PACIFIC PLYWOOD HOLDINGS LIMITED
太 平 洋 實 業 控 股 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 767)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF A P2P FINANCING PLATFORM "CAIJIA" IN THE PRC AND RESUMPTION OF TRADING

THE ACQUISITION

The Board is pleased to announce that on 20 May 2015 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares, representing 96% of the issued share capital of the Target Company and the Sale Loans at the initial total consideration of HK$2,400 million, to be satisfied by way of issue of the non-redeemable Convertible Notes in the principal amount of HK$2,400 million, which is subject to adjustment. The Consideration does not involve cash payments and therefore will not create cashflow burden on the Company.

* *For identification purposes only*

The Target Company, through its wholly-owned subsidiaries and the Structured Contracts, is principally engaged in the operation of the P2P Platform under the "Caijia" ("財加") brand, which is conducted via the website (http://www.subangloan.com/). The P2P Platform is a Peer-to-Peer (P2P) online credit platform in the PRC matching borrowers with private lenders for various financial products through the internet. The remaining equity interest of 4% in the Target Company is held as to (i) 1% by Mr. Chong Leung Kei; (ii) 1% by Ms. Yu Yang; (iii) 0.8% by Mr. Ng Kwok Fai; (iv) 0.8% by Mr. Ren Zhenquan (a.k.a Ren Quan); and (v) 0.4% by Mr. Huang Xiaoming, among which Mr. Huang Xiaoming and Mr. Ren Zhenquan (a.k.a Ren Quan) are well-known celebrities in the PRC, and Mr. Ng Kwok Fai is interested in 20% of the equity interest of the Vendor, which is also the controlling Shareholder.

Based on the information as provided by the Vendor, as at 30 April 2015, the Target Group had three operating subsidiaries and nine operating branches covering major cities in the PRC such as Chengdu, Chongqing, Shenyang, Dalian and Wuhan with a total number of around 1,150 employees. Since its commencement of business operations in 2013, the Target Group has processed and reviewed over 66,000 potential loan transactions, out of which about 19,500 loan applications have been approved and placed on the P2P Platform for matching. Up to the date of this announcement, loan transactions in the aggregate principal amounts of approximately RMB1.8 billion (with an average size of approximately RMB100,000 per loan transaction) had been successfully matched on the P2P Platform. For each of the year ended 31 December 2013 and 2014, the Target Group had a profit/(loss) after tax of approximately HK$(10,002,000) and HK$14,072,000 respectively. For the four months ended 30 April 2015, the Target Group had a profit after tax of approximately HK$31,696,000.

Profit Guarantee

Subject to Completion, the Vendor irrevocably and unconditionally guarantees to the Company that the audited consolidated profit before tax of the Target Group (excluding any extraordinary items) for the year ending 31 December 2015 and 31 December 2016 shall not be less than HK$100,000,000 and HK$350,000,000 respectively. Considering the profit before tax of HK$336 million (adjusted for the relevant shareholding of 96% to be acquired by the Company), the total Consideration of HK$2,400 million represents an implied price-to-earnings multiple of approximately 7.14 under the maximum amount of the Profit Guarantee. In the Directors' opinion (excluding that of the independent non-executive Directors', as they will give their opinion after considering the advice of the Independent Financial Adviser), such multiple is relatively low as compared to internet finance companies and falls within the range of multiples of Hong Kong listed companies that are engaged in the money lending business.

IMPLICATION UNDER THE LISTING RULES

As one or more of the relevant percentage ratios applicable to the Company exceeds 100%, the entering into of the Sale and Purchase Agreement constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. As at the date of this announcement, the Vendor is the controlling Shareholder interested in 1,621,219,755 Shares, representing approximately 58.27% of the issued share capital of the Company. Accordingly, the Vendor is a connected person of the Company and the Acquisition and the transactions contemplated thereunder constitute a connected transaction of the Company pursuant to the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Vendor and its associates shall abstain from voting on the proposed resolution(s) to approve the Acquisition and the transactions contemplated thereunder at the SGM. Save for the aforesaid and to the best knowledge of the Company, as at the date of this announcement, no other Shareholder has material interest in the Acquisition and therefore no other Shareholder is required to abstain from voting on the proposed resolution(s) to approve the Acquisition and the transactions contemplated thereunder at the SGM.

GENERAL

The Company will despatch the circular in accordance with the requirements under the Listing Rules, containing among other things, (i) further information on the Target Group and the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder; (iv) the financial information of the Target Group; (v) the unaudited pro forma financial information of the Enlarged Group upon Completion; and (vi) the notice of the SGM.

In view of the substantial amount of information to be contained in the circular, the Company expects that the circular will be despatched to the Shareholders on or before 3 August 2015 so as to allow sufficient time for the preparation of the relevant information for the inclusion in the circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9 a.m. on 21 May 2015 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 13 July 2015 following the publication of this announcement.

As completion of the Acquisition is subject to the fulfillment of a number of conditions (which are detailed in this announcement), the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

Reference is made to the First Announcement of the Company dated 4 May 2015 in relation to the inside information on the proposed Acquisition.

The Board is pleased to announce that on 20 May 2015 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares, representing 96% of the issued share capital of the Target Company and the Sale Loans at the total consideration of HK$2,400 million.

THE SALE AND PURCHASE AGREEMENT

Date

20 May 2015 (as supplemented by a supplemental agreement dated 10 July 2015)

Parties

The Company (as the Purchaser)

Allied Summit Inc. (as the Vendor)

Mr. Su Weibiao (as the Guarantor)

As at the date of this announcement, the Vendor is an investment holding company and the controlling Shareholder interested in 1,621,219,755 Shares, representing approximately 58.27% of the issued share capital of the Company. The Vendor is therefore a connected person of the Company pursuant to the Listing Rules.

The Sale Shares and the Sale Loans were acquired by the Vendor from Mr. Ji Xiaobo (the "**Previous Vendor**"), who is an Independent Third Party, at the consideration of HK$2,400 million. The said acquisition was completed on 6 March 2015.

Profit Guarantee between the Vendor and the Previous Vendor

As advised by the Vendor, the Previous Vendor has irrevocably and unconditionally guaranteed to the Vendor on the same terms as the Guaranteed Profit (as defined in the paragraph headed "Profit Guarantee and adjustment to Consideration" below) except that the cash consideration of HK$2,400 million (subject to adjustment) shall be payable by the Vendor to the Previous Vendor (or his nominee(s)) in the following manner:

(i) as to Hong Kong Dollars One Thousand Two Hundred Million (HK$1,200,000,000) by way of cash on or before 31 March 2016; and

(ii) as to the remaining Hong Kong Dollars One Thousand Two Hundred Million (HK$1,200,000,000) by way of cash on or before 31 March 2017.

Accordingly, as advised by the Vendor, the consideration of HK$2,400 million shall be payable by the Vendor to the Previous Vendor in full in cash in the event that the guaranteed profit as given by the Previous Vendor is met.

Negotiations between the Company, the Vendor and the Previous Vendor

The Company had preliminary contacts with the Previous Vendor with regards to the possibility of acquiring of the Target Group in or around February 2015. The Previous Vendor requested the consideration amount to be fully settled in cash instead of by any other methods such as issuing consideration shares and/or convertible notes by the Company. However, as disclosed in the Company's 2014 annual report, the Company only had cash of approximately HK$67,734,000 as at 31 December 2014, and there was no guarantee that the Company would be able to raise such substantial amount of cash to settle the consideration for acquiring the Target Group in the event that the Guaranteed Profit is met. Accordingly, the relevant negotiations were put on hold.

To resolve the deadlock and facilitate the acquisition of the Target Group by the Company, the Vendor, being the controlling Shareholder of the Company, entered into a sale and purchase agreement with the Previous Vendor on substantially the same terms and conditions as those of the Sale and Purchase Agreement except that consideration was to be settled in cash and completed the acquisition of the Target Group from the Previous Vendor in March 2015 at the cash consideration of HK$2,400 million and thereafter, entered into negotiations with the Company for the sale of the Target Group to the Company.

As confirmed by the Vendor, the Previous Vendor has acknowledged and undertaken in the sale and purchase agreement between the Vendor and the Previous Vendor that in the event if the Vendor were found liable for breach of contract, the Previous Vendor would only claim and/or be indemnified by way of monetary compensation and would not be compensated and/or indemnified by any other means (including but not limited to requesting the Vendor to perform or not to perform a specific action or requesting the Vendor to reassign the Sale Shares and/or the Sale Loans and/or any assets of the Target Group). To the Board's best knowledge, the Company does not need to bear any liability if the Vendor failed to settle the consideration of HK$2,400 million (subject to adjustment) to the Previous Vendor in full.

Assets to be acquired

The Sale Shares, representing 96% of the issued share capital of the Target Company, together with all loans due from the Target Company and Century Fine to the Vendor as at Completion. As at the date of this announcement, the Sale Loans amounted to approximately HK$24 million.

Consideration

Pursuant to the terms of the Sale and Purchase Agreement, the initial Consideration for the sale and purchase of the Sale Shares and the Sale Loans shall be HK$2,400 million, which shall be satisfied by way of issue of the non-redeemable Convertible Notes in the principal amount of HK$2,400 million to the Vendor (or its nominee(s)) at Completion. The initial Consideration shall be subject to adjustment (details of which are set forth in the paragraph headed "Profit Guarantee and adjustment to Consideration" of this announcement).

Basis for the Consideration

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to, among others, (i) the business prospects of the Target Group; (ii) the increasing trend of loan amounts transacted at the P2P Platform; (iii) the existing sales networks of the Target Group; (iv) the Profit Guarantee and the related adjustment and retention mechanism to the Consideration as described in the paragraph headed "Profit Guarantee and adjustment to Consideration" in this announcement; and (v) the implied price-to-earnings ratio on the Target Group of approximately 7.14 as indicated by the maximum HK$350 million Profit Guarantee, being a satisfactory multiple as further explained in the paragraph headed "Reasons for and the Benefits of the Proposed Acquisition" in this announcement.

