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PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 and the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

| | Notes | 2014 HK\$'000 | 2013 HK\$'000 |
|---|-------|------------------|------------------|
| Turnover — gross proceeds | 3 | 65,165 | 44,782 |
| Revenue | 4 | 65,165 | 29,693 |
| Interest income | | 63,327 | 19,955 |
| Others | | 1,838 | 9,738 |
| Cost of sales | | (1,857) | (5,341) |
| Interest expenses | 5 | (926) | (1,130) |
| Other cost of sales | | (931) | (4,211) |
| Gross profit | | 63,308 | 24,352 |
| Other income and gains | 6 | 19,403 | 15,393 |
| Reversal of impairment loss on loan and interest receivables | 11 | 8,076 | 5,000 |
| Impairment loss recognised in respect of goodwill | | (67,019) | — |
| Impairment loss recognised in respect of trade receivables | | (60) | — |
| Impairment loss recognised in respect of available-for-sale financial assets | | (14,523) | — |
| 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 |
| Gain on disposal of available-for-sale financial assets | | 3,430 | — |
| Administrative expenses | | (32,637) | (32,980) |

* For identification purposes only

| | <i>Notes</i> | 2014 HK\$'000 | 2013 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Operating (loss) profit | | (20,022) | 74,603 |
| Finance costs | 5 | <u>–</u> | <u>(96)</u> |
| (Loss) profit before tax | | (20,022) | 74,507 |
| Income tax expense | 7 | <u>(6,899)</u> | <u>–</u> |
| (Loss) profit for the year | 8 | <u>(26,921)</u> | <u>74,507</u> |
| (Loss) profit for the year attributable to: | | | |
| Owners of the Company | | (26,008) | 75,597 |
| Non-controlling interests | | <u>(913)</u> | <u>(1,090)</u> |
| | | <u>(26,921)</u> | <u>74,507</u> |
| (Loss) earnings per share: | <i>10</i> | | |
| Basic (HK cents) | | <u>(0.93)</u> | <u>6.05</u> |
| Diluted (HK cents) | | <u>(0.93)</u> | <u>6.05</u> |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2014

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| (Loss) profit for the year | <u>(26,921)</u> | <u>74,507</u> |
| Other comprehensive income | | |
| Items that may be subsequently reclassified to profit or loss: | | |
| Available-for-sale financial assets: | | |
| — Change in fair value | 531,502 | 28,462 |
| — Reclassification adjustment upon impairment | 14,523 | – |
| Exchange differences arising on translation | <u>1,277</u> | <u>1,525</u> |
| Other comprehensive income for the year | <u>547,302</u> | <u>29,987</u> |
| Total comprehensive income for the year | <u><u>520,381</u></u> | <u><u>104,494</u></u> |
| Total comprehensive income (expenses) attributable to: | | |
| Owners of the Company | 520,400 | 104,517 |
| Non-controlling interests | <u>(19)</u> | <u>(23)</u> |
| | <u><u>520,381</u></u> | <u><u>104,494</u></u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

| | <i>Notes</i> | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 527 | 1,394 |
| Goodwill | | 239,000 | 306,019 |
| Intangible asset | | 1,194 | – |
| Deposit for acquisition of logging concession | | 221 | 242 |
| Available-for-sale financial assets | | <u>797,503</u> | <u>264,165</u> |
| | | <u>1,038,445</u> | <u>571,820</u> |
| CURRENT ASSETS | | | |
| Loan and interest receivables | <i>11</i> | 391,584 | 222,430 |
| Trade and other receivables | <i>12</i> | 24,189 | 16,467 |
| Bank balances and cash | | <u>67,734</u> | <u>248,757</u> |
| | | <u>483,507</u> | <u>487,654</u> |
| CURRENT LIABILITIES | | | |
| Other payables and accruals | | 3,684 | 1,417 |
| Interest payable | | – | 1,130 |
| Borrowings | <i>13</i> | – | 65,000 |
| Tax payable | | <u>5,960</u> | <u>–</u> |
| | | <u>9,644</u> | <u>67,547</u> |
| NET CURRENT ASSETS | | <u>473,863</u> | <u>420,107</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,512,308</u> | <u>991,927</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | <i>14</i> | 2,782 | 2,782 |
| Share premium | | 721,226 | 721,226 |
| Available-for-sale financial assets revaluation reserve | | 574,487 | 28,462 |
| Share-based payment reserve | | 1,367 | 1,367 |
| Contributed surplus | | 277,102 | 277,102 |
| Translation reserve | | 681 | 298 |
| Accumulated losses | | <u>(65,479)</u> | <u>(39,471)</u> |
| Equity attributable to owners of the Company | | <u>1,512,166</u> | <u>991,766</u> |
| Non-controlling interests | | <u>142</u> | <u>161</u> |
| TOTAL EQUITY | | <u>1,512,308</u> | <u>991,927</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 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**”) AND HONG KONG ACCOUNTING STANDARDS (“**HKASs**”)

