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PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

The board of directors (the “**Directors**”) (the “**Board**”) of Pacific Plywood Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2015 and the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	4&5	26,719	22,941
Interest income		26,083	21,739
Consultancy income		636	1,202
Cost of sales		(341)	(3,079)
Interest expenses		–	(926)
Other cost of sales		(341)	(2,153)
Gross profit		26,378	19,862
Other income and gains	6	6,518	4,993
Reversal of impairment loss on loan and interest receivables		9,000	7,000
Impairment loss recognised in respect of goodwill	12	(19,000)	(61,019)
Gain on disposal of available-for-sale financial assets		2,868	–
Administrative expenses		(20,221)	(11,996)
Profit (loss) before tax		5,543	(41,160)
Income tax expense	7	(3,183)	(1,999)
Profit (loss) for the period	8	2,360	(43,159)
Profit (loss) for the period attributable to:			
Owners of the Company		1,645	(43,162)
Non-controlling interests		715	3
		2,360	(43,159)
Earnings (loss) per share:	10		
Basic (HK cents)		0.06	(1.55)
Diluted (HK cents)		0.06	N/A

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
<i>Notes</i>	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit (loss) for the period	2,360	(43,159)
Other comprehensive income (expense):		
Items that may be subsequently reclassified to profit or loss:		
Net fair value gain on available-for-sale financial assets	<i>13</i>	
— Fair value gain arising during the period	1,425,633	226,351
— Reclassification adjustments relating to available-for-sale financial assets disposed of during the period	(2,879)	—
	1,422,754	226,351
Exchange differences on translation of financial statements of foreign operations	(1,007)	(4)
	1,421,747	226,347
Total comprehensive income for the period	1,424,107	183,188
Total comprehensive income for the period attributable to:		
Owners of the Company	1,424,097	183,188
Non-controlling interests	10	—
	1,424,107	183,188

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	<i>11</i>	514	527
Goodwill	<i>12</i>	220,000	239,000
Intangible asset		1,194	1,194
Deposit for acquisition of logging concession		236	221
Available-for-sale financial assets	<i>13</i>	2,218,237	797,503
		<u>2,440,181</u>	<u>1,038,445</u>
CURRENT ASSETS			
Loan and interest receivables	<i>14</i>	403,180	391,584
Trade and other receivables	<i>15</i>	27,645	24,189
Bank balances and cash		75,220	67,734
		<u>506,045</u>	<u>483,507</u>
CURRENT LIABILITIES			
Other payables and accruals		981	3,684
Tax liabilities		8,830	5,960
		<u>9,811</u>	<u>9,644</u>
NET CURRENT ASSETS		<u>496,234</u>	<u>473,863</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,936,415</u>	<u>1,512,308</u>

		As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
CAPITAL AND RESERVES			
Share capital	<i>16</i>	2,782	2,782
Share premium		721,226	721,226
Available-for-sale financial assets revaluation reserve		1,997,241	574,487
Share-based payment reserve		1,367	1,367
Contributed surplus		277,102	277,102
Translation reserve		379	681
Accumulated losses		(63,834)	(65,479)
		<hr/>	<hr/>
Equity attributable to owners of the Company		2,936,263	1,512,166
Non-controlling interests		152	142
		<hr/>	<hr/>
TOTAL EQUITY		<u>2,936,415</u>	<u>1,512,308</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2015

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Available-for-sale financial assets revaluation reserve HK\$'000	Share-based payment reserve HK\$'000	Contributed surplus HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2014 (Audited)	2,782	721,226	28,462	1,367	277,102	298	(39,471)	991,766	161	991,927
(Loss) profit for the period	-	-	-	-	-	-	(43,162)	(43,162)	3	(43,159)
Net fair value gain on available-for-sale financial assets	-	-	226,351	-	-	-	-	226,351	-	226,351
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(1)	-	(1)	(3)	(4)
Other comprehensive income (expense) for the period	-	-	226,351	-	-	(1)	-	226,350	(3)	226,347
Total comprehensive income (expense) for the period	-	-	226,351	-	-	(1)	(43,162)	183,188	-	183,188
At 30 June 2014 (Unaudited)	2,782	721,226	254,813	1,367	277,102	297	(82,633)	1,174,954	161	1,175,115
At 1 January 2015 (Audited)	2,782	721,226	574,487	1,367	277,102	681	(65,479)	1,512,166	142	1,512,308
Profit for the period	-	-	-	-	-	-	1,645	1,645	715	2,360
Fair value gain on available-for-sale financial assets	-	-	1,425,633	-	-	-	-	1,425,633	-	1,425,633
Reclassification adjustments relating to available-for-sale financial assets disposed of during the period	-	-	(2,879)	-	-	-	-	(2,879)	-	(2,879)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(302)	-	(302)	(705)	(1,007)
Other comprehensive income (expense) for the period	-	-	1,422,754	-	-	(302)	-	1,422,452	(705)	1,421,747
Total comprehensive income (expense) for the period	-	-	1,422,754	-	-	(302)	1,645	1,424,097	10	1,424,107
At 30 June 2015 (Unaudited)	2,782	721,226	1,997,241	1,367	277,102	379	(63,834)	2,936,263	152	2,936,415

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Net cash from (used in) operating activities	3,721	(21,354)
Net cash from (used in) investing activities	4,787	(13,598)
Net cash used in financing activities	—	(67,056)
Net increase (decrease) in cash and cash equivalents	8,508	(102,008)
Cash and cash equivalents at 1 January	67,734	248,757
Effect of foreign exchange rate changes	(1,022)	(4)
Cash and cash equivalents at 30 June	<u>75,220</u>	<u>146,745</u>
Analysis of the balance of cash and cash equivalents:		
Bank balances and cash	<u>75,220</u>	<u>146,745</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. GENERAL

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

During the six months ended 30 June 2015, the principal activities of the Group were money lending and provision of credit business, provision of corporate secretarial and consultancy services, securities investments and forestry business.

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

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014.

In the current period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and Hong Kong Accounting Standards (“**HKASs**”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to a number of HKFRSs	Annual improvements to HKFRSs 2010–2012 Cycle
Amendments to a number of HKFRSs	Annual improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contribution

The application of the above new interpretation and amendments to HKFRSs and HKASs in the current period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE

Revenue represents turnover received and receivable from the business of money lending and provision of credit, and provision of corporate secretarial and consultancy services during the six months ended 30 June 2015 and 2014. There was no turnover generated from forestry business during both periods. The following is an analysis of the Group's revenue:

	Six months ended 30 June	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Interest income from loan receivables	26,083	21,739
Consultancy income	636	1,202
	26,719	22,941

5. SEGMENT INFORMATION

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

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

Segment Revenue and Results

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

	Money lending <i>HK\$'000</i>	Consultancy services <i>HK\$'000</i>	Securities investments <i>HK\$'000</i>	Forestry business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2015 (Unaudited)					
Segment revenue from external customers	26,083	636	—	—	26,719
Segment results	35,056	(589)	8,356	(20,786)	22,037
Unallocated corporate expenses					(17,521)
Unallocated corporate income					1,027
Profit before tax					5,543

	Money lending <i>HK\$'000</i>	Consultancy services <i>HK\$'000</i>	Securities investments <i>HK\$'000</i>	Forestry business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2014 (Unaudited)					
Segment revenue from external customers	<u>21,739</u>	<u>1,202</u>	<u>–</u>	<u>–</u>	<u>22,941</u>
Segment results	<u>27,795</u>	<u>(2,263)</u>	<u>4,896</u>	<u>(62,801)</u>	<u>(32,373)</u>
Unallocated corporate expenses					(8,788)
Unallocated corporate income					<u>1</u>
Loss before tax					<u>(41,160)</u>

