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**HUARONG FINANCIAL SERVICES
ASSET MANAGEMENT L.P.**

(A Cayman Islands exempted limited partnership)

PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

JOINT ANNOUNCEMENT

- (1) CONDITIONAL PURCHASE OF APPROXIMATELY 55.00% OF THE ISSUED SHARE CAPITAL OF PACIFIC PLYWOOD HOLDINGS LIMITED;**
- (2) SPECIAL DEAL AND MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE LISTED SHARES DISPOSAL;**
- (3) SPECIAL DEAL AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED AMENDMENT TO THE TERMS OF CONVERTIBLE NOTES;**
- (4) SPECIAL DEALS IN RELATION TO THE RIGHT OF FIRST OFFER AND THE CN TRANSFER;**
- (5) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY**



KINGSTON SECURITIES LTD.

ON BEHALF OF HUARONG FINANCIAL SERVICES ASSET MANAGEMENT L.P. TO ACQUIRE ALL ISSUED SHARES IN PACIFIC PLYWOOD HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY HUARONG FINANCIAL SERVICES ASSET MANAGEMENT L.P.);

- (6) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE; AND**
- (7) RESUMPTION OF TRADING IN THE SHARES**

**Joint financial advisers to
Huarong Financial Services Asset
Management L.P.**



**Lego Corporate
Finance Limited**
力高企業融資有限公司


KINGSTON CORPORATE FINANCE LTD.

**Financial adviser to
Pacific Plywood Holdings Limited**

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智略資本

* For identification purposes only

SALE AND PURCHASE AGREEMENT

The Board has been informed by the Shares Vendor that the Shares Vendor, the Offeror and the Guarantor entered into the Sale and Purchase Agreement on 27 August 2016 (as amended and supplemented by the Supplemental Sale and Purchase Agreement dated 4 October 2016), pursuant to which the Offeror has conditionally agreed to purchase and the Shares Vendor has conditionally agreed to sell, the 2,128,560,000 Sale Shares, representing approximately 55.00% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement at an Initial Consideration of HK\$304,384,080 (equivalent to HK\$0.143 per Sale Share), which may be subject to a downward adjustment on a dollar-for-dollar basis based on the difference between the Reference NAV and the Adjusted Actual NAV of the Group shown in the Completion Accounts as at Sale and Purchase Completion Date. The Sale and Purchase Completion is conditional upon fulfilment (or, as appropriate, waiver by the Offeror) of the Sale and Purchase Conditions as set out under the sub-section headed “Conditions precedent to the Sale and Purchase Agreement” under the section headed “A. The Sale and Purchase Agreement” of this joint announcement, which include, amongst others, the Special Deals becoming unconditional.

The Special Deals will require the consents of the Executive as well as the Independent Shareholders’ approval which may or may not be obtained. Further announcement(s) setting out the details of the transactions contemplated under the Special Deals which include the Listed Shares Disposal Agreement, the CN Transfer Agreement, the Proposed CN Amendments and the Right of First Offer, will be made by the Company in accordance with the requirements of the Takeovers Code and the Listing Rules as and when appropriate.

As at the date of this joint announcement, the Shares Vendor holds 2,709,219,755 Shares and outstanding Convertible Notes in the principal amount of HK\$2,182,400,000, which entitle the Shares Vendor to convert into up to 10,912,000,000 Conversion Shares, which together represent approximately 351.96% of the issued share capital of the Company as at the date of this joint announcement.

The CN Transfer Agreement

On 27 August 2016, the Shares Vendor entered into the CN Transfer Agreement with the CN Chargor and the Guarantor (as amended and supplemented by the Supplemental CN Transfer Agreement dated 4 October 2016), pursuant to which the Shares Vendor has conditionally agreed to sell and the CN Chargor has conditionally agreed to purchase the Amended and Restated Convertible Notes in the principal amount of HK\$1,249,070,000 and the Amended and Restated Convertible Notes in such principal amount (up to HK\$933,330,000) as may be released to the Shares Vendor by the Company after the Reduction Amount is offset/satisfied in the manner set out in the 2015 VSA Circular subject to and upon the terms and conditions of the CN Transfer Agreement which in aggregate at the maximum consideration of HK\$2,182,400,000.

Upon Sale and Purchase Completion and CN Transfer Completion, the Shares Vendor will remain as a substantial shareholder holding 580,659,755 Shares, representing approximately 15.00% of the issued capital of the Company as at the date of this joint announcement but will cease to hold any Convertible Notes (if applicable, as amended by the CN Modification Deed).

The Undertakings

Pursuant to the Sale and Purchase Agreement, the Shares Vendor and the Guarantor provided certain undertakings in favour of the Offeror, details of which are set out in the sub-section headed “The Undertakings” under the section headed “A. The Sale and Purchase Agreement” of this joint announcement.

Subject to the Sale and Purchase Completion, each of the Shares Vendor and the Guarantor undertakes that, among others, (i) it/he will not, and procure that the CN Chargor will not, accept the Offer if made by the Offeror in respect of the Convertible Notes (if applicable, as amended by the CN Modification Deed) and the remaining Shares held by the Shares Vendor after Sale and Purchase Completion; and (ii) from the date of entering into of the Sale and Purchase Agreement to 19 February 2020 and/or from 21 April 2020 to 19 February 2024 (in the event that the Maturity Date is extended to 20 April 2024) and, for so long as the General Partner and/or any of its affiliates in aