan facility of up to HK$62,100,000 at interest rate of 12% per annum for a term of six months from the date of drawdown which may be extended for another six months. The Group shall have absolute discretion as to whether to make available any sum for drawdown which is subject to inter alia, the execution of a share mortgage and the provision of such collaterals in the form and substance acceptable to the Group.

As at the date of this announcement, HK$62,100,000 has been utilised from such facility line by that customer with the executed share mortgage for certain shares of a company listed on the Main Board of the Stock Exchange.

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$790 million. Interest rates ranged from 10% to 48% per annum during the current year. For the year ended 31 December 2013, the interest income was approximately HK$19,955,000 (2012: HK$29,981,000), and there was no impairment loss (2012: HK$18,294,000) whereas there's a reversal of impairment loss of HK$5,000,000 was noted (2012: HK$83,717,000).

Securities Investments Business

On 26 April 2013, Best Harvest Asia Limited ("**Best Harvest**"), a wholly-owned subsidiary of the Company, acquired 126,000,000 shares of Simsen International Corporation Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 993) ("**Simsen**") by fully accepting its provisional allotment under the Simsen rights issue at a consideration of approximately HK$11,970,000. On 22 July 2013, further 83,000,000 shares of Simsen were acquired at a consideration of approximately HK$9,380,000. Details have been disclosed in the announcement of the Company dated 15 April 2013 and 22 July 2013 respectively.

Subsequent to 11 October 2013 when the share consolidation of Simsen became effective and as at the date of this announcement, the Group was interested in 6,275,000 shares of Simsen, representing approximately 9.87% of the issued share capital of Simsen.

Upon 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 an 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 aggregate principal amount of HK$95,000,000. 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 a 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 such Convertible Notes. During the year ended 31 December 2013, the optionholder exercised the said call option and acquired the Convertible Notes in aggregate principal amount of HK$60,000,000 at total consideration of HK$72,000,000 (which was settled in current year). The option premium of HK$4,800,000 was paid in full by current year. Moreover, on 5 November 2013, the Company entered into a placing agreement with a placing agent to procure placee(s) to purchase the Convertible Notes in an aggregate principal amount of up to HK$35,000,000 at 280% of the principal amount of the Convertible Notes (the "**Placing**"). The Placing was completed on 20 December 2013 whereby the Convertible Notes in an aggregate principal amount of HK$35,000,000 have been successfully placed by the placing agent at an aggregate consideration of HK$98,000,000. A net proceeds of approximately HK$95,550,000 was received. In aggregate, a net proceeds of approximately HK$172,350,000 was received and a surplus of approximately HK$77,350,000 over the investment cost of HK$95,000,000 was recorded.

During the current year, the Group disposed in the open market, (i) 594,000 shares of Huili Resources (Group) Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 1303) ("**HRGL**") with aggregate gross sale proceeds (excluding transaction costs) of approximately HK$1,461,000; (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$3,459,000 respectively (collectively the "**Disposals**"). After the Disposals, the Group does not hold any HRGL shares. In aggregate, a net proceeds of approximately HK$17,131,000 was received and a surplus of approximately HK$5,111,000 over the investment cost of HK$12,020,000 was recorded.

Additionally, during the year ended 31 December 2013, the Group has also invested in First Natural Foods Holdings Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 1076) ("**First Natural**") and Renhe Commercial Holdings Company Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 1387) ("**Renhe**") with a view that the investments were prospective. Details have been disclosed in the announcement of the Company dated 29 November 2013 and 31 December 2013 respectively.

In sum, during the current year, the investment in the shares of Simsen, First Natural and Renhe led to a net fair value gain being recognized as a comprehensive income approximates to HK$28,462,000. The investments in the Preference Shares brought an other income approximates to HK$9,076,000. The disposals of HRGL shares and the Convertible Notes (including the change in fair value) contributed to the net profit for the current year by approximately HK$2,081,000 and HK$62,838,000 respectively.

Provision of Corporate Secretarial and Consultancy Services Business

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

During the current year, a segment revenue of approximately HK$7,657,000 and a segment gain of HK$245,000 had been recorded (31 December 2012: HK$5,211,000 and a segment loss of HK$564,000 respectively).