Segment Assets and Liabilities

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

	Money lending <i>HK\$'000</i>	Consultancy services <i>HK\$'000</i>	Securities investments <i>HK\$'000</i>	Forestry business <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 June 2015 (Unaudited)					
Assets					
Segment assets	466,421	981	2,243,553	220,236	2,931,191
Unallocated corporate assets					<u>15,035</u>
Total assets					<u>2,946,226</u>
Liabilities					
Segment liabilities	19	78	–	–	97
Unallocated corporate liabilities					<u>9,714</u>
Total liabilities					<u>9,811</u>

	Money lending <i>HK\$'000</i>	Consultancy services <i>HK\$'000</i>	Securities investments <i>HK\$'000</i>	Forestry business <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2014 (Audited)					
Assets					
Segment assets	442,861	1,257	827,207	239,221	1,510,546
Unallocated corporate assets					<u>11,406</u>
Total assets					<u><u>1,521,952</u></u>
Liabilities					
Segment liabilities	19	153	–	–	172
Unallocated corporate liabilities					<u>9,472</u>
Total liabilities					<u><u>9,644</u></u>

6. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net foreign exchange gain	1,026	–
Bank interest income	1	1
Dividend income from unlisted available-for-sale financial assets	5,491	4,992
	<u>6,518</u>	<u>4,993</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	<u>3,183</u>	<u>1,999</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2015 and 2014.

No deferred tax credit attributable to the deductible temporary differences and tax losses of the Group have been recognised for both periods as it is uncertain that there will be sufficient future profits available to offset such deductible temporary differences and tax losses.

8. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Staff costs (excluding directors' emoluments)		
— Salaries, wages and other benefits	5,946	4,064
— Retirement benefit scheme contribution	304	230
Total staff costs	<u>6,250</u>	<u>4,294</u>
Auditors' remuneration		
— Non-audit services	230	200
Directors' emoluments	238	240
Depreciation of property, plant and equipment	116	608
Net foreign exchange loss	—	3
Minimum lease payment under operating lease in respect of land and buildings	<u>1,479</u>	<u>820</u>

9. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2015, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2014: Nil).

10. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Earnings (loss)		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	<u>1,645</u>	<u>(43,162)</u>
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	<u>2,782,102</u>	<u>2,782,102</u>

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

For the six months ended 30 June 2014, diluted loss per share was not presented as the assumed exercise of share options during the period has an anti-dilutive effect.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired certain property, plant and equipment of approximately HK\$103,000 (six months ended 30 June 2014: HK\$30,000).

12. GOODWILL

	<i>HK\$'000</i>
COST	
At 1 January 2014 (Audited), 31 December 2014 (Audited), 1 January 2015 (Audited) and 30 June 2015 (Unaudited)	<u>306,019</u>
ACCUMULATED IMPAIRMENT	
At 1 January 2014 (Audited)	–
Impairment loss recognised	<u>61,019</u>
At 30 June 2014 (Unaudited)	61,019
Impairment loss recognised	<u>6,000</u>
At 31 December 2014 (Audited) and 1 January 2015 (Audited)	67,019
Impairment loss recognised	<u>19,000</u>
At 30 June 2015 (Unaudited)	<u>86,019</u>
CARRYING VALUE	
At 30 June 2015 (Unaudited)	<u>220,000</u>
At 31 December 2014 (Audited)	<u><u>239,000</u></u>

The goodwill was arisen from the acquisition of 30% equity interest of Profit Grand Enterprises Limited (“**Profit Grand**”) and its subsidiary (collectively referred to as the “**Profit Grand Group**”). Profit Grand Group has been granted the right to operate sawmills, harvest trees and sell logs, in the forest located in Independent State of Papua New Guinea (“**PNG**”) with ground area of approximately 65,800 hectares.