In 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**”) for the first time.

| | |
|--|--|
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) | Investment Entities |
| Amendments to HKAS 32 | Offsetting Financial Assets and Financial Liabilities |
| Amendments to HKAS 36 | Recoverable Amount Disclosures for Non-Financial Assets |
| Amendments to HKAS 39 | Novation of Derivatives and Continuation of Hedge Accounting |
| HK(IFRIC)-Interpretation 21 | Levies |

* *IFRIC represents the International Financial Reporting Interpretations Committee*

Except as described below, the application of the new and revised 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 the consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. 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 consolidated and separate 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 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 have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

The Group has applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. 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 applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

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 HKAS 19 (2011) Annual Improvements Project | Defined Benefit Plans: Employee Contributions ² |
| Annual Improvements Project | Annual Improvements 2010–2012 Cycle ¹ |
| Annual Improvements Project | Annual Improvements 2011–2013 Cycle ¹ |
| Annual Improvements Project | Annual Improvements 2012–2014 Cycle ³ |
| HKFRS 14 | Regulatory Deferral Accounts ⁴ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |
| Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations ³ |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation ³ |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer Plants ³ |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements ³ |
| HKFRS 15 | Revenue from Contracts with Customers ⁵ |
| HKFRS 9 | Financial Instruments ⁶ |

¹ Effective for annual periods beginning on or after 1 July 2014, with limited exception. Early application is permitted.

² Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁴ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

⁶ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” measurement category for certain simple debts instruments.

Key requirements of HKFRS 9 are described below:

- 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. 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 fair value of financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- 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 of the Company (the “**Directors**”) anticipate that the application of HKFRS 9 in the future may have a material 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 HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- (a) when the intangible asset is expressed as a measure of revenue; or
- (b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight method for depreciation for its property, plant and equipment. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The Directors do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost
- In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*.

The Directors do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.
- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

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 or 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 judgments made by management in applying the aggregation criteria to operating segment, 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 segments 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. As the amendments do not contain any effective date, they are considered to be immediately effective.

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 do not anticipate that the application of these amendments 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 these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 *Disclosure — Offsetting Financial Assets and Financial Liabilities* issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 *Interim Financial Reporting*.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The Directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

3. TURNOVER

Turnover represents the gross proceeds received and receivable from the business of money lending and provision of credit, provision of corporate secretarial and consultancy services and securities investments during the year. There was no turnover generated from forestry business during the years ended 31 December 2014 and 2013. The following is an analysis of the Group's turnover:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Interest income from loan receivables | 63,327 | 19,955 |
| Consultancy income | 1,838 | 7,657 |
| Gross proceeds from disposal of investment held for trading | — | 17,170 |
| | 65,165 | 44,782 |