Forestry Business

On 12 April 2012, the Group completed the acquisition (the "**Acquisition**") of 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 Independent State of Papua New Guinea ("**PNG**"). The total consideration for the Acquisition of HK$310,000,000 was satisfied as to (i) HK$33,000,000 by the issue of the convertible bonds in a principal amount of HK$33,000,000 with conversion price of HK$0.087; (ii) HK$82,000,000 in cash; and (iii) HK$195,000,000 by the issue of a 10% promissory note in aggregate principal sum of HK$195,000,000. Details of the Acquisition have been disclosed in the circular of the Company dated 29 February 2012. The Group has from time to time been following up with the relevant government authorities and professionals regarding the outstanding necessary licenses and approvals required for the commencement of the forestry logging and harvesting in the PNG. The Company was advised by the PNG legal adviser that the outstanding necessary licenses and approvals namely the environment permit and clearance authority, are possible to be obtained in 2014 but are more likely to be obtained in 2015. With regards to the progress on the application of the environment permit, the environment impact statement has been submitted to the Department of Environment and Conservation, accepted by the Environment Council and recommended to the Minister to issue the Approval in Principle which is pending to date as at the date of this announcement.

With regards to the progress on the application of the clearance authority, the submission of the clearance authority had been delayed due to the Commission of Enquiry into the Special Agricultural Business Lease system. Currently, the clearance authority was in 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 clearance authority 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 application for the clearance authority is in order and in the absence of any unforeseen circumstances, it is expected that there is no material legal impediment to obtain the clearance authority.

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.

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 result of such reviews, the Company may make suitable investment decisions according to the then circumstance 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 diversity its investment portfolio with a view of realizing and/or optimizing the expected return and minimizing the risks.

Provision of Corporate Secretarial and Consultancy Services Business

Since its establishment in November 2011, Pacific Vision has successfully identified a group of listed and corporate clients and has been delivering on-going corporate secretarial and consultancy services in different aspects of due diligence, financial analysis, and valuation analysis to various listed companies in Hong Kong. Pacific Vision with mission to be one of the prestigious consultancy firms in the industry and strive to help its clients to achieve strategic goals and enhance corporate efficiency, performance and value.

Forestry Business

The management of the Group is following up closely with the vendors, the relevant government authorities and professionals regarding the outstanding 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. Further updates will be announced as and when appropriate.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2013, the Group had recorded net current assets of approximately HK$420,107,000 (31 December 2012: HK$180,590,000); bank balances and cash of approximately HK$248,757,000 (31 December 2012: HK$44,477,000) and unguaranteed and unsecured borrowings of approximately HK$65,000,000 (31 December 2012: nil). The Group did not enter into any financial instruments for hedging purpose.

Capital structure

On 14 August 2013, the shareholders of the Company (the "**Shareholders**") approved the relevant resolutions in relation to the proposed capital reorganization at a special general meeting of the Company, pursuant to which with effect from 15 August 2013, the number of authorised shares of the Company was increased from 5,000,000,000 shares of HK$0.08 each to 400,000,000,000 shares of HK$0.001 each, and the amount of issued share capital of the Company on 15 August 2013 was reduced to HK$556,420.53 divided into 556,420,530 new shares with par value of HK$0.001 each. Details of the capital reorganization have been set out in the circular of the Company dated 22 July 2013. The number of shares to be issued upon the full exercise of the Longjiang Option (as defined in the circular of the Company dated 29 February 2012) was adjusted from 12,936,318 shares to 3,234,079 shares while the subscription price of each of the shares under the Longjiang Option adjusted from HK$2.00 per share to HK$8.00 per share.

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 circular of the Company dated 16 September 2013.

On 4 November 2013, upon the Rights Issue (with the Bonus Issue) had become unconditional, the total number of issued ordinary shares of the Company became 2,782,102,650 with the par value of HK$0.001 each. The number of shares to be issued upon the full exercise of the Longjiang Option (as defined in the circular of the Company dated 29 February 2012) was adjusted from 3,234,079 shares to 6,287,049 shares while the subscription price of each of the shares under the Longjiang Option shall be HK$8.00 per share.

Significant Investment, Acquisition and Disposals

As aforesaid, all the shares of HRGL and the Convertible Notes were disposed during the current year which contributed to the net profit for the current year by approximately HK$2,081,000 and HK$62,838,000 (including the change in fair value) respectively and a net cash of approximately HK$189,481,000 was received in aggregate.

On 26 April 2013 and 22 July 2013, Best Harvest further acquired the shares of Simsen at a consideration of approximately HK$11,970,000 and HK$9,380,000 respectively. The equity interest held by Best Harvest in Simsen increased from 6.61% to 9.87% during the current year and as at the date of this announcement.

On 23 July 2013, Alpha Riches Limited ("**Alpha Riches**"), a wholly-owned subsidiary of the Company entered into a framework agreement in relation to a possible acquisition of a parcel of land in Beijing, the People's Republic of China, details of which were disclosed in the Company's announcement dated 23 July 2013. However, parties to the framework agreement have not concluded and entered into the formal agreement for the proposed acquisition during the exclusivity period as Alpha Riches is not satisfied with the outstanding legal issues on the project site and the target group as advised by legal adviser. The framework agreement has lapsed and terminated on 23 November 2013.