Conditions precedent

Completion shall be conditional upon satisfaction or waiver (as applicable) of each of the following conditions precedent:

(a) the passing of the necessary resolutions by the Shareholders at the SGM to approve, among other matters, the Sale and Purchase Agreement and the transactions contemplated thereby, including but not limited to the issue of the Convertible Notes, the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Notes in accordance with the terms therein, and all other consents and acts required under the Listing Rules and other applicable laws and regulations having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;

(b) the Company being satisfied in reliance on the warranties as set forth in the Sale and Purchase Agreement and upon inspection and investigation as to the financial, contractual, taxation and trading positions of all members of the Target Group;

(c) the Vendor having complied fully with the pre-completion obligations as set forth in the Sale and Purchase Agreement and otherwise having performed all of the covenants and agreements required to be performed by it prior to Completion;

(d) all the Structured Contracts and the ancillary documents thereof enabling the financial results, the entire economic benefits and risks of the businesses of Beijing Huiju Management to flow onto Beijing Huiju Financial and enabling Beijing Huiju Financial to gain the controlling right of the Beijing Huiju Management having been duly executed and remaining valid and subsisting;

(e) the obtaining of a PRC legal opinion (in form, substance and scope satisfactory to the Purchaser) issued by a PRC legal adviser covering matters including but not limited to the Sale and Purchase Agreement and the transactions contemplated thereunder and the business of the Group;

(f) the warranties as set forth in the Sale and Purchase Agreement remaining true and correct as at the date of Completion with respect to facts and circumstances as at the date of Completion;

(g) the Purchaser being satisfied that there has not been any material adverse change (or effect) in respect of any member of the Target Group since the date of the Sale and Purchase Agreement; and

(h) any necessary consents, licences and approvals required to be obtained on the part of the Purchaser and/or the Vendor in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect.

The Sale and Purchase Agreement shall be terminated automatically if any of the above conditions is not satisfied or waived (by the Company as to the conditions (b) to (g) and condition (h) (so far as it relates to the Vendor) or by the Vendor as to the condition set forth in condition (h) (so far as it relates to the Company)) on or before the Long Stop Date (unless the parties have agreed to extend the Long Stop Date for fulfilment of any of the relevant conditions) and none of the parties shall have any claim against the other party save in respect of any antecedent breaches of the terms of the Sale and Purchase Agreement.

Completion

Completion shall take place on the fifth Business Day following the day on which all the conditions precedent of the Sale and Purchase Agreement are satisfied (or waived, as the case may be) in full.

Profit Guarantee and adjustment to Consideration

Subject to Completion, the Vendor irrevocably and unconditionally guarantees to the Company that the audited consolidated profit before tax of the Target Group (excluding any extraordinary items) for each of the year ending 31 December 2015 and 31 December 2016 shall not be less than the amount set opposite to the relevant Guaranteed Period as defined in the table below (each the "**Guaranteed Profit**"):

Guaranteed Period	Guaranteed Profit
1 January 2015–31 December 2015	HK$100,000,000
1 January 2016–31 December 2016	HK$350,000,000

If the aggregate actual audited consolidated profit before tax of the Group (excluding any extraordinary items) (the "**Actual Profit**") for any of the Guaranteed Period shall be less than the relevant Guaranteed Profit, the Consideration shall be reduced according to the following formula:

A = (Guaranteed Profit – Actual Profit) x 5.3333

whereas A is the amount of reduction ("**Reduction Amount**") to be made to the Consideration. Where the Actual Profit is negative, it shall be deemed to be zero. For the avoidance of doubt, depending on the Actual Profit, two reductions may be made to the Consideration and no adjustment will be made to the Consideration if the Actual Profit is more than the Guaranteed Profit. The total maximum amount of the Reduction Amount shall be the Consideration.

The Vendor and the Company shall procure that the audited consolidated financial statements of the Target Group for the years ending 31 December 2015 and 31 December 2016 shall be prepared and reported on by the auditor nominated by the Company within three months after the said periods or any other day as agreed by both parties.

As security for the Profit Guarantee, the Company shall be entitled to retain the certificate(s) representing the Convertible Notes (the "**Retained Convertible Notes**") until any Reduction Amount is determined and (if applicable) all amount in cash payable by the Vendor to the Purchaser for the Reduction Amount is satisfied in full as follows:

Guaranteed Period	**Retained Convertible Notes**
1 January 2015–31 December 2015	HK$266,670,000
1 January 2016–31 December 2016	HK$933,330,000

If the Actual Profit for any of the Guaranteed Period shall be less than the relevant Guaranteed Profit, within three Business Days after serving a written notice thereof by the Company to the Vendor, the Reduction Amount shall be offset/satisfied in the following manners:

(a) firstly, the Company shall be entitled to repurchase and the Vendor shall sell to the Company such principal amount of the Retained Convertible Notes for the relevant Guaranteed Period at the consideration of HK$1; and

(b) secondly, the Vendor shall pay any remaining Reduction Amount in cash to the Company,

which together will be equal to the amount of Reduction Amount for the relevant Guaranteed Period. Accordingly, the maximum Reduction Amount for the first year of Guaranteed Period shall be Retained Convertible Notes in the aggregate amount of HK$266,670,000 and cash in the amount of HK$266,670,000 and that of the second year of Guaranteed Period shall be Retained Convertible Notes in the aggregate amount of HK$933,330,000 and cash in the amount of HK$933,330,000. Pursuant to the terms and conditions of the Convertible Notes, the Company will forthwith cancel any of the Retained Convertible Notes repurchased from the Vendor.

The Profit Guarantee was determined after arm's length negotiations between the Company and the Vendor with reference to (i) the unaudited net profit of the Target Group for the four months ended 30 April 2015 of approximately HK$32 million; (ii) the prospect of the Target Group; and (iii) the guaranteed period of two years as agreed by the Vendor.

The Directors (excluding the independent non-executive Directors who will give their view on the Acquisition after taking into account the advice of the Independent Financial Adviser) consider that the mechanism on the reduction of Consideration pursuant to the Profit Guarantee is on normal and commercial terms and the Retained Convertible Notes provides extra security to the Profit Guarantee. Further analysis is discussed in the section headed "Reasons for and the Benefits of the Proposed Acquisition" below.

Guarantee by the Guarantor

Pursuant to the Sale and Purchase Agreement, the Guarantor has unconditionally and irrevocably, guaranteed to the Company the due and punctual performance by the Vendor of all the obligations expressed to be imposed on or assumed by it under the Sale and Purchase Agreement as if he was the primary obligor.

The Convertible Notes

Pursuant to the Sale and Purchase Agreement, the Company will issue to the Vendor or its nominee(s) the Convertible Notes in the principal amount of up to HK$2,400 million (subject to adjustment) as the settlement of the Consideration. The principal terms of the Convertible Notes are summarized as follows:

Issuer:	the Company
Noteholder(s):	the Vendor (or its nominee(s))
Principal Amount:	up to HK$2,400 million (subject to adjustment)
Interest:	Nil
Maturity:	60 months from the date of issuance of the Convertible Notes To the extent not previously converted, purchased or cancelled, the Convertible Notes outstanding on the Maturity Date shall be mandatorily converted into Conversion Shares at the Conversion Price in effect on the Maturity Date. In the event that any of the Convertible Notes cannot be converted on the Maturity Date due to the conversion restriction imposed, the Company will re-negotiate with the Vendor on the terms and conditions of the Convertible Notes and any amendments thereto will then be subject to shareholders' approval at a special general meeting of the Company.
Early Redemption:	The Company may not redeem the Convertible Notes at its option.

Conversion Price:	The initial Conversion Price of HK$0.20 per Conversion Share was determined after arm's length negotiation between the Company and the Vendor with reference to the prevailing market price of the Shares (in particular during period prior to the release of the First Announcement), which represents: (a) a discount of approximately 0.5% to the closing price of HK$0.201 per Share as quoted on the Stock Exchange on 4 May 2015, being the last trading day prior to the release of the First Announcement; (b) a premium of approximately 62.6% to the average closing price of HK$0.123 per Share as quoted on the Stock Exchange for the 180 trading days immediately prior to the date of the First Announcement; (c) a discount of approximately 63.0% to the closing price of HK$0.54 per Share as quoted on the Stock Exchange on 19 May 2015, being the last trading day prior to the date of the Sale and Purchase Agreement; and (d) a discount of approximately 61.8% to the average closing price of HK$0.524 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Sale and Purchase Agreement. The Conversion Price is subject to adjustments upon the occurrence of, among others, consolidation or subdivision of Shares in the share capital of the Company, capitalization of profits or reserves, capital distributions, rights issues of Shares or other securities, issue of shares or other securities. In such event, the Company may appoint a licensed financial adviser to consider whether the adjustments to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby, including but not limited to the holders of the Convertible Notes.
Conversion rights:	Subject to the conversion restriction, each Convertible Note shall entitle the holder to convert such Convertible Notes into Shares credited as fully paid at any time during the Conversion Period.

Conversion restriction:	Conversion at the option of a Noteholder provided that the conversion rights shall only be exercisable: (i) so long as the minimum public float of the issued share capital of the Company as enlarged by the issue of the Conversion Shares can be maintained in accordance with the Listing Rules; and (ii) when such exercise by the Noteholder and parties acting in concert (within the meaning ascribed to it under the Takeovers Code) with it does not trigger a mandatory offer under Rule 26 of the Takeovers Code on the part of the Noteholder and parties acting in concert with it. If any conversion of the Convertible Note will cause the public float of the Company unable to meet the requirements of the Listing Rules, the Noteholder may only exercise its right of conversion after deposing part of the Shares then held by it.
Ranking of Conversion Shares:	The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all other Shares in issue as at the relevant date of conversion.
Voting:	The Noteholder(s) will not be entitled to attend or vote at any meetings of the Company by reason only of it/they being the holder(s) of the Convertible Notes.
Transferability:	The Convertible Notes or interests in such Convertible Notes (and any part thereof) are freely transferrable provided that they may not be transferred to any connected person of the Company without written consent of the Company and compliance of any applicable Listing Rules.
Conversion Share:	Assuming the issue of the Convertible Notes is completed and based on the initial Conversion Price of HK$0.20 per Conversion Share, a number of 12,000,000,000 Conversion Shares will be allotted and issued if the conversion rights attaching to the Convertible Notes are exercised in full, representing approximately 431.33% of the issued share capital of the Company as at the date of this announcement and approximately 81.18% of the Company's issued share capital as enlarged by the allotment and issue of the Conversion Shares in full.