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 credit |
| 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 <i>HK\$'000</i> | Consultancy services <i>HK\$'000</i> | Securities investments <i>HK\$'000</i> | Forestry business <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|------------------------------------|-------------------------------------|--|--|---|--------------------------|
| Year ended 31 December 2014 | | | | | |
| Turnover — gross proceeds | <u>63,327</u> | <u>1,838</u> | <u>-</u> | <u>-</u> | <u>65,165</u> |
| Segment revenue | | | | | |
| From external customers | <u>63,327</u> | <u>1,838</u> | <u>-</u> | <u>-</u> | <u>65,165</u> |
| Segment results | <u>66,686</u> | <u>(4,080)</u> | <u>8,185</u> | <u>(71,929)</u> | <u>(1,138)</u> |
| Unallocated corporate expenses | | | | | <u>(18,890)</u> |
| Unallocated corporate income | | | | | <u>6</u> |
| Loss before tax | | | | | <u>(20,022)</u> |
| | Money lending <i>HK\$'000</i> | Consultancy services <i>HK\$'000</i> | Securities investments <i>HK\$'000</i> | Forestry business <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| Year ended 31 December 2013 | | | | | |
| Turnover — gross proceeds | <u>19,955</u> | <u>7,657</u> | <u>17,170</u> | <u>-</u> | <u>44,782</u> |
| Segment revenue | | | | | |
| From external customers | <u>19,955</u> | <u>7,657</u> | <u>2,081</u> | <u>-</u> | <u>29,693</u> |
| Segment results | <u>18,782</u> | <u>245</u> | <u>80,279</u> | <u>(5,163)</u> | <u>94,143</u> |
| Unallocated corporate expenses | | | | | <u>(19,553)</u> |
| Unallocated corporate income | | | | | <u>13</u> |
| Finance costs | | | | | <u>(96)</u> |
| Profit before tax | | | | | <u>74,507</u> |

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2013: 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, 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 <i>HK\$'000</i> | Consultancy services <i>HK\$'000</i> | Securities investments <i>HK\$'000</i> | Forestry business <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|-----------------------------------|-------------------------------------|--|--|---|--------------------------|
| At 31 December 2014 | | | | | |
| ASSETS | | | | | |
| Segment assets | 442,861 | 1,257 | 827,207 | 239,221 | 1,510,546 |
| Unallocated corporate assets | | | | | <u>11,406</u> |
| Total assets | | | | | <u><u>1,521,952</u></u> |
| LIABILITIES | | | | | |
| Segment liabilities | 19 | 153 | – | – | 172 |
| Unallocated corporate liabilities | | | | | <u>9,472</u> |
| Total liabilities | | | | | <u><u>9,644</u></u> |
| | Money lending <i>HK\$'000</i> | Consultancy services <i>HK\$'000</i> | Securities investments <i>HK\$'000</i> | Forestry business <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| At 31 December 2013 | | | | | |
| ASSETS | | | | | |
| Segment assets | 428,563 | 2,996 | 313,415 | 308,885 | 1,053,859 |
| Unallocated corporate assets | | | | | <u>5,615</u> |
| Total assets | | | | | <u><u>1,059,474</u></u> |
| LIABILITIES | | | | | |
| Segment liabilities | 66,157 | 71 | – | – | 66,228 |
| Unallocated corporate liabilities | | | | | <u>1,319</u> |
| Total liabilities | | | | | <u><u>67,547</u></u> |

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, intangible asset, certain other receivables and certain bank balances and cash; and
- all liabilities are allocated to operating segments other than certain other payables and accruals, certain interest payable and tax payable.

Other Segment Information

For the year ended 31 December 2014

| | 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 assets | - | - | 14,012 | - | - | 14,012 |
| Reversal of impairment loss on loan and interest receivables | (8,076) | - | - | - | - | (8,076) |
| Interest income from loan receivables | (63,327) | - | - | - | - | (63,327) |
| Dividend income | - | - | (19,397) | - | - | (19,397) |
| Gain on disposal of available-for-sale financial assets | - | - | (3,430) | - | - | (3,430) |
| Impairment loss recognised in respect of goodwill | - | - | - | 67,019 | - | 67,019 |
| Impairment loss recognised in respect of trade receivables | - | 60 | - | - | - | 60 |
| Impairment loss recognised in respect of available-for-sale financial assets | - | - | 14,523 | - | - | 14,523 |
| Foreign exchange loss | - | - | - | 1,299 | - | 1,299 |
| Interest expenses on borrowings | 926 | - | - | - | - | 926 |
| Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets: | | | | | | |
| Depreciation on property, plant and equipment | - | - | - | - | 932 | 932 |
| Additions to property, plant and equipment | - | - | - | - | 65 | 65 |
| Additions to intangible asset | - | - | - | - | 1,194 | 1,194 |
| Foreign exchange loss | - | - | - | - | 8 | 8 |
| Bank interest income | - | - | - | - | (2) | (2) |