Goodwill was allocated to the Group’s cash-generating unit identified according to the operating segment. The goodwill as at 30 June 2015 and 31 December 2014 were attributable to the cash-generating unit that comprises the forestry business segment. The recoverable amount of the cash-generating unit was based on value in use and was determined with reference to the valuation report dated 28 August 2015 (the “**Valuation Report**”) issued by the independent valuer, Roma Appraisals Limited.

Pursuant to the Valuation Report, the recoverable amount of the forestry business segment as at 30 June 2015 was approximately HK\$220,000,000 and an impairment loss of approximately HK\$19,000,000 (six months ended 30 June 2014: HK\$61,019,000) has been recognised to the condensed consolidated statement of profit or loss for the six months ended 30 June 2015 in respect of the goodwill to the extent that the carrying amount exceeded its recoverable amount based on the best estimate by the Board with reference to the Valuation Report.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		As at	
		30 June	31 December
		2015	2014
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Listed investments			
— Equity securities listed in Hong Kong	<i>(a)</i>	2,128,237	707,503
Unlisted investments			
— Redeemable convertible preference shares	<i>(b)</i>	90,000	90,000
		<u>2,218,237</u>	<u>797,503</u>

Notes:

- (a) During the six months ended 30 June 2015, there were significant increases in the market value of the listed equity investments. Net fair value gain of approximately HK\$1,422,754,000 had been recognised in other comprehensive income (six months ended 30 June 2014: HK\$226,351,000).
- (b) On 11 October 2012, Perpetual Master Limited, a wholly-owned subsidiary of the Company, has entered into the subscription agreement with Million Wealth Capital Investment Limited (“**Million Wealth**”), which is engaged in money lending business, in subscribing 90 redeemable convertible preference shares of HK\$1,000,000 each from Million Wealth. The subscription was completed on 30 November 2012.

The Directors consider that the Group has neither control nor significant influence over Million Wealth as they have not actively participated in the operation and policy-making process of Million Wealth. Therefore, the investment in the redeemable convertible preference shares is treated as available-for-sale financial asset as a long term investment, and measured at cost less accumulated impairment loss at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair value cannot be measured reliably. The Directors consider that no impairment is considered necessary.

14. LOAN AND INTEREST RECEIVABLES

	As at	
	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Fixed-rate loan and interest receivables	425,164	422,568
Less: Accumulated impairment loss	<u>(21,984)</u>	<u>(30,984)</u>
	<u>403,180</u>	<u>391,584</u>

The term of loans entered with customers ranges within one year. After performing monitoring assessment and further creditworthiness analysis of certain loans before their maturity, these loans have been further extended for not more than one year from their maturity dates. All loan and interest receivables are denominated in HK\$. The loan receivables carried fixed interest rate ranging from 10% to 24% (31 December 2014: 10% to 24%) per annum. An aging analysis of the loan and interest receivables net of accumulated impairment loss at the end of the reporting period, based on the loan agreement commencement date and the date of interest incurred respectively, is as follows:

	As at	
	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
0–30 days	–	63,488
31–90 days	–	83,246
91–180 days	37,598	44,567
181–365 days	153,581	69,287
Over 365 days	<u>212,001</u>	<u>130,996</u>
	<u>403,180</u>	<u>391,584</u>

15. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Trade receivables	166	166
Less: Accumulated impairment loss	<u>(60)</u>	<u>(60)</u>
	106	106
Preference shares dividend receivables	25,316	19,825
Other receivables and prepayments	<u>2,223</u>	<u>4,258</u>
	<u>27,645</u>	<u>24,189</u>

The Group allowed a credit period in the range from 30 to 90 days to its trade customers. An aging analysis of the trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	As at	
	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Within 90 days	<u>106</u>	<u>106</u>

16. SHARE CAPITAL

	Par value <i>HK\$</i>	Number of shares <i>'000</i>	Amount <i>HK\$'000</i>
Authorised			
At 1 January 2014 (Audited), 31 December 2014 (Audited), 1 January 2015 (Audited) and 30 June 2015 (Unaudited)	<u>0.001</u>	<u>400,000,000</u>	<u>400,000</u>
Issued and fully paid			
At 1 January 2014 (Audited), 31 December 2014 (Audited), 1 January 2015 (Audited) and 30 June 2015 (Unaudited)	<u>0.001</u>	<u>2,782,102</u>	<u>2,782</u>