	The Conversion Shares will be issued and allotted under the specific mandate of the Company. The Directors proposed to seek approval from the Independent Shareholders at the SGM to issue the Conversion Shares.
Listing:	No application will be made for the listing of, or permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

EFFECT OF THE ISSUE OF THE CONVERSION SHARES ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structure of the Company immediately before and after full allotment and issue of the Conversion Shares is set out below (assuming no further Shares are issued and repurchased by the Company before the allotment and issue of the Conversion Shares):

Shareholders	**As at the date of this announcement**		**After allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes** *(Note 2)*	
	Number of Shares	*%*	*Number of Shares*	*%*
Allied Summit Inc. *(Note 1)*	1,621,219,755	58.27	13,621,219,755	92.15
Public Shareholders	1,160,882,895	41.73	1,160,882,895	7.85
Total	2,782,102,650	100	14,782,102,650	100

Notes:

1. Allied Summit Inc. is owned as to 80% by the Guarantor and as to remaining 20% by Mr. Ng Kwok Fai ("**Mr. Ng**").

2. The above scenario is for illustrative purpose only and will not occur. The conversion rights under the Convertible Notes shall only be exercisable provided that the public float requirements as enlarged by the issue of the Conversion Shares under Rule 8.08 of the Listing Rules is satisfied.

Information on the Target Group

The Target Company is an investment holding company incorporated on 1 July 2010 in the British Virgin Islands, which through its wholly-owned subsidiaries and the Structured Contracts, is principally engaged in the operation of an internet financing platform under the "Caijia" ("財加") brand, which is conducted via the website (http://www.subangloan.com/). The Sale Shares represent 96% of the issued share capital of the Target Company, and the remaining equity interest of 4% in the Target Company is held as to (i) 1% by Mr. Chong Leung Kei; (ii) 1% by Ms. Yu Yang; (iii) 0.8% by Mr. Ng; (iv) 0.8% by Mr. Ren Zhenquan (a.k.a Ren Quan); and (v) 0.4% by Mr. Huang Xiaoming, among which Mr. Huang

Xiaoming and Mr. Ren Zhenquan (a.k.a Ren Quan) are well-known celebrities in the PRC, and Mr. Ng is interested in 20% of the equity interest of the Vendor, which is also the controlling Shareholder.

The P2P Platform is a Peer-to-Peer (P2P) online credit platform in the PRC matching borrowers with private lenders for various financial products through the internet and it is managed by Beijing Huiju Management, which is wholly-owned by the Registered Shareholder as at the date of this announcement. The primary source of income of the Target Group is (i) the service fee of an effective annual rate of approximately 16% on the loan principal charged on successful matches between borrowers and lenders, and (ii) the management fee of an effective annual rate of approximately 4% to 8% on the loan principal charged on lenders who participate in the "Youtoubao" scheme. The "Youtoubao" scheme automatically assists subscribers to reinvest lenders' loan principals and interest during a fixed period (e.g. three months, six months, and/or twelve months) and gives priority to its subscribers to successfully lend money in the event that there are not enough loan applications on the P2P Platform. As the Target Group merely serves as an agent to match up lenders and borrowers, the Target Group is not subject to any potential default risks by the borrowers. The effective annual interest rate charged on the end borrowers for the loans transacted on the P2P Platform is between 10% to 16%.

The Target Group has three main operating subsidiaries namely, Shenyang Subang, Chongqing KDA and Chengdu Subang and manages nine operating branches covering major cities in the PRC such as Chengdu, Chongqing, Shenyang, Dalian and Wuhan with a total number of around 1,150 employees. The branches are information centers and responsible for (i) promotion and introduction of the P2P Platform; (ii) provision of guidance and assistance for the use of the P2P Platform; and (iii) performing risks assessments on potential borrowers prior to application to the P2P Platform. In order to expand its business network into different regions across the country and to reduce the set up costs of branches in new regions, the Target Group has entered into three separate sale and purchase agreements in May 2015 with the relevant owners of three operating companies, namely Kunming Subang Enterprise Management Co. Limited* (昆明速幫企業管理有限公司), Shenzhen Subang Management Consulting Co. Limited* (深圳速幫管理諮詢有限公司) and Wuxi Subang Management Consulting Co. Limited* (無錫速幫管理諮詢有限公司) (collectively referred as the "**Acquiring Companies**"), which commenced business operations in 2014. The aggregate considerations for the Acquiring Companies will be approximately HK$13,701,000 and were arrived at based on the latest net assets of the relevant Acquiring Companies and will be funded by the internal resources of the Target Group. Pursuant to the Sale and Purchase Agreement, the Vendor has undertaken to procure the completion of the said acquisitions prior to Completion. The said acquisitions are expected to be completed in or around July 2015 and Completion of the Acquisition is not subject to completion of the acquisitions of the Acquiring Companies. In the event that the acquisitions of the Acquiring Companies are not completed, the Company will consider setting up new branches in the relevant regions; however, this may take longer time than directly acquiring the Acquiring Companies. An accountant's report of the Acquiring Companies will be included in the circular in respect of the Acquisition.

Based on the operational statistics as provided by the Vendor, the Target Group has commenced its business operations in 2013 and has processed and reviewed over 66,000 potential loan transactions and out of which about 19,500 loan applications have been approved and placed on the P2P Platform for matching. Up to the date of this announcement, loan transactions in the total principal amounts of around RMB1.8 billion were successfully matched on the P2P Platform with each loan transactions size of RMB100,000 on average.

As advised by the PRC Legal Adviser, the Target Group only participates in providing matching services between lenders and borrowers and therefore does not require a money lending license to conduct its business. However, the Target Group is required to hold a valid Internet Content Provision ("**ICP**") license to run the P2P Platform, which is currently possessed by Beijing Huiju Management. The lenders on the P2P Platform are individuals, who, by the relevant PRC laws, are not required to obtain any money lending license.

Set out below is the unaudited consolidated financial information of the Target Group based on its management accounts:

The Target Group

	For the year ended 31 December 2013 (Unaudited) *HK$*	**For the year ended 31 December 2014** (Unaudited) *HK$*	**For the four months ended 30 April 2015** (Unaudited) *HK$*
Revenue	6,098,000	121,569,000	102,288,000
Profit/(loss) before taxation	(10,002,000)	15,414,000	42,884,000
Profit/(loss) after taxation	(10,002,000)	14,072,000	31,696,000

	As at 31 December 2013 (Unaudited) *HK$*	**As at 31 December 2014** (Unaudited) *HK$*	**As at 30 April 2015** (Unaudited) *HK$*
Net assets	2,475,000	41,591,000	86,456,000

Set out below is the unaudited financial information of the Acquiring Companies based on its management accounts.

Kunming Subang Enterprise Management Co. Limited

	For the year ended 31 December 2014 (Unaudited) *HK$*	**For the four months ended 30 April 2015** (Unaudited) *HK$*
Revenue	804,000	2,226,000
Profit/(loss) before taxation	(4,678,000)	(3,125,000)
Profit/(loss) after taxation	(4,678,000)	(3,125,000)

	As at 31 December 2014 (Unaudited) *HK$*	**As at 30 April 2015** (Unaudited) *HK$*
Net assets/(liabilities)	115,000	(235,000)

Shenzhen Subang Management Consulting Co. Limited

	For the year ended 31 December 2014 (Unaudited) *HK$*	**For the four months ended 30 April 2015** (Unaudited) *HK$*
Revenue	487,000	1,384,000
Profit/(loss) before taxation	(3,559,000)	(2,943,000)
Profit/(loss) after taxation	(3,559,000)	(2,943,000)

	As at 31 December 2014 (Unaudited) *HK$*	**As at 30 April 2015** (Unaudited) *HK$*
Net assets	2,494,000	6,142,000

Wuxi Subang Management Consulting Co. Limited

	For the year ended 31 December 2014 (Unaudited) *HK$*	For the four months ended 30 April 2015 (Unaudited) *HK$*
Revenue	395,000	906,000
Profit/(loss) before taxation	(2,255,000)	(1,812,000)
Profit/(loss) after taxation	(2,255,000)	(1,812,000)

	As at 31 December 2014 (Unaudited) *HK$*	As at 30 April 2015 (Unaudited) *HK$*
Net assets	646,000	3,519,000

Upon Completion and the completion of the acquisitions of the Acquiring Companies, the Target Company will become a non-wholly-owned subsidiary of the Company and the financial results of the Target Group and the Acquiring Companies will be consolidated into the consolidated financial statements of the Company.

Information on the Registered Shareholder

The Registered Shareholder is a company established in the PRC with limited liability on 21 February 2008 and wholly-owns Beijing Huiju Management. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Registered Shareholder and its ultimate beneficial owners is a third party independent of the Company and is not a connected person of the Company. Pursuant to the Sale and Purchase Agreement, the Vendor shall procure the change of the Registered Shareholder to any nominees as designated by the Company and upon completion of such transfer, the new shareholder of Beijing Huiju Management, Beijing Huiju Management and Beijing Huiju Financial shall enter into a new sets of Structured Contracts to enable the financial results, the entire economic benefits and risks of the businesses of Beijing Huiju Management to flow onto Beijing Huiju Financial and to enable the Target Group to gain the controlling right of Beijing Huiju Management. The Company plans to change the Registered Shareholder of Beijing Huiju Management after completion of the Acquisition. As advised by the PRC Legal Adviser, appropriate arrangements have been made to protect the Beijing Huiju Management's interests in the event of bankruptcy, or any circumstance that affects the Registered Shareholder's exercising of the rights related to equity interest of the Beijing Huiju Management. Each of the Structured Contracts contains a provision which sets out that the respective agreement shall be legally binding on the legal assignees or successors of the parties thereto.