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 assets | - | - | 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) |

Geographical Information

The Group's operations are located in Hong Kong and the Independent State of Papua New Guinea (the "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 | |
|-----------|------------------------------------|------------------|--------------------|------------------|
| | 2014 HK\$'000 | 2013 HK\$'000 | 2014 HK\$'000 | 2013 HK\$'000 |
| Hong Kong | 65,165 | 29,693 | 1,721 | 1,394 |
| PNG | — | — | 239,221 | 306,261 |
| | <u>65,165</u> | <u>29,693</u> | <u>240,942</u> | <u>307,655</u> |

Information about Major Customers

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

| | 2014 HK\$'000 | 2013 HK\$'000 |
|---|------------------|------------------|
| Customer A (Revenue from money lending) | 20,005 | N/A* |
| Customer B (Revenue from money lending) | 10,995 | N/A* |
| Customer C (Revenue from money lending) | 10,260 | 7,559 |
| Customer D (Revenue from money lending) | 8,267 | N/A* |
| Customer E (Revenue from money lending) | N/A* | 4,195 |

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

5. FINANCE COSTS

| | 2014 HK\$'000 | 2013 HK\$'000 |
|---|------------------|------------------|
| Interest on: | | |
| — note payable | — | 96 |
| Interest on (included in cost of sales): | | |
| — borrowings wholly repayable within one year | 926 | 1,130 |
| | <u>926</u> | <u>1,226</u> |

6. OTHER INCOME AND GAINS

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Bank interest income | 2 | 2 |
| Interest income from convertible instruments | – | 6,315 |
| Dividend income | 19,397 | 9,076 |
| Others | 4 | – |
| | <u>19,403</u> | <u>15,393</u> |

7. INCOME TAX EXPENSE

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|-----------------------|-------------------------|-------------------------|
| Hong Kong Profits Tax | | |
| — Current year | <u>6,899</u> | <u>–</u> |

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

No tax is payable on the profit for the year ended 31 December 2013 arising in Hong Kong since the assessable profit was wholly absorbed by the tax losses brought forward.

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 (2013: Nil).

No provision for PNG profit tax has been made during the year as the subsidiaries operated in PNG had no assessable profit for the year (2013: Nil).

8. (LOSS) PROFIT FOR THE YEAR

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| (Loss) profit for the year has been arrived at after charging: | | |
| Auditor's remuneration | | |
| — Audit service | 972 | 940 |
| — Other service | 200 | 340 |
| | <u>1,172</u> | <u>1,280</u> |
| Total auditor's remuneration | <u>1,172</u> | <u>1,280</u> |
| Directors' emoluments | 480 | 1,358 |
| Staff costs (excluding directors' emoluments) | | |
| — Salaries, wages and other benefits | 8,468 | 8,330 |
| — Retirement benefit scheme contribution | 487 | 382 |
| | <u>8,955</u> | <u>8,712</u> |
| Total staff costs (excluding directors' emoluments) | <u>8,955</u> | <u>8,712</u> |
| Depreciation of property, plant and equipment | 932 | 1,210 |
| Net foreign exchange loss | 1,307 | 1,541 |
| Minimum lease payment under operating lease in respect of land and buildings | <u>2,250</u> | <u>1,714</u> |

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (2013: Nil).

10. (LOSS) EARNINGS PER SHARE

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

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| (Loss) earnings for the purpose of basic and diluted (loss) earnings per share | <u>(26,008)</u> | <u>75,597</u> |
| | 2014 '000 | 2013 '000 |

Number of Shares

| | | |
|---|-------------------------|------------------|
| Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share | <u>2,782,102</u> | <u>1,250,456</u> |
|---|-------------------------|------------------|

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share for the year ended 31 December 2014.

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 of shares for the year ended 31 December 2013.