17. COMMITMENTS

Operating Leases

The Group as a lessee

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

	As at	
	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Within one year	2,957	2,957
In the second to fifth year inclusive	<u>483</u>	<u>1,962</u>
	<u>3,440</u>	<u>4,919</u>

Leases are negotiated and rentals are fixed for terms of 2 years (31 December 2014: 2 years).

Capital Commitment

The Group had no capital commitment as at 30 June 2015 (31 December 2014: Nil).

18. FAIR VALUE MEASUREMENTS OF THE FINANCIAL INSTRUMENTS

Fair Value of the Group's Financial Assets that are Measured at Fair Value on a Recurring Basis

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2015	31 December 2014		
Listed equity securities classified as available-for-sale financial assets in the condensed consolidated statement of financial position	Assets— approximately HK\$2,128,237,000	Assets— approximately HK\$707,503,000	Level 1	Quoted bid prices in an active market

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

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

19. RELATED PARTY DISCLOSURE

Saved as disclosed elsewhere in the condensed consolidated financial statements, there was no other significant related party transactions and balances during the six months ended 30 June 2015 and 30 June 2014.

20. EVENT AFTER THE END OF THE REPORTING PERIOD

On 19 August 2015, the Group entered into a loan agreement with an independent third party (the “**Borrower**”), pursuant to which the Group has agreed to provide a loan with principal amount of up to HK\$50,000,000 to the Borrower in accordance with the terms therein. As at the date of this announcement, HK\$50,000,000 has been fully utilised from such loan.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

BUSINESS REVIEW

The Group is principally engaged in the business of money lending and provision of credit, securities investments, provision of corporate secretarial and consultancy services and forestry business.

Money Lending and Provision of Credit Business

Since obtaining the money lenders licence under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) in 2011, Joy Wealth Finance Limited, a wholly-owned subsidiary of the Company, has provided a wide variety of loans with an accumulated amount of approximately HK\$1,242 million. Interest rates ranged from 10% to 24% per annum during the six months ended 30 June 2015 (six months ended 30 June 2014: 10% to 48%) with interest income of approximately HK\$26,083,000 (30 June 2014: HK\$21,739,000) generated. There was a reversal of impairment loss on loan and interest receivables of HK\$9,000,000 (six months ended 30 June 2014: HK\$7,000,000) recognised for the current period. Details on the loan and interest receivables were set out in Note 14 to the unaudited condensed consolidated financial statements.

Securities Investments Business

As at 30 June 2015, the Group is holding several investments which are equity securities listed on the Stock Exchange for long term investment. During the six months ended 30 June 2015, these investments in listed securities led to a net fair value gain being recognised as an other comprehensive income in an amount of approximately HK\$1,422,754,000 (six months ended 30 June 2014: HK\$226,351,000) while there was gain on disposal of approximately HK\$2,868,000 recognised in the unaudited condensed consolidated statement of profit or loss (six months ended 30 June 2014: Nil).

Furthermore, the Group is holding 90 redeemable convertible preference shares of a company with money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the “**Preference Shares**”) in the aggregate amount of HK\$90,000,000, which brought a dividend income of approximately HK\$5,491,000 during the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$4,992,000).

Provision of Corporate Secretarial and Consultancy Services Business

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

During the six months ended 30 June 2015, a segment revenue of approximately HK\$636,000 and a segment loss of approximately HK\$589,000 had been recorded (six months ended 30 June 2014: segment revenue of approximately HK\$1,202,000 and a segment loss of approximately HK\$2,263,000).