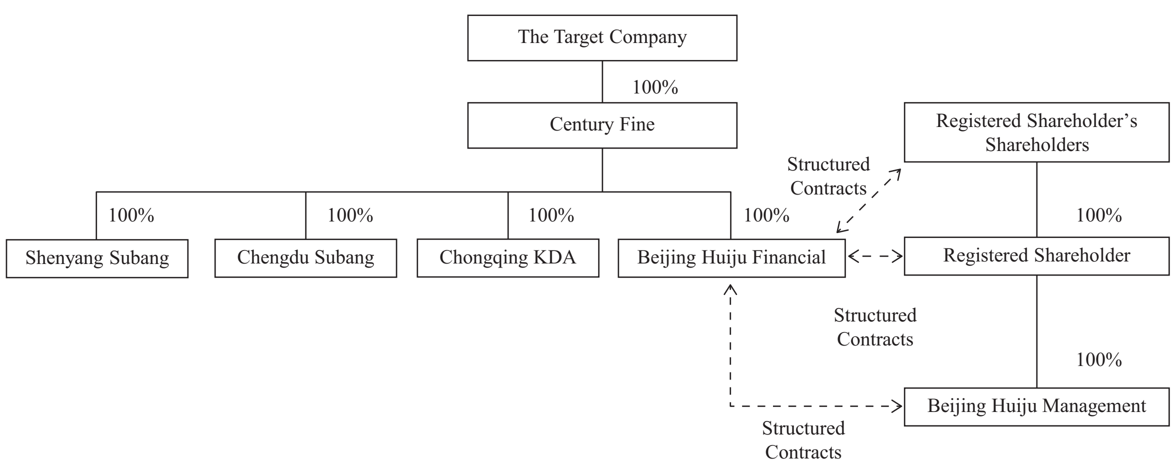
Information on the Structured Contracts

Pursuant to the applicable PRC laws, the value-added telecommunications business of Beijing Huiju Management is subject to restriction on foreign investment. As such, Beijing Huiju Financial, Beijing Huiju Management and the Registered Shareholder entered into the Structured Contracts to enable the financial results, the entire economic benefits and risks of the businesses of Beijing Huiju Management to flow onto Beijing Huiju Financial and to enable Beijing Huiju Financial to gain the controlling right of Beijing Huiju Management.

In the event it is permissible under the relevant PRC laws, rules and regulations for Beijing Huiju Financial to engage in the value-added telecommunications business in the future, Beijing Huiju Financial shall exercise the options under the Exclusive Option Agreement as soon as practicable and the relevant Structured Contracts shall be terminated.

Shareholding structure of the Target Group

Set out below is a simplified shareholding structure of the Target Group as at the date of this announcement:



The Structured Contracts

(1) Exclusive Option Agreement

Date:	2 September 2013
Parties:	The Registered Shareholder
	Beijing Huiju Financial
	Beijing Huiju Management
Subject:	The Registered Shareholder irrevocably agrees, to the extent permitted under the laws of the PRC, to transfer to Beijing Huiju Financial or any persons(s) designated by Beijing Huiju Financial at any time and from time to time, all or in tranches of its equity interest in Beijing Huiju Management.

(2) Exclusive Business Cooperation Agreement

Date:	2 September 2013
Parties:	Beijing Huiju Financial
	Beijing Huiju Management
Subject:	Beijing Huiju Management engages Beijing Huiju Financial on an exclusive basis to provide management consultancy services in connection with the business of Beijing Huiju Management. In consideration of the provision of management consultancy services, Beijing Huiju Management will pay Beijing Huiju Financial a service fee equivalent to 100% of the income and interests of Beijing Huiju Management every year after deduction of necessary costs and expenses.

(3) Equity Pledge Agreement

Date:	2 September 2013
Parties:	The Registered Shareholder
	Beijing Huiju Financial
Subject:	The Registered Shareholder agrees to pledge all equity interest in Beijing Huiju Management held by the Registered Shareholder to Beijing Huiju Financial.

(4) Authorisation and Entrustment Agreement

Date:	2 September 2013
Parties:	The Registered Shareholder Beijing Huiju Financial Beijing Huiju Management
Subject:	The Registered Shareholder, among other things, irrevocably and unconditionally undertakes to authorise any person as designated by the Beijing Huiju Financial (including but not limited to the members of the board of directors of Beijing Huiju Financial and their respective successors or liquidators) to exercise on their behalf full shareholders' rights under the articles of association of Beijing Huiju Management and applicable PRC laws and regulations, including, but not limited to (i) the right to attend the shareholders' meeting, (ii) the right to sign minutes of shareholders' meeting and shareholders' resolutions, (iii) all shareholder's rights under the articles of association of Beijing Huiju Management, (iv) the right to file documents with the relevant companies registry.

(5) Pledge Agreement

Date:	1 April 2015
Parties:	Beijing Huiju Financial (the "**Pledgee**") The Registered Shareholder's shareholders (the "**Pledgor**")
Subject:	Registered Shareholder's shareholders have pledged to Beijing Huiju Financial their equity interests in the Registered Shareholder held by them (the "**Equity Interests**") as security for Beijing Huiju Financial's rights and interests granted by the Exclusive Option Agreement, Authorisation and Entrustment Agreement, and Exclusive Business Cooperation Agreement (the "**Master Agreements**"), which include any payment (including legal expense), expense, loss, interests, liquidated damages, compensation, costs for realization of loans, costs for specific performance of Pledgors' contractual obligations, and liabilities incurred as results of the Master Agreements' termination, recession, wholly or partially invalidation. Beijing Huiju Financial shall have the right to get compensation by converting the Equity Interests into money and seek preferential payments from the proceeds from the auction or sales of the Equity Interests concerned or other disposal methods as agreed by each party in accordance with relevant laws and regulations of the PRC.

Compliance of Structured Contracts with PRC laws, rules and regulations

Upon the legal advice from the PRC Legal Adviser, the Target Group has taken all possible actions or steps to confirm that the Structured Contracts comply with the PRC laws, rules and regulations applicable to the business of Beijing Huiju Financial and Beijing Huiju Management, do not contravene the articles of Beijing Huiju Financial and Beijing Huiju Management, and would not be deemed as "concealing illegal intentions with a lawful form" and void under the PRC contract law. Up to the date of this announcement, the Target Group has not encountered any interference or encumbrance from any governing bodies in operating its business through Beijing Huiju Management under the Structured Contracts. As a result, the Directors believe that the Structured Contracts shall be enforceable under the PRC laws and regulations. After discussion with the PRC Legal Adviser, the Directors confirm that the Target Group's current structured contracts arrangement is in full compliance with the Guidance Letter HKEX-GL77-14 and Listing Decision HKEx-LD43-3 of the Stock Exchange, where applicable. The PRC Legal Adviser confirmed that they have reviewed the relevant disclosures in relation to the Structured Contracts arrangement in this announcement and the Draft Law (as defined below).

Settlement of potential dispute arising from the Structured Contracts

The Structured Contracts are governed by the PRC laws. When a dispute arises under any of the Structured Contracts, the relevant parties thereto shall settle the dispute through negotiation in an amicable manner. In case the dispute is not resolved, the Structured Contracts provide that such dispute to be submitted to the China International Economic and Trade Arbitration Commission for arbitration. The decision of such arbitration is final and binding on the parties concerned. The Structured Contracts contain dispute resolution clauses that (i) provide for arbitration and that arbitrators may award remedies over the equity interests or assets of Beijing Huiju Management, injunctive relief (for example, for the conduct of business or to compel the transfer of assets) or order the winding up of Beijing Huiju Management, and (ii) provide the courts of competent jurisdictions (including the PRC, Hong Kong and Bermuda) with the power to grant interim remedies in support of the arbitration pending formation of the arbitration panel.

Measures to mitigate potential conflict of interests between Beijing Huiju Management and the Registered Shareholder

The Registered Shareholder has undertaken in the Structured Contracts that it will not pay dividend from Beijing Huiju Management without prior written consent and pay such interests to Beijing Huiju Financial as the service fees, and it will perform all obligations in full compliance with the Structured Contracts and it will not affect the validity or enforceability of the Structured Contracts by any act or omission. Beijing Huiju Management undertakes in the Exclusive Business Cooperation Agreement that during the period that the Structured Contracts remain effective, (i) unless otherwise agreed by Beijing Huiju Financial in writing, it or its subsidiaries would not participate in any business which may potentially affect the businesses or reputation of Beijing Huiju Financial, and (ii) it or its subsidiaries would not, directly or indirectly (either on its/their own account or through other means) participate in, or be interested in, or engage in, acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may potentially be in competition with the businesses of Beijing Huiju Financial.

Internal control measures

In order to have effective control over and to safeguard the assets of Beijing Huiju Management, the Structured Contracts provide that, without the prior written consent of Beijing Huiju Financial, the Registered Shareholder shall not at any time sell, transfer, mortgage or dispose of in any manner any assets, legitimate interests in the business or revenue of Beijing Huiju Management, or allow any encumbrance thereon of any security interest. Beijing Huiju Management and the Registered Shareholder shall always operate all of Beijing Huiju Management's businesses in the ordinary and usual course of business and shall maintain the asset value of Beijing Huiju Management and refrain from any action/ omission that may adversely affect Beijing Huiju Management's operating status and asset value.