Furthermore, the Group sought for prospective investment opportunities and accordingly, during the current year, the Group has acquired 17,000,000 First Natural shares at a consideration of approximately HK$76,500,000 and has acquired 80,000,000 Renhe shares at a consideration of approximately HK$41,620,000. Details were disclosed in the announcement of the Company dated 29 November 2013 and 31 December 2013 respectively.

Save for disclosed herein, there was no other significant investment, acquisition or disposal that should be notified to the Shareholders for the year ended 31 December 2013.

Segment Information

Details of segment information of the Group for the year ended 31 December 2013 are set out in Note 4 to the consolidated financial statements.

Employees

As at 31 December 2013, 16 staff members have been employed. In-house training programs were provided for the staff to enhance their skills and job knowledge. The management of the Company would continue to foster close co-operation among the staff.

The Group will review the 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 employees.

Details of Charges on Assets

As at 31 December 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 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 the redemption of the Preference Shares or to convert the Preference Shares into ordinary shares of Million Wealth as and when appropriate.

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 result of such review, the Company may make suitable investment decisions 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 realizing and/or optimizing the expected return and minimizing 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.

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 Rules Governing the Listing of Securities on the Stock Exchange and the Securities and Futures Ordinance.

Treasury Policy

The Group has adopted a treasury policy on 24 May 2011 in relation to the Group's investments 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).

Working capital and gearing ratio

The gearing ratios of the Group as at 31 December 2013 and 2012 were as follow:

	As at 31 December	
	2013	2012
	HK$'000	*HK$'000*
Amounts due to directors	**–**	154
Note payable	**–**	10,000
Borrowings	**65,000**	—
Less: Bank balances and cash	**(248,757)**	(44,477)
Net debt	**(183,757)**	(34,323)
Total equity	**991,927**	690,087
Total capital	**808,170**	655,764
Gearing ratio (net debt to total capital)	**(23%)**	(5%)

Foreign exchange exposure

Some transactions, financial assets and financial liabilities of the Group are denominated in Renminbi, United States dollar and PNG Kina. During the current year, as the exchange rate of Remminbi and Kina to Hong Kong dollars fluctuated, the Group was exposed to foreign currency exchange rate risk. The Group has not implemented any foreign currency hedging policy at the moment. However, 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.

Contingent liabilities

As at 31 December 2013, the Group had no material contingent liabilities (31 December 2012: nil).

DIVIDEND

No dividend for the year ended 31 December 2013 (2012: nil) is recommended by the Board.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that its affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all relevant code provisions on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except for the deviations as explained below:

Code Provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Two independent non-executive Directors of the Company who were appointed in previous years were not appointed for a specific term but were 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 Directors' service are appropriate given that Directors ought to be committed to representing the long-term interests of the Shareholders.

Code Provision A.6.7 of the CG Code stipulates that all independent non-executive Directors and non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to their personal commitments, Mr. Wong Sze Kai was unable to attend special general meetings of the Company held on 14 August 2013, 4 October 2013 and 18 December 2013 and the annual general meeting dated 21 June 2013, Mr. Zheng Zhen was unable to attend special general meetings of the Company held on 14 August 2013 and 18 December 2013 and the annual general meeting dated 21 June 2013 and Mr. Wong Chun Hung was unable to attend special general meeting of the Company held on 14 August 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the terms as contained in the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10 of the Listing Rules) as the Company's code of conduct for securities transactions and dealings ("**Model Code**"). All existing Directors of the Company, upon specific enquiry, have confirmed that they have complied with the Model Code during the year ended 31 December 2013.

AUDIT COMMITTEE

On 10 May 2013, Mr. Zheng Zhen was appointed as a member of the Audit Committee, while Mr. Cheng Po Yuen had ceased to be a member of the Audit Committee on 29 April 2013 since his resignation as an independent non-executive director.

During the year, the Audit Committee has reviewed the financial results and reports as well as the Company's internal control review report. The Audit Committee also met the external auditor and monitored the appointment of external auditor. Besides, the Audit Committee is responsible for performing the functions set out in the CG Code D.3.1. The Audit Committee reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Listing Rules, and the Company's compliance with the CG Code and disclosure in Corporate Governance Report.

There is no disagreement between the Board and the Audit Committee during the year. The annual results of the Group for the year ended 31 December 2013 had been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased or redeemed any of the Company's shares during the year. As at 31 December 2013, 2,782,102,650 ordinary shares with a par value of HK$0.001 each were in issue. Details are set out in the "Share Capital" section of this announcement.

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. Wong Sze Kai
Mr. Zheng Zhen

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

Hong Kong, 25 March 2014

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