11. LOAN AND INTEREST RECEIVABLES

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Fixed-rate loan and interest receivables | 422,568 | 261,490 |
| Less: Accumulated impairment loss | <u>(30,984)</u> | <u>(39,060)</u> |
| | <u>391,584</u> | <u>222,430</u> |

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 24% (2013: 10% 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:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---------------|--------------------------------|-------------------------|
| 0–30 days | 63,488 | 150,933 |
| 31–90 days | 83,246 | 7,592 |
| 91–180 days | 44,567 | 5,077 |
| 181–365 days | 69,287 | 843 |
| Over 365 days | 130,996 | 57,985 |
| | <u>391,584</u> | <u>222,430</u> |

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

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---------------|--------------------------------|-------------------------|
| 31–90 days | 67,597 | 15,682 |
| 91–180 days | 47,278 | – |
| 181–365 days | 6,000 | – |
| Over 365 days | 2 | 4 |
| | <u>120,877</u> | <u>15,686</u> |

Note: As at 31 December 2014, the amounts which are past due but not impaired amounting to approximately HK\$120,877,000 were subject to collateral (2013: Nil).

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

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|-----------------------------|--------------------------------|-------------------------|
| At 1 January | 39,060 | 44,060 |
| Reversal of impairment loss | (8,076) | (5,000) |
| At 31 December | <u>30,984</u> | <u>39,060</u> |

Included in the above accumulated impairment loss at 31 December 2014 was individually impaired loan and interest receivables with a carrying amount of approximately HK\$30,986,000 (2013: HK\$39,064,000) before impairment which have been in financial difficulties.

As at 31 December 2014, loan and interest receivables amounting to approximately HK\$253,647,000 (2013: HK\$147,460,000) were subject to collateral for listed shares with a fair value of approximately HK\$303,545,000 (2013: HK\$215,877,000).

12. TRADE AND OTHER RECEIVABLES

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|-----------------------------------|--------------------------------|-------------------------|
| Trade receivables | 166 | 511 |
| Less: Accumulated impairment loss | (60) | – |
| | 106 | 511 |
| Prepayments | 3,340 | 4,984 |
| Other receivables (<i>Note</i>) | 20,743 | 10,972 |
| | 24,083 | 15,956 |
| Total trade and other receivables | 24,189 | 16,467 |

Note: As at 31 December 2014, included in other receivables are interest receivables of HK\$Nil (2013: HK\$537,000) from the convertible instruments issued by China Environmental Energy Investment Limited.

As at 31 December 2014, included in other receivables are dividend receivables amounting to approximately HK\$19,825,000 (2013: HK\$9,841,000) regarding the investment in redeemable convertible preference shares.

The movements in accumulated impairment loss of trade receivables are as follows:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|----------------------------|--------------------------------|-------------------------|
| At 1 January | – | – |
| Impairment loss recognised | 60 | – |
| At 31 December | 60 | – |

For the year ended 31 December 2014, the Group allowed a credit period in the range from 30 to 90 days (2013: 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, net of accumulated impairment loss recognised, is as follows:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| Within 90 days | 106 | 511 |

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

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|-------------------------------|--------------------------------|-------------------------|
| Neither past due nor impaired | 106 | 511 |

There was no trade receivable balance as at 31 December 2014 and 2013 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. Other than the amount due from an overdue debtor which has been fully impaired for the year ended 31 December 2014, the Directors considered that there is no further impairment loss should be provided for those debtors of the Group with good settlement history. The Group does not hold any collateral over these balances.

13. BORROWINGS

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Current — on demand or within one year | | |
| Other borrowings — unsecured | — | 65,000 |

Other borrowings represented borrowings from an independent third party.

| | Maturity date | Effective interest rate | Carrying amounts | |
|---|---------------|-------------------------|--------------------------------|-------------------------|
| | | | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
| 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 2014, the interest expense of approximately HK\$926,000 (2013: HK\$1,130,000) was recognised in profit or loss as cost of sales.