In addition to the abovementioned internal control measures as provided in the Structured Contracts, following Completion, the Company intends to implement, through Beijing Huiju Financial, additional internal control measures on Beijing Huiju Management with reference to the internal control measures adopted by the Group from time to time, which may include (without limitation):

- requiring Beijing Huiju Management to make available monthly management accounts and submit key operating data and bank statements after each month-end and provide explanations on any material fluctuations to Beijing Huiju Financial;
- requiring Beijing Huiju Management to assist and facilitate Beijing Huiju Financial to conduct quarterly onsite internal audit on Beijing Huiju Management; and
- if required, engaging legal advisers and or other professionals to deal with specific issues arising from the Structured Contracts and ensure that the operation of Beijing Huiju Management will from time to time comply with applicable laws and regulations.

Unwinding the Structured Contracts

Beijing Huiju Financial agrees that it will unwind the Structured Contracts as soon as the law allows the value-added telecommunications business in the PRC to be operated without the Structured Contracts. Pursuant to the Exclusive Option Agreement, the Registered Shareholder has undertaken that the consideration the Registered Shareholder received in respect of the acquisition of equity interest of Beijing Huiju Management by Beijing Huiju Financial or the person designated by Beijing Huiju Financial during the course of unwinding the Structured Contracts will be returned to Beijing Huiju Financial in compliance with the PRC law.

Insurance to cover the risks relating to the Structured Contracts

Beijing Huiju Financial has not purchased any insurance to cover the risks relating to the enforcement of the Structured Contracts due to the unavailability of such insurance product in the market at the moment.

Potential exposure of the Company to losses

To ensure that the cash flow requirements of Beijing Huiju Management's ordinary operations are met and/or to set off any loss accrued during such operations, Beijing Huiju Financial may, at its own discretion and only to the extent permissible under the PRC laws, provide financial support to Beijing Huiju Management, whether or not Beijing Huiju Management actually incurs any such operational loss. Beijing Huiju Financial's financial support to Beijing Huiju Management may take the form of bank entrusted loans. All intellectual properties or permits or other approvals for the value-added telecommunications business owned by Beijing Huiju Management shall be flawless, otherwise Beijing Huiju Financial may bear the loss resulted from the flaw thereof.

PRC Laws and Regulations Relating to the Value-Added Telecommunication Services

On 11 December 2001, the State Council promulgated Regulations for the Administration of Foreign-invested Telecommunications Enterprises (the "**FITE Regulations**"), which were subsequently amended on 10 September 2008. Under the FITE Regulations, foreign ownership of companies that provide value-added telecommunication services, which include the operation of web games and mobile games, is limited to 50% (the "**Foreign Ownership Restriction**"). In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the "**Qualification Requirement**"). Currently, none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirement.

The Target Group is committed to working towards meeting the Qualification Requirement and will continue to give genuine efforts and financial resources to do so. The Target Group will make periodic inquiries to relevant PRC authorities following the Acquisition to ascertain any regulatory developments and assess whether its level of overseas experience is sufficient to meet the Qualification Requirement.

The PRC Legal Adviser has advised that it is currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order for the Target Group to demonstrate to the relevant PRC authorities that it has met the Qualification Requirement. The PRC Legal Adviser has also opined that, despite the fact that the Company not meeting the Qualification Requirement, the Structured Contracts in relation to the operation of the value-added telecommunication businesses are valid, legal and binding and do not contravene PRC laws and regulations. According to the PRC Legal Adviser, under PRC laws and regulations, the value-added telecommunications businesses have been legally established and the failure to meet the Qualification Requirement by the Target Group does not render such businesses illegal in the PRC.

On 19 June 2015, the Ministry of Industry and Information Technology of the PRC promulgated the Circular on Removing the Restrictions on Shareholding Ratio Held by Foreign Investors in Online Data Processing and Transaction Processing (Operating E-commerce) Business (the "**MIIT Announcement**") which announced that the restriction on foreign ownership of companies that principally engage in e-commerce was removed. While the e-commerce business is not officially or legally defined according to the aforementioned announcement and current PRC laws and regulations, the Company is of the view that the businesses engaged by the Target Group likely fall within such category. According to MIIT Announcement, the application and approval procedures shall also abide by the FITE Regulations which mean foreign investor who invests in a value-added telecommunications business in the PRC must satisfy the Qualification Requirement. The Company therefore intends to make application to the relevant government authorities as and when appropriate for the transfer of ownership of Beijing Huiju Management to Beijing Huiju Financial in the future if the Target Group is able to meet the Qualification Requirement. The PRC Legal Adviser agrees that the Company can submit application to the relevant government authorities as and when appropriate for the transfer of ownership of Beijing Huiju Management to Beijing Huiju Financial in the future if the Target Group is able to meet the Qualification Requirement. When the transfer of ownership of Beijing Huiju Management to Beijing Huiju Financial is completed, the Structured Contracts will no longer be required.

Impact of Qualification Requirement and Contingency Plan

In order to meet the Qualification Requirement, the Company intends to, subsequent to Completion, adopt a specific plan and begin to take concrete steps which the Company, in conjunction with the PRC Legal Adviser, reasonably believe are meaningful endeavors to demonstrate compliance with the Qualification Requirement.

Subsequent to Completion, the Company also intends to fine-tune the business model of the Target Group's businesses and expand the businesses outside of the PRC (for example, to establish another P2P Platform in Hong Kong and the existing management team of the Target Group will look after such segment and the Company will utilize this segment by introducing its money lending customers to this P2P Platform for matching. Other than the basic set-up costs and administrative expenses, the Company does not expect any substantial investments required for this segment) to (i) expand the business scope; and (ii) gain certain level of foreign experience sufficient to demonstrate compliance with the Qualification Requirement and obtain the qualification certificate or/and approval of the relevant authorities for direct ownership in the P2P Platform in the future, such that the Structured Contracts may no longer need to be in place.

Furthermore, the Company will:

(i) under the guidance of the PRC Legal Adviser, continue to keep the Company updated with regard to all relevant regulatory developments and guidance relating to the Qualification Requirement; and

(ii) provide periodic updates in the annual and interim reports after completion of the Acquisition to inform the Shareholders of the efforts and actions undertaken to comply with the Qualification Requirement.

Information on Draft Law Regarding Foreign Investment in the PRC

Summary

On 19 January 2015, the Ministry of Commerce of the PRC (the "**MOC**") published the draft Foreign Investment Law (the "**Draft Law**") to solicit public comment, which, when finally adopted, will have significant impact on the foreign investment regime of the PRC. The Draft Law was published accompanied by the MOC's notes (the "**Notes**") on, among others, the background, guidelines and principle, and main content of the draft Foreign Investment Laws and elaboration on several issues including the treatment of the existing structured contracts arrangement (in other words, variable interest entities arrangements or contractual arrangements) which were established before the effectiveness of the Foreign Investment Laws.

The Draft Law proposes to standardize the market entry requirements and procedures for foreign and domestic investors, replacing the existing requirements for approval of all foreign investments by the competent foreign investment authority, and aims to consolidate and streamline the various regulatory requirements on foreign investment. The Draft Law adopts a unified access system for foreign investors, and subject to the Catalogue of Special Administrative Measures, implements the management of the sectors where foreign investments are prohibited or restricted. Foreign investors, including those who directly or indirectly hold shares, equities, properties or other interests or voting rights in any domestic company, are not allowed to invest in any sector set out in the Catalogue of Prohibitions unless otherwise specified by the State Council. Foreign investors involved in any circumstance set out in the Catalogue of Restrictions shall meet the conditions provided for in the Catalogue of Restrictions and apply for the foreign investment access permission to the competent authority.

The Draft Law also redefines the standard of foreign investors and foreign investment in terms of actual control. In particular, where the foreign investors incorporated under the laws of countries or regions other than the PRC, who are under the actual control of PRC investors, engage in any investment as set out in the catalogue of restrictions in the PRC, their investment may be viewed as an investment by PRC investors after the access permission review of the competent foreign investment authorities. The Draft Law defines "control" as any of the circumstance with respect to an enterprise: (1) holding, directly or indirectly, not less than 50% of shares, equities, share of properties, voting rights or other similar rights of the enterprise; (2) holding, directly or indirectly, less than 50% of shares, equities, share of properties, voting rights or other similar rights of the enterprise, but falling under any of the following circumstances: (i) having the right to directly or indirectly appoint not less than half of the members of the board of directors or other similar decision-making body of the enterprise; (ii) having the ability to ensure that its nominees occupy not less than half of the seats on the board of directors or other similar decision-making body of the enterprise; or (iii) holding voting rights sufficient to impose significant impacts on any resolution of the board of shareholders, at the general meeting of shareholders, or of the board of directors or other decision-making body of the enterprise; and (3) imposing decisive impacts on the operation, finance, personnel or technology of the enterprise by contract, trust, or other means.

However, there is no definition of "actual control" under the Draft Law but a definition of "actual controllers," which refer to natural persons or enterprises that directly or indirectly control any foreign investor or foreign-invested enterprise. Besides, The Draft Law stipulates that the Foreign Investors like foreign enterprises established in the other country or region which are under the control of PRC investors, who, engage in any investment as set out in the Catalogue of Restrictions in the PRC, may, when applying for access permission, submit documentary evidence to apply for identifying their investment as an investment by PRC investors. The foreign enterprise shall be deemed to be invested by PRC investors after being approved by the competent authorities of foreign investment.

For the contractual arrangements which were established before the effectiveness of the Foreign Investment Laws, if such investment still falls within prohibited or restricted foreign investment after the coming into force of the Draft Law, there are opinions in the theory cycle and practice cycle on how to deal with such investments as follows:

(i) reporting: where a foreign-invested enterprise that implements contractual arrangements declares to the competent authority of foreign investment its actual control by Chinese investors, the contractual arrangements will be permitted to continue following reporting to MOC that the foreign-invested enterprises are actually controlled by PRC investor(s); it may continue to retain the structure of contractual arrangements the relevant subjects may continue to carry out operating activities;

(ii) verification: a foreign-invested enterprise that implements contractual arrangements shall apply to the competent authority of foreign investment to determine its actual control by Chinese investors; after the competent authority of foreign investment determines its actual control by Chinese investors, it may continue to retain the contractual arrangements and the relevant subjects may continue to carry out operating activities;

(iii) approval: a foreign-invested enterprise that implements contractual arrangements shall apply to the competent authority of foreign investment for access permission and the competent authority of foreign investment in concert with the relevant departments will make a decision after comprehensively considering the actual controller of the foreign-invested enterprise and other factors.