Forestry Business

On 12 April 2012, the Group completed the acquisition (the “**Acquisition**”) of 30% of the entire issued share capital of Profit Grand, which through its subsidiary, has the logging rights within a forest sized approximately 65,800 hectares in the PNG with total consideration of HK\$310,000,000. Details of the Acquisition have been disclosed in the circular of the Company dated 29 February 2012. Upon the completion of the Acquisition, goodwill amounted to approximately HK\$306,019,000 (the “**Goodwill**”) was recorded. The recoverable amount of the Goodwill as at 30 June 2015 was approximately HK\$220,000,000, which was determined with reference to the Valuation Report. Hence, accumulated impairment loss on the Goodwill in amount of approximately HK\$86,019,000 was recognised, of which HK\$67,019,000 and HK\$19,000,000 were recognised during the year ended 31 December 2014 and the six months ended 30 June 2015 respectively. Relevant details are set out in Note 12 to the unaudited condensed consolidated financial statements.

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

OUTLOOK

Money Lending and Provision of Credit Business

Money lending and provision of credit business will continue to be the major business segment of the Group and contributed stable interest income to the Group.

In order to further develop this business segment and diversify the customer portfolio, the Group proposed to engage in the operation of the Peer-to-Peer (P2P) credit platform in the People's Republic of China (the "PRC") through a possible acquisition.

On 20 May 2015, the Company entered into a sale and purchase agreement with Allied Summit Inc., the controlling shareholder of the Company (the "**Vendor**"), and the guarantor, pursuant to which the Company has conditionally agreed to acquire 96% of the issued share capital of Katar Global Limited (the "**Target Company**") and all indebtedness, obligations and liabilities due, owing or incurred by the Target Company and its wholly-owned subsidiary, Century Fine Limited, to the Vendor (the "**Proposed Acquisition**"). The Target Company, through its wholly-owned subsidiaries and relevant structured contracts, is principally engaged in the operation of a P2P credit platform under the "**Caijia**" ("財加") brand. The initial total consideration is HK\$2,400 million, which is to be satisfied by way of issue of the non-redeemable convertible notes of the Company in the principal amount of HK\$2,400 million, which is subject to adjustment. The Proposed Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and a connected transaction for the Company which is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the date of this announcement, the Proposed Acquisition has not been completed. Details of the Proposed Acquisition have been disclosed in the announcement of the Company dated 10 July 2015.

Securities Investments Business

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

Provision of Corporate Secretarial and Consultancy Services Business

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

Forestry Business

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

FINANCIAL REVIEW

Financial Results

For the six months ended 30 June 2015, the Group's revenue was approximately HK\$26,719,000 (six months ended 30 June 2014: HK\$22,941,000). The Group recorded a profit of approximately HK\$2,360,000 for the six months ended 30 June 2015 (six months ended 30 June 2014: loss of HK\$43,159,000), the basic and diluted earnings per share were HK0.06 cents per share (six months ended 30 June 2014: basic and diluted loss of HK1.55 cents per share).

Liquidity and Financial Resources

As at 30 June 2015, the Group had recorded net current assets of approximately HK\$496,234,000 (31 December 2014: HK\$473,863,000); and bank balances and cash of approximately HK\$75,220,000, approximately 0.8% of which was denominated in currencies other than HK\$ (31 December 2014: HK\$67,734,000, approximately 0.8% of which was denominated in currencies other than HK\$). The Group did not enter into any financial instruments for hedging purpose.

Capital Structure

There was no change to the authorised and issued share capital of the Company during the six months ended 30 June 2015. As at 30 June 2015, the total number of the issued ordinary shares with the par value of HK\$0.001 each was 2,782,102,650 (31 December 2014: 2,782,102,650).

Working Capital and Gearing Ratio

The gearing ratios of the Group as at 30 June 2015 and 31 December 2014 are as follow:

	As at	
	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Borrowings	–	–
Less: Bank balances and cash	<u>(75,220)</u>	<u>(67,734)</u>
Net debt	(75,220)	(67,734)
Total equity	<u>2,936,415</u>	<u>1,512,308</u>
Total capital	<u>2,861,195</u>	<u>1,444,574</u>
Gearing ratio (net debt to total capital)	<u>(2.6%)</u>	<u>(4.7%)</u>

As the Group had a net cash position as at 30 June 2015 and 31 December 2014 with no borrowing, the net gearing ratios were negative.