14. SHARE CAPITAL

| | Par value <i>HK\$</i> | Number of shares <i>'000</i> | Amount <i>HK\$'000</i> |
|---|--------------------------|------------------------------------|---------------------------|
| Authorised: | | | |
| At 1 January 2013 | | | |
| Ordinary shares of HK\$0.08 each | 0.08 | 5,000,000 | 400,000 |
| Share consolidation (<i>Note a</i>) | N/A | (3,750,000) | — |
| Capital reduction (<i>Note b</i>) | 0.001 | — | (398,750) |
| Capital reorganisation (<i>Note b</i>) | 0.001 | 398,750,000 | 398,750 |
| At 31 December 2013 and 31 December 2014 | 0.001 | 400,000,000 | 400,000 |
| Issued and fully paid: | | | |
| At 1 January 2013 | | | |
| Ordinary shares of HK\$0.08 each | 0.08 | 2,225,682 | 178,054 |
| Share consolidation (<i>Note a</i>) | N/A | (1,669,262) | — |
| Capital reduction (<i>Note b</i>) | 0.001 | — | (177,498) |
| Issue of right shares (<i>Note c</i>) | 0.001 | 1,112,841 | 1,113 |
| Issue of bonus shares (<i>Note c</i>) | 0.001 | 1,112,841 | 1,113 |
| At 31 December 2013 and 31 December 2014 | 0.001 | 2,782,102 | 2,782 |

Notes:

- a. 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.
- b. Pursuant to a special 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 a special 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.

- c. On 4 October 2013, 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 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.

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:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---------------------------------------|--------------------------------|-------------------------|
| Within one year | 2,957 | 1,299 |
| In the second to fifth year inclusive | 1,962 | – |
| | 4,919 | 1,299 |

Leases are negotiated and rentals are fixed for terms of 2 years (2013: 2.8 years).

16. EVENTS AFTER THE REPORTING PERIOD

On 20 January 2015, the Group entered into a fourth loan agreement with an independent third party (the “**Borrower**”) with whom the previous loan agreements were entered into on 24 September 2014, 27 October 2014 and 19 November 2014 for loan which have not been due prior to the entering of the fourth loan agreement, pursuant to which the Group has agreed to provide a loan with principal amount of up to HK\$36,000,000 to the Borrower in accordance with the terms thereunder.

MANAGEMENT DISCUSSION AND ANALYSIS

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 credit, securities investments, provision of corporate secretarial and consultancy services and forestry business.

Money Lending and Provision of Credit Business

Since obtaining the Money Lenders License under the Money Lenders Ordinance (Chapter 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\$1,156 million. Interest rates ranged from 10%–48% per annum during the current year. For the year ended 31 December 2014, the interest income was HK\$63,327,000 (2013: HK\$19,955,000), and there was no impairment loss (2013: Nil) whereas there was a reversal of impairment loss of HK\$8,076,000 on the loan and interest receivables (2013: HK\$5,000,000). Details on the loan and interest receivables were set out in Note 11.

Securities Investments Business

As at 31 December 2013, the Company through Best Harvest Asia Limited (“**Best Harvest**”), a wholly-owned subsidiary of the Company, held 6,275,000 shares of Simsen International Corporation Limited (a company whose shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with Stock Code: 993) (“**Simsen**”), representing approximately 9.87% of the then issued share capital of Simsen. Details have been disclosed in the announcements of the Company dated 15 April 2013 and 22 July 2013 respectively.

On 9 April 2014, Simsen issued and allotted bonus shares to its qualifying shareholders on the basis of 9 bonus shares for every 1 existing share held. Thereafter and as at 31 December 2014, the Group’s interest in Simsen through Best Harvest increased to 62,750,000 shares.

On 2 September 2014, Best Harvest received a HK\$0.15 special dividend on each ordinary share of Simsen held, the Group thus recorded an other income of HK\$9,413,000 during the current year.

The Group is holding 90 redeemable convertible preference shares of a company with money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the “**Preference Shares**”) in the aggregate amount of HK\$90,000,000, which brought a dividend income of approximately HK\$9,984,000 during the current year.

In sum, during the current year, the investment in the shares of Simsen and the Preference Shares brought about other income of approximately HK\$19,397,000 (2013: HK\$9,076,000) and the investment in listed securities led to a net fair value gain being recognised as a comprehensive income in an amount of approximately HK\$531,502,000 (2013: HK\$28,462,000).