However, the Notes also state that MOC will broadly seek advices from the public, conduct further research on this issue and then bring out suggestion on its treatment.

The above three approaches are set out to solicit public opinions on the treatment of existing structured contracts arrangements and have not been formally adopted and may be subject to revisions and amendments taking into account of the results of public consultation and/or further research and recommendation. There is no definite timeline when the Draft Law will come into effect.

Potential Impact of the Draft Law on the Acquisition

As advised by the PRC Legal Adviser, as the date of this announcement, the Draft Law and the Notes are merely drafts released for the purpose of public consultation, and both of them have no legal effect. Given the aforementioned, the Company is of the view that it might not be appropriate at this stage to evaluate the potential impact of the Draft Law and to formulate any specific measures to keep Beijing Huiju Management as controlled by PRC investors. In addition, as the main goal of the Draft Law is to standardize market entry requirements and procedures for foreign and domestic investors, rather than tightening foreign investment requirements or banning foreign investors, the Board believes that even if the Draft Law finally comes into effect, it would not have adverse impact on the Company's shareholding interest in the Target Group. Nevertheless, in the event that the Draft Law comes into effect and it includes strict clauses preventing foreign investment in PRC companies, which is unlikely in the Company's opinion as the current Draft Law does not contain these provisions, and if the Company were no longer controlled by PRC investors by then, the Company will first consider the then available options and in the worst circumstance, the Company might be requested to dispose of its interest in the Target Group's relevant business. Upon such disposal, if materializes, the Company would realize its investment in such relevant business would continue the operation of its then existing businesses.

As advised by the PRC Legal Adviser, as at the date of this announcement, considering that the Company's controlling Shareholder, namely Allied Summit Inc., is controlled as to 80% by Mr. Su Weibiao, who is a PRC citizen, Beijing Huiju Management can be regarded as being controlled by PRC investors as defined under the Draft Law. The structured contracts arrangement proposed by the Company will probably continue to be treated as domestic investment upon the completion of the Acquisition if the Draft Law becomes effective in its current draft content. In addition, the Company will from time to time seek guidance from the PRC Legal Adviser to ascertain all relevant regulatory updates and developments and guidance relating to the Structured Contracts, and explore ways to continue the businesses of the Target Group without employing the Structured Contracts in the future (including but not limited to revising/optimizing the business models of the Target Group and revising the structures of the Target Group) as and when necessary to ensure compliance with all relevant rules and regulations in the PRC at all times.

Measures to Maintain Control Over and Receive Economic Benefits from the Target Group

Following the Acquisition, the Company will implement the following measures to maintain the control over Beijing Huiju Management through the Structured Contracts arrangement and the Company's compliance with the Structured Contracts:

- the Company will engage external legal advisers or professional advisers, if necessary, to pay close attention to the update status of relevant laws and regulations, and to assist the Board to review the implementation of the Structured Contracts, review the legal compliance of Beijing Huiju Financial and Beijing Huiju Management to deal with specific issues or matters arising from the Structured Contracts.

- major issues arising from the implementation and compliance with the Structured Contracts or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

- the Board will review the overall performance of and compliance with the Structured Contracts at least once a year; the Company will disclose the overall performance and compliance with the Structured Contracts in its annual/interim report to update the Shareholders and potential investors;

Implication under the Revised Catalogue of Industries for Guiding Foreign Investments

On 13 March 2015, the National Development and Reform Commission (the "**NDRC**") published the Revised Catalogue of Industries for Guiding Foreign Investments (the "**Revised Catalogue**"), which has taken effect on 10 April 2015. The Revised Catalogue provides that the proportion of foreign investment on the value-added telecommunications business shall not exceed 50%, and the e-commerce business is the exception. Though the Revised Catalogue cancels the restriction on the foreign investment proportion for e-commerce business, Administrative Provisions on Foreign-Invested Telecommunications Enterprises (Revised in 2008) (the "**FITE**") issued by the State Council is still currently effective, which stipulates that the proportion of capital contributed by the foreign investor(s) in a foreign-invested telecommunications enterprise that is engaged in value-added telecommunications services shall not exceed 50% ultimately. The Revised Catalogue was effective on 10 April 2015 and it is uncertain whether FITE shall be revised accordingly. On the other hand, the e-commerce business is not officially or legally defined according to current PRC laws and regulations. Therefore, the business engaged by Beijing Huiju Management may subject to the foreign investment restriction under the Revised Catalogue.

Risk factors

Beijing Huiju Financial does not have any direct equity ownership in Beijing Huiju Management and has relied on the Structured Contracts to control, operate, and be entitled to the economic benefits and risks arising from the value-added telecommunications services business in the PRC conducted through Beijing Huiju Management. However, there are risks involved with the operations of Beijing Huiju Financial's value-added telecommunications business under the Structured Contracts.

There is no assurance that the Structured Contracts could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the Structured Contracts do not comply with applicable regulations

Current PRC laws and regulations place certain restrictions on foreign ownership of companies that engage in value-added telecommunications business, including ICP services. Specifically, foreign ownership of value-added telecommunications services providers, including Internet content providers, may not exceed 50%. Beijing Huiju Management's online P2P business is regarded as internet content provision business. The Target Company is a British Virgin Islands incorporated company and its wholly-owned subsidiary in the PRC, Beijing Huiju Financial, may not operate Internet content provision services in the PRC under current PRC law. As a result, the Group will have to conduct its online P2P operations in the PRC through the Structured Contracts. The Circular on Strengthening the Administration of Foreign Investment in the Operation of Value-added Telecommunications Services issued by the Ministry of Industry and Information Technology of the People's Republic China (the "**MIIT**") on 13 July 2006 (the "**MIIT Circular**") provides that a domestic company that holds an ICP licence is prohibited from leasing, transferring or selling the licence to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors to provide ICP services illegally in the PRC. Due to a lack of interpretative materials from the authorities, the Group cannot assure that the MIIT will not consider the Target Group's corporate structure and contractual arrangements upon Completion as a kind of foreign investment in telecommunication services, in which case the Target Group may be found in violation of the MIIT Circular and as a result may be subject to various penalties, including fines and the discontinuation of or restrictions on the Target Group's operations.

On 11 December 2001, the State Council promulgated the FITE Regulations, which were subsequently amended on 10 September 2008. Under the FITE Regulations, foreign ownership of companies that provide value-added telecommunication services, which include the operation of web games and mobile games, is limited to 50%. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the "**Qualification Requirement**"). Currently, none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirement. If the restrictions on foreign ownership in value-added telecommunications businesses in relation to the Beijing Huiju Management's online P2P are lifted in the PRC, the Target Group may be required to unwind the Structured Contracts before the Target Group is in a position to fully comply with the Qualification Requirement.

Despite the fact that there is no indication that the Structured Contracts will be interfered or objected by any PRC regulatory authorities, the PRC Legal Adviser has advised that there is a possibility that the Ministry of Commerce and other competent authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the Structured Contracts comply with the current PRC laws, regulations or rules or those that may be adopted in future, and the authorities may deny the validity, effectiveness and enforceability of the Structured Contracts. If the authorities deny the validity, effectiveness and enforceability of the Structured Contracts, it could have a material adverse impact on the Target Group's businesses, financial condition and results of operations.

The Board will closely monitor any laws, regulations or rules changes in the PRC that may render the Structured Contracts ineffective and upon receiving any such information, it shall discuss with the PRC Legal Adviser to evaluate the impact on the business and operation of the Target Group and potential resolutions.

The Structured Contracts may not be as effective in providing control over and entitlement to the economic interests in Beijing Huiju Management as direct ownership

The Structured Contracts may not be as effective in providing Beijing Huiju Financial with control over and entitlement to the economic interests in Beijing Huiju Management as direct ownership. If Beijing Huiju Financial had direct ownership of Beijing Huiju Management, Beijing Huiju Financial would be able to directly exercise its rights as a shareholder to effect changes in the board of directors of Beijing Huiju Management. However, under the Structured Contracts, Beijing Huiju Financial can only look to and rely on Beijing Huiju Management and the Registered Shareholder to perform its contractual obligations under the Structured Contracts such that Beijing Huiju Financial can exercise effective control over Beijing Huiju Management. The Registered Shareholder may not act in the best interests of Beijing Huiju Financial or may not perform its/obligations under the Structured Contracts. Beijing Huiju Financial may replace the Registered Shareholder by its other nominees pursuant to the Structured Contracts. However, if any dispute relating to the Structured Contracts remains unresolved, Beijing Huiju Financial will have to enforce its rights under the Structured Contracts and seek to interpret the terms of the Structured Contracts in accordance with the PRC laws and will be subject to uncertainties in the PRC legal system. The Structured Contracts are governed by the PRC laws. When a dispute arises under any of the Structured Contracts, the relevant parties thereto shall settle the dispute through negotiation in an amicable manner. In case the dispute is not resolved, the parties to the dispute may have to rely on legal remedies under the PRC laws. The Structured Contracts provide that dispute will be submitted to the China International Economic and Trade Arbitration Commission for arbitration to be conducted in Beijing. The decision of such arbitration is final and binding on the parties to the dispute.