Significant Investment, Acquisition and Disposal

Save for the Proposed Acquisition, there was no significant investment, acquisition or disposal of subsidiaries and associated companies that should be notified to the shareholders of the Company (the “**Shareholders**”) for the six months ended 30 June 2015 incurred. The performance and prospect of the significant investments of the Group during the period under review were discussed under the sections of “**Securities Investments Business**” above.

Segment Information

Details of segment information of the Group for the six months ended 30 June 2015 are set out in Note 5 to the unaudited condensed consolidated financial statements.

Employees

As at 30 June 2015, 23 staff members have been employed (31 December 2014: 18) and relevant remuneration was disclosed in Note 8 to the unaudited condensed consolidated financial statements. In-house training programs were provided for the staff to enhance their skills and job knowledge. The management would continue to foster close cooperation among the staff.

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

Details of Charges on Assets

As at 30 June 2015, the Group did not pledge any assets to banks or other financial institutions nor did the Group have any corporate guarantee given to any entity (31 December 2014: Nil).

Future Plans for Material Investment or Capital Assets

As at the date of this announcement, the Company is holding 90 redeemable convertible Preference Shares in the aggregate amount of HK\$90,000,000. The Company has from time to time reviewed the business and financial performance of such investment. The Group will consider the redemption of the Preference Shares or to convert the Preference Shares into ordinary shares as and when appropriate.

It is the Group's corporate mission to continue to explore ways to improve its financial performance, to diversify its operations into new and more profitable businesses and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing in or changing to other profitable business as long as it is in the interest of the Company and the Shareholders as a whole. Also, as part of its routine exercise, the Company reviews the performance of its existing investment portfolio and evaluating the investment potentials of other investment opportunities available to the Company from time to time. Subject to the results of such reviews, the Company may make suitable investment decisions according to the then circumstance and information available which may involve the disposal of the whole or part of its existing investment portfolio and/or change of the asset allocation of its investment portfolio and/or expanding its investment portfolio with a view of realising and/or optimising the expected return and minimising the risks. Meanwhile, the Company does not preclude the possibility that the Company may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise, as the Company has from time to time been approached by investors for potential investment projects.

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

Treasury Policy

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

Foreign Exchange Exposures

There were no material transaction and movement for financial assets and financial liabilities of the Group that are denominated in foreign currency during the six months ended 30 June 2015. Thus, the Group did not expose to foreign currency exchange rate risk during the current period. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out and the management will consider hedging the foreign exchange exposure if it has material impact on the Group.

Capital Commitment

As at 30 June 2015, the Group had no material capital commitment (31 December 2014: Nil).

Contingent Liability

As at 30 June 2015, the Group had no material contingent liability (31 December 2014: Nil).

EVENT AFTER THE END OF THE REPORTING PERIOD

On 19 August 2015, the Group entered into a loan agreement with an independent third party (the “**Borrower**”), pursuant to which the Group has agreed to provide a loan with principal amount of up to HK\$50,000,000 to the Borrower in accordance with the terms therein. As at the date of this announcement, HK\$50,000,000 has been fully utilised from such loan.