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 year ended 31 December 2014, a segment revenue of approximately HK\$1,838,000 and a segment loss of HK\$4,080,000 had been recorded (31 December 2013: segment revenue approximately HK\$7,657,000 and segment profit of approximately HK\$245,000 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 PNG. The total consideration for the Acquisition of HK\$310,000,000. Details of the Acquisition have been disclosed in the circular of the Company dated 29 February 2012. Upon the completion of the Acquisition, a goodwill amounted to approximately HK\$306,019,000 (the “**Goodwill**”) was recorded. As at 31 December 2014, the recoverable amount of the Goodwill which was determined with reference to the valuation report issued by the independent valuer, Roma Appraisals Limited, was approximately HK\$239,000,000. Hence, an impairment loss on the Goodwill in an amount of approximately HK\$67,019,000 was recognised during the current year.

As a condition of the Acquisition, the Group, respective vendors and the guarantor entered into an option deed pursuant to which the vendors have granted to the Group an option to purchase the option shares representing 70% of the entire issued share capital of the Profit Grand (the “**Option**”) and the Option may be exercised at the sole discretion of the Group according to the terms and conditions therein at any time during the period commencing the 13th month after the date of completion and expiring the 12th month thereafter, which is 11 May 2014 (or such later date as may be agreed by both the Group and the vendors). As the parties thereto have not extended the option period, such period lapsed and the Option has expired on 11 May 2014 accordingly. Details have been disclosed in the announcement of the Company dated 12 May 2014.

The Group was informed by the vendors, their representatives and the landowners are following up with the Department of Environment and Conservation and other government authorities in the PNG regarding the outstanding necessary approvals, licenses, registrations, confirmations and/or permits as may be required to conduct forestry related business and to enjoy logging concession right under the laws and regulations in the PNG (the “**Official Approvals**”) continuously. As at 31 December 2014 and the date of this announcement, there was no material progress in these regards that may unveil the uncertainty in relation to the grant of the Official Approvals within the time frame as previously expected. Against such circumstances, a more conservative approach in valuing the Goodwill for reflecting such possible risks and uncertainties is adopted (i.e. the discount rate is higher for addressing the underlying uncertainty and the inflow of revenue is deferred for addressing the delay, ceterus paribus). Accordingly, the recoverable amount of the Goodwill is declined and thus the impairment loss is triggered. Whilst the assumptions in relation to the Goodwill as considered and disclosed since in the circular of the Company dated 29 February 2012 and up to the annual report 2013 of the Company dated 25 March 2014 are reasonable, they are inherently subject to economic and competitive uncertainties and contingencies that are beyond the control of the Company and the parties thereto. Despite of the slow progress for the Official Approvals, as previously advised by the PNG legal adviser, the Environment Permit could be granted after the Approval In Principle has been issued under the Law of the PNG in the absence of any irregularities and on the assumption that the application for the Clearance Authority are in order and in the absence of any unforeseen circumstances. There is no conclusive evidence that comes to the attention of the Company that there is material legal impediment to obtain the Clearance Authority as at the date of this announcement. The Group shall continue to follow up with the vendors, the relevant government authorities and professionals regarding the Official Approvals, the development of the forestry business and its valuation and shall comply with all relevant requirements, and where necessary, make further announcement(s) in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”). More details have been disclosed in the announcements of the Company dated 12 May 2014 and 6 August 2014 respectively.

OUTLOOK

Money Lending and Provision of Credit Business

Money lending and provision of credit business will continue to be the major business segment of the Group and contribute stable interest income to the Group. The Group will further develop this business segment, diversify the customer portfolio, seek opportunity to cooperate with its business partners and is actively looking for new business opportunities in PRC to extend the money lending platform of the Group.

Securities Investments Business

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

Provision of Corporate Secretarial and Consultancy Services Business

Pacific Vision will continue identifying listed and corporate clients and delivering on-going corporate secretarial and consultancy services in different aspects of due diligence, financial analysis, and valuation analysis to listed companies in Hong Kong.

Forestry Business

The Group shall continue to follow up with the vendors, the relevant government authorities and professionals regarding the Official Approvals, the development of the forestry business and its valuation and shall comply with all relevant requirements, and where necessary, make further announcement(s) in accordance with the Listing Rules and SFO.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2014, the Group had recorded net current assets of approximately HK\$473,863,000 (31 December 2013: HK\$420,107,000); bank balances and cash of approximately HK\$67,734,000 (31 December 2013: HK\$248,757,000); and no borrowing (31 December 2013: unguaranteed and unsecured borrowings denominated in HK\$ with fixed interest rate of approximately HK\$65,000,000). The Group did not enter into financial instruments for hedging purpose. A tax provision in an amount of approximately HK\$6,899,000 was made for the current year (2013: Nil). Details of taxation are set out in the Note 7.

Capital Structure

There was no change to the authorised and issued share capital of the Company for the year ended 31 December 2014. As at 31 December 2014, the total number of the issued ordinary shares with the par value of HK\$0.001 each was 2,782,102,650 (31 December 2013: 2,782,102,650).

Significant Investment, Acquisition and Disposals

There was no significant investment, acquisition and disposals that should be notified to the Shareholders for the year ended 31 December 2014. The performance and prospect of the significant investments of the Group for the current year under review were discussed under the sections of “Securities Investment Business” above.

Segment Information

Details of segment information of the Group for the year ended 31 December 2014 are set out in Note 4.

Employees

As at 31 December 2014, 18 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 based on their performance, experiences and industry practice 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 Directors and depending on the financial performance of the Group and the performance of the employees.

Details of Charges on Assets

As at 31 December 2014, 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 2013: 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 in the aggregate amount of HK\$90,000,000. The Company will from time to time review the business and financial performance of such investment.

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

As at the date of this announcement, the Company had not entered into any agreement, arrangement, understanding, intention or negotiation that should be disclosed pursuant to the Listing Rules and the SFO.

Treasure 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 at the Group as at 31 December 2014 and 2013 were as follows:

| | As at 31 December | |
|---|--------------------------|------------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Borrowings (<i>Note 13</i>) | – | 65,000 |
| Less: bank balances and cash | (67,734) | (248,757) |
| Net debt | (67,734) | (183,757) |
| Total equity | 1,512,308 | 991,927 |
| Total capital | 1,444,574 | 808,170 |
| Gearing ratio (net debt to total capital) | (4.7%) | (23%) |

Foreign Exchange Exposure

There were no material transaction and movement for financial assets and financial liabilities of the Group that are denominated in foreign currency during the current year. Thus, the Group did not expose to foreign currency exchange rate risk during the current year. 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.

Capital Commitment

As at 31 December 2014, the Group had no material capital commitment (31 December 2013: Nil).

Contingent liabilities

As at 31 December 2014, the Group had no material contingent liabilities (31 December 2013: Nil).

DIVIDEND

No dividend for the year ended 31 December 2014 (2013: 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 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. One independent non-executive director of the Company who was appointed in previous years was not appointed for a specific term but is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-Laws of the Company. As such, it is considered that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the CG Code. Also, the Board does not believe that arbitrary term limits on 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 personal commitments, Mr. Wong Sze Kai, an independent non-executive Director of the Company who resigned on 12 November 2014, was unable to attend the annual general meeting (“AGM”) of the Company held on 5 June 2014.

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 Directors of the Company, upon specific enquiry, have confirmed that they have complied with the Model Code during the year ended 31 December 2014.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprises all independent non-executive Directors namely Mr. Wong Chun Hung (committee chairman), Mr. Zheng Zhen and Mr. To Langa Samuelson.

On 18 November 2014, Mr. Lau Yiu Tung was appointed as a member of the Audit Committee. Mr. Wong Sze Kai and Mr. Lau Yiu Tung ceased to be members of the Audit Committee on 12 November 2014 and 27 February 2015 respectively since their resignation as independent non-executive Directors. Subsequently on 4 March 2015, Mr. To Langa Samuelson was appointed as a member of the Audit Committee.

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 the 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 2014 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 the date of this announcement, the Directors are:

Executive Directors

Mr. Huang Chuan Fu (*Chairman*)

Mr. Liang Jian Hua

Ms. Jia Hui

Mr. Jiang Yi Ren

Independent non-executive Directors

Mr. Wong Chun Hung

Mr. Zheng Zhen

Mr. To Langa Samuelson

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

Hong Kong, 20 March 2015

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