Since the legal environment in the PRC is different from that in Hong Kong and other jurisdictions, the uncertainties in the PRC legal system could limit the ability of Beijing Huiju Financial to enforce the Structured Contracts. There is no assurance that such arbitration result will be in favour of Beijing Huiju Financial and/or that there will not be any difficulties in enforcing any arbitral awards granted, including specific performance or injunctive relief and claiming damages by Beijing Huiju Financial. As Beijing Huiju Financial may not be able to obtain sufficient remedies in a timely manner, its ability to exert effective control over Beijing Huiju Management and the conduct of the value-added telecommunication business could be materially and adversely affected, and may disrupt the business of Beijing Huiju Financial and have a material adverse impact on Beijing Huiju Financial's business, prospects and results of operation.

Upon Completion, the Board will proceed to change the Registered Shareholder as soon as practicable so as to gain as much control as practicable over Beijing Huiju Management.

Potential conflicts of interest among Beijing Huiju Financial, Beijing Huiju Management and Registered Shareholder may exist

Beijing Huiju Financial shall rely on the Structured Contracts to exercise control over and to draw the economic benefits from Beijing Huiju Management. Beijing Huiju Financial may not be able to provide sufficient incentives to the Registered Shareholder for the purpose of encouraging it/them to act in the best interests of Beijing Huiju Financial, other than stipulating the relevant obligations in the Structured Contracts. The Registered Shareholder may breach the Structured Contracts in the event of conflicts of interest or deterioration of its/their relationship with Beijing Huiju Financial, the results of which may have a material adverse impact on Beijing Huiju Financial's business, prospects and results of operation. It is not assured that if conflicts arise, the Registered Shareholder will act in the best interests of Beijing Huiju Financial or that the conflicts will be resolved in favour of Beijing Huiju Financial. If the Registered Shareholder fails to perform its obligations under the respective Structured Contracts, Beijing Huiju Financial may have to rely on legal remedies under the PRC laws through legal proceedings, which may be expensive, time-consuming and disruptive to Beijing Huiju Financial's operations and will be subject to uncertainties as discussed above.

The Structured Contracts may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed

The Structured Contracts may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed on Beijing Huiju Financial. Beijing Huiju Financial may face adverse tax consequences if the PRC tax authorities determine that the Structured Contracts were not entered into based on arm's length negotiations. If the PRC tax authorities determine that the Structured Contracts were not entered into on an arm's length basis, they may adjust the income and expenses of Beijing Huiju Financial for the PRC tax purposes, which could result in higher tax liabilities on Beijing Huiju Financial. The operation results of Beijing Huiju Financial may be materially and adversely affected if the tax liabilities of Beijing Huiju Management or those of Beijing Huiju Financial increase significantly or if they are required to pay interest on late payments.

The Board will closely monitor any laws, regulations or rules changes in the PRC in relation to tax imposed on Structured Contracts and upon receiving any such information, it shall discuss with the PRC Legal Adviser to evaluate the impact on the business and operation of the Target Group and potential resolutions. As at the date of this announcement, the Target Group is only subject to normal tax liabilities in the PRC such as the Enterprise Income Tax and the Value Added Tax.

Beijing Huiju Financial's ability to acquire the entire equity interests in Beijing Huiju Management may be subject to various limitations and substantial costs

In case Beijing Huiju Financial exercises its options to acquire all or part of the equity interests of Beijing Huiju Management under the Exclusive Option Agreement, the acquisition of the entire equity interest in Beijing Huiju Management may only be conducted to the extent as permitted by the applicable PRC laws and will be subject to necessary approvals and relevant procedures under applicable PRC laws. In addition, the abovementioned acquisitions may be subject to a minimum price limitation (such as an appraised value for the entire equity interest in Beijing Huiju Management) or other limitations as imposed by applicable PRC laws. Further, a substantial amount of other costs (if any), expenses and time may be involved in transferring the ownership of Beijing Huiju Management, which may have a material adverse impact on Beijing Huiju Financial's businesses, prospects and results of operation.

To further safeguard the interests of the Company in the Structured Contracts,

A. Mr. Su Weibiao ("**Mr. Su**") will execute the following undertaking upon Completion:

   "Subject to Completion and subject to the Structured Contracts being valid and subsisting, 80% owner of Vendor, Mr. Su irrevocably and unconditionally undertakes to the Company that he shall at all times maintain "control" of the Company as defined in and for the purpose of the Draft Law (as promulgated or amended from time to time), currently being not less than 50% of the issued share capital of the Company based on the existing contents of the Draft Law, or such other shareholding percentage ratio(s) of the issued share capital of the Company to ensure that the Structured Contracts continue to be in full force and effect pursuant to the relevant updated rules and regulations in the PRC as promulgated or amended from time to time as confirmed by a qualified PRC lawyer, **PROVIDED THAT** He may dispose in any ways any of his securities interest in the Company (including both the Shares and/or the Convertible Notes) with the prior written consent of the Company and such written consent may only be given by the Company so long as (i) the Structured Contracts continue to be in full force and effect under the Draft Law or the relevant updated rules and regulations in the PRC as promulgated or amended from time to time as confirmed by a qualified PRC lawyer; and/or (ii) the potential purchaser(s) of securities interest in the Company is(are) PRC investor(s) and he(they) has(have) provided an irrevocable undertaking to the Company in substantially the same form as Mr. Su's Undertaking; and/or (iii) the Target Company and its subsidiaries are allowed to continue its businesses without employing the Structured Contracts (free from any adverse impacts on the Target Company and its subsidiaries) pursuant to the relevant updated rules and regulations in the PRC as promulgated or amended from time to time." (**"Mr. Su's Undertaking**")

Mr. Su's Undertaking may only be terminated on the basis that the Company is no longer required to ensure compliance with the Draft Law and upon the Stock Exchange's prior consent.

In case Mr. Su's Undertaking is breached, the Company shall consider the then circumstances to see whether to mediate with Mr. Su or commence legal actions against Mr. Su for breach of undertaking and sue for damages, and if circumstances allow, for specific performance to enforce Mr. Su's undertaking. Further, after Completion, as a continuing alternative, the Company shall consider modifying the business model of the Target Group such that reliance on the P2P Platform is reduced and expanding the businesses outside of the PRC (for example, to establish another P2P Platform in Hong Kong such that the Structured Contracts may no longer need to be in place. The Group can continue its businesses (without having the websites in the PRC and/or using the P2P Platform to be set up in Hong Kong as replacement and/or cooperates with other third parties web-sites for marketing to obtain borrowers and/or lenders online) for providing matching services offline in the future. As advised by the PRC Legal Adviser, the abovementioned revised business model (without operating the websites in the PRC) no longer requires the Structured Contracts and in addition, the matching services offline which are not involving in the value-added telecommunications services continue to comply with the relevant rules and regulations in the PRC.

B. The Company will execute the following undertaking upon Completion:

"Subject to Completion and subject to the Structured Contracts being valid and subsisting, the Company irrevocably and unconditionally undertakes to at all times enforce Mr. Su's Undertaking. Such undertaking may only be terminated on the basis that the Company is no longer required to ensure compliance with the Draft Law and upon the Stock Exchange's prior consent."

Reasons for adopting the Structured Contracts

Paragraph 16(a)(i) of the Guidance Letter GL77-14 published by the Stock Exchange in May 2014 in relation to listed issuers using contractual arrangements for their businesses (the "**Guidance Letter**") requires that structured contracts shall be narrowly tailored to achieve the issuer's business purpose and minimise the potential for conflict with relevant PRC laws and regulations. As advised by the PRC Legal Adviser, according to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests of a company providing value-added telecommunications services. In addition, according to the FITE Regulations, a foreign investor who invests in a value-added telecommunications business in the PRC must possess Qualification Requirement. Currently none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirement. However, to the best knowledge of the Company and the PRC Legal Adviser, if a foreign-owned enterprise like Beijing Huiju Financial applies for an ICP licence, Beijing Huiju Financial's foreign investor must possess the Qualification Requirement. However, as confirmed by Beijing Huiju Financial's foreign investor, it neither has any prior experience in operating value-added telecommunications business, nor has it obtained qualification for operate value-added telecommunications business in its registration area.

Due to the lack of clear guidance or interpretation on the Qualification Requirement, a new foreign-invested company like Beijing Huiju Financial has difficulty and uncertainty to apply for an ICP license for providing value-added telecommunications services to the PRC or its local counterparts (the "**Relevant Authority**"), and hence there will be a prolonged process of application with unknown results. Hence, there exists great difficulty and uncertainty for the foreign-owned enterprises to apply for an ICP licence from the Relevant Authority in the PRC. Taking into account of the above, in order not to interrupt the daily operations of Beijing Huiju Management, the Target Group has to adopt the Structured Contracts to own the entire equity interests of Beijing Huiju Management.

REASONS FOR AND THE BENEFITS OF THE PROPOSED ACQUISITION

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.

The Directors strive to improve the business operations and financial positions of the Group by actively seeking potential investment opportunities that could diversify its existing business portfolio, broaden its source of income, and enhance value to the Shareholders. The Acquisition of the Target Group has a number of benefits as detailed below that can bring the Group a step further in the money lending industry in order to achieve the aforesaid.

Solid Historical Financial Performance

Having just commenced its business in May 2013, the Target Group turned from loss to profit after tax of HK$14,072,000 in 2014 after only one year of operation and recorded a profit after tax of approximately HK$31,696,000 for the four months ended 30 April 2015. Up to the date of this announcement, the Target Group has already achieved a total loan transactions in the principal amounts of around RMB1.8 billion with an average size of approximately RMB100,000 for each loan transaction. The drastic growth of the P2P Platform was mainly due to strong demand of online financial products and the successful sales and marketing strategies carried out by the Target Group (e.g. the large sales force and the introduction of celebrity shareholders such as Mr. Huang Xiaoming and Mr. Ren Zhenquan). The Directors therefore expect that the Target Group will generate positive cash flow to the Group after the Acquisition is completed.