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

As at 30 June 2015, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 Part XV of the SFO and none of the Directors, the chief executive of the Company nor their associates (as defined in the Listing Rules) had any other interests or short positions in the shares of the Company, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors or the chief executive of the Company is taken or deemed to have under such provisions of the SFO; or (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or (c) were required to be notified to the Company or the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

DIRECTOR'S INTERESTS IN A COMPETING BUSINESS

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

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

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30 June 2015, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

Long position in ordinary shares of the company:

Name	Capacity and nature of interest	Number of shares interested	Percentage of the Company's issued share capital (%)
Su Weibiao	Held by controlled corporation	1,621,219,755	58.27
Allied Summit Inc. (Note)	Beneficial owner	1,621,219,755	58.27

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

SHARE OPTIONS

On 12 April 2012, a share option was granted to China Longjiang Forest Industry (Group) General Corporation ("**Longjiang Forest Industry**") for its assistance and advice pursuant to the strategic cooperation agreement entered on 2 December 2011 (the "**Strategic Cooperation Agreement**") for the establishment of a strategic alliance with the Group in respect of the development and management of the forest sized approximately 65,800 hectares in the PNG (the "**Longjiang Option**"). The Longjiang Option entitles Longjiang Forest Industry to subscribe for not more than 5% of the issued share capital of the Company as at 2 December 2011, equivalent to 495,170,096 shares. As a consequence of the capital reorganisation effective on 15 August 2013 and the right issue (with the bonus issue) effective on 4 November 2013, the number of shares to be issued upon the exercise of the Longjiang Option has been adjusted to 6,287,049 shares at the subscription price of HK\$8.00 per share which have been certified by financial adviser of the Company. The Longjiang Option shall vest upon the grant of Forestry Authority Clearance and the exercise period is 1 year but not later than 31 December 2015. As at the date of this announcement, the Longjiang Option has not been exercised since its grant date and is still in effect.

The Company has adopted the share option scheme (the “**Share Option Scheme**”) pursuant to an ordinary resolution passed on 12 June 2012 (the “**Adoption Date**”) and terminated the previous share option scheme which had expired on 21 June 2012. The purpose of the Share Option Scheme is to provide incentives to the grantee, including employee, officer, agent consultant or representative of the Group (including any executive or non-executive director of any member of the Group), to contribute to the Group and to enable the Group to recruit high-calibre employees and attract resources that are valuable to the Group. The Share Option Scheme shall be valid and effective for a period of ten years commencing from the Adoption Date and will expire on 11 June 2022.

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

No share option has been granted or exercised since the adoption of the Share Option Scheme. The total number of shares of the Company for issue under the Share Option Scheme as at 20 March 2015 (the date of the Company’s annual report 2014) and the date of this announcement was 278,210,265 shares, representing 10% of the then issued share capital of the Company.

CORPORATE GOVERNANCE

The Company has complied with the code provisions (“**Code Provisions**”) set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules for the six months ended 30 June 2015 except the following deviations:

Code Provision A.4.1

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

Code Provision E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting of the Company. Mr. Huang Chuan Fu, the chairman of the Board, did not attend the annual general meeting of the Company held on 4 June 2015 (the “**AGM**”) due to his other important engagement. Mr. Wong Chun Hung, an independent non-executive Director, had chaired the said AGM and answered questions from the Shareholders.

CODE OF CONDUCT REGARDING DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the terms contained in the Model Code for Security Transactions by Directors of Listed Issuers (Appendix 10 of the Listing Rules) as the Company’s code of conduct for security transactions and dealing (the “**Model Code**”). All existing Directors, upon specific enquiry, have confirmed that they have complied with the Model Code during the six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF SHARES

For the six months ended 30 June 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed shares. As at 30 June 2015, 2,782,102,650 ordinary shares with the par value of HK\$0.001 each were issued.

AUDIT COMMITTEE

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

The unaudited condensed consolidated financial statements for the six months ended 30 June 2015 have been reviewed by the Audit Committee.

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

Executive Directors

Mr. Huang Chuan Fu (*Chairman*)

Mr. Liang Jian Hua

Ms. Jia Hui

Mr. Jiang Yi Ren

Independent Non-executive Directors

Mr. Wong Chun Hung

Mr. Zheng Zhen

Mr. To Langa Samuelson

By order of the Board

Pacific Plywood Holdings Limited

Huang Chuan Fu

Chairman and Executive Director

Hong Kong, 28 August 2015

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