Promising Future Growth

Looking forward, the Directors are of the view that online financial platform is a relatively new business with enormous growth potential, and as internet securities continue to improve in recent years, financial products transacted over the internet will continue to gain popularity just as other commodity products did due to the convenience and privacy it provides. If the Acquisition is completed, the then Hong Kong listed background of the Target Group can provide an additional sense of security for borrowers and lenders to use the P2P Platform, and the relevant experience in the money lending industry of the Group can promote synergies to the sales and marketing of the Target Group, giving it the competitive edges important for the business.

Favorable Terms in the Sale and Purchase Agreement

The Consideration of the Acquisition is satisfied through the issue of the Convertible Notes, and therefore does not create any cashflow burden on the Company. In addition, the existence of a Profit Guarantee and its adjustment and retention mechanism allows the Company to repurchase the relevant Retained Convertible Notes at HK$1 and therefore effectively reducing the Consideration in proportion to the shortfall in the Guaranteed Profit.

Reasonable Price-to-Earnings Multiple

The Profit Guarantee provides a Guaranteed Profit of HK$350 million for the year ending 31 December 2016 of the Target Group. Considering the profit before tax of HK$336 million after adjusted for the relevant shareholding of 96% to be acquired by the Company, the total Consideration of HK$2,400 million represents an implied price-to-earnings multiple of approximately 7.14 under the maximum amount of the Profit Guarantee, being relatively low as compared to internet companies and falls within the range of Hong Kong listed companies that are engaged in the money lending business in the Directors' opinion (excluding that of the independent non-executive Directors', as they will give their opinion after considering the advice of the Independent Financial Adviser).

Based on the aforementioned, the Directors (excluding independent non-executive Directors) consider that the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole and in line with the business objectives of the Group. As at the date of this announcement, the Company did not enter or propose to enter, into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, and negotiation (whether concluded or not) with an intention to dispose of or down-size the existing businesses of the Group.

The risk of Target Group not sustaining its initial performance and growth is managed through the consideration adjustment and retention mechanism under the Profit Guarantee. The Company therefore considers that the Acquisition and its terms and the transactions contemplated are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Listing Rules implications

As one or more of the relevant percentage ratios applicable to the Company exceeds 100%, the entering into of the Sale and Purchase Agreement constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. As at the date of this announcement, the Vendor is the controlling Shareholder interested in 1,621,219,755 Shares, representing approximately 58.27% of the issued share capital of the Company. The Vendor is therefore a connected person of the Company pursuant to the Listing Rules. Accordingly, the Vendor is a connected person of the Company and the Acquisition and the transactions contemplated thereunder constitute a connected transaction of the Company pursuant to the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Vendor and its associates shall abstain from voting on the proposed resolution(s) to approve the Acquisition and the transactions contemplated thereunder at the SGM. Save for the aforesaid and to the best knowledge of the Company, no other Shareholder has a material interest in the Acquisition and therefore no other Shareholder is required to abstain from voting on the proposed resolution(s) to approve the Acquisition and the transactions contemplated thereunder at the SGM as at the date of this announcement.

The Independent Board Committee will be established to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder. The Company has appointed Gram Capital Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

GENERAL

The Company will despatch the circular in accordance with the requirements under the Listing Rules, containing among other things, (i) further information on the Target Group and the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder; (iv) the financial information of the Target Group; (v) the unaudited pro forma financial information of the Enlarged Group upon Completion; and (vi) notice of the SGM.

In view of the substantial amount of information to be contained in the circular, the Company expects that the circular will be despatched to the Shareholders on or before 3 August 2015, so as to allow sufficient time for the preparation of the relevant information for the inclusion in the circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:00 a.m. on 21 May 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares from 9:00 a.m. on 13 July 2015.

As Completion of the Acquisition is subject to the fulfillment of a number of conditions (which are detailed in this announcement), the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Acquisition"	the proposed acquisition of the Sale Shares by the Company and the assignment of Sale Loans to the Company pursuant to the Sale and Purchase Agreement
"Authorisation and Entrustment Agreement"	the authorisation and entrustment agreement dated 2 September 2013 and entered into between Beijing Huiju Financial, Beijing Huiju Management and the Registered Shareholder
"Beijing Huiju Financial"	Beijing Huiju Financial Consulting Co. Limited* (北京滙聚融通財務顧問有限公司) a wholly owned foreign enterprise established in the PRC with limited liability on 3 June 2013 and is wholly-owned by Century Fine
"Beijing Huiju Management"	Beijing Huiju Wealth Management Consultant Company Limited* (北京滙聚財富管理諮詢有限公司), a company established in the PRC with limited liability on 13 December 2012, it is wholly-owned by the Registered Shareholder
"Board"	the board of Directors
"business day(s)"	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business throughout their normal business hours in Hong Kong
"Bye-laws"	the existing bye-laws of the Company as amended from time to time
"Century Fine"	Century Fine Limited, a company incorporated in Hong Kong with limited liability on 9 August 2010 and is wholly-owned by the Target Company

"Chengdu Subang"	Chengdu Subang Management Consulting Co. Limited* (成都速幫管理諮詢有限公司) a wholly-owned foreign enterprise established in the PRC with limited liability on 11 September 2013 and is wholly-owned by Century Fine
"Chongqing KDA"	Chongqing KangDingAo Financing Consulting Co. Limited* (重慶康鼎澳財務諮詢有限公司), a wholly-owned foreign enterprise established in the PRC with limited liability on 27 September 2013 and is wholly-owned by Century Fine
"Company" or "Purchaser"	Pacific Plywood Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the mainboard of the Stock Exchange
"Completion"	Completion of the Sale and Purchase Agreement
"Consideration"	the Consideration for the sale and purchase of the Sale Shares and the Sale Loans, being HK$2,400 million but subject to adjustment and retention pursuant to the Profit Guarantee
"Conversion Price"	the conversion price of HK$0.2 per Conversion Share (subject to adjustment as set out and in accordance with the terms and conditions of the Convertible Notes)
"Conversion Shares"	up to 12,000,000,000 new Shares (subject to adjustments) to be issued and allotted by the Company upon conversion of the Convertible Notes at the Conversion Price based on the maximum principal amount of HK$2,400 million
"Convertible Notes"	the Convertible Notes in the aggregate principal amount of HK$2,400 million (subject to adjustments and retentions pursuant to the Profit Guarantee)
"Director(s)"	director(s) of the Company
"Enlarged Group"	the Group after completion of the Acquisition
"Equity Pledge Agreement"	the equity pledge agreement dated 2 September 2013 and entered into among Beijing Huiju Financial and the Registered Shareholder
"Exclusive Business Cooperation Agreement"	the exclusive business cooperation agreement dated 2 September 2013 and entered into among Beijing Huiju Financial and Beijing Huiju Management
"Exclusive Option Agreement"	the exclusive option agreement dated 2 September 2013 and entered into among Registered Shareholder, Beijing Huiju Financial, and Beijing Huiju Management

"First Announcement"	the announcement of the Company dated 4 May 2015 in relation to the inside information of the Acquisition
"Group"	the Company and its subsidiaries
"Guarantor"	Mr. Su Weibiao, the ultimate beneficial owner holding 80% of the issued share capital of the Vendor as of the date of this announcement and the Vendor's guarantor under the Sale and Purchase Agreement
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of PRC
"Independent Board Committee"	an independent board committee of the Company, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder
"Independent Financial Adviser"	Gram Capital Limited, a corporation licensed to conduct Type 6 regulated activity under the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
"Independent Shareholders"	Shareholders other than those who are required under the Listing Rules to abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Acquisition and the transactions contemplated thereunder
"Independent Third Party(ies)"	third party(ies) independent of and not connected with the Directors, chief executive and substantial Shareholders of the Company or any of its subsidiaries, or any of their respective associates
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 December 2015 or such later date as the parties to the Sale and Purchase Agreement may agree in writing
"Noteholder(s)"	holder(s) of the Convertible Notes
"Operating Subsidiaries"	Shenyang Subang, Chengdu Subang and Chongqing KDA
"P2P Platform"	"Caijia", a Peer-to-Peer (P2P) online credit platform in the PRC matching borrowers with private lenders for various financial products through the internet and being managed by Beijing Huiju Management

"Pledge Agreement"	the pledge agreement among the Registered Shareholder, the Registered Shareholder's shareholder and Beijing Huiju Financial
"PRC"	the People's Republic of China
"PRC Legal Adviser"	Jingtian & Gongcheng
"Profit Guarantee"	the guarantee given the Vendor to the Purchaser
"Registered Shareholder"	Beijing KangDingAo Hospital Investment Management Company Limited* (北京康鼎澳醫院投資管理有限公司), a company established in the PRC with limited liability on 21 February 2008
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the conditional sale and purchase agreement in relation to the Acquisition (as supplemented by a supplemental agreement dated 10 July 2015) entered into between the Company, the Vendor, and the Guarantor on 20 May 2015
"Sale Loans"	all indebtedness, obligations and liabilities due, owing or incurred by the Target Company and Century Fine to the Vendor
"Sale Shares"	960 share(s) of in the issued share capital of the Target Company, representing 96% of the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement
"SGM"	the special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder
"Share(s)"	ordinary share(s) of HK$0.001 each in the share capital of the company
"Shareholder(s)"	the holder(s) of issued Share(s)
"Shenyang Subang"	Shenyang Subang Management Consulting Co. Limited* (瀋陽速幫管理諮詢有限公司), a wholly-owned foreign enterprise established in the PRC with limited liability on 30 May 2013 and is wholly-owned by Century Fine
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Structured Contracts"	collectively, the Authorisation and Entrustment Agreement, the Equity Pledge Agreement, the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and the Pledge Agreement
"Takeovers Code"	the Code on Takeovers and Mergers of the Securities and Futures Commission of Hong Kong
"Target Company"	Katar Global Limited, a company incorporated in the British Virgin Islands with limited liability on 1 July 2010 and is wholly-owned by the Vendor
"Target Group"	the Target Company and its subsidiaries
"Vendor"	Allied Summit Inc.

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

Hong Kong, 10 July 2015

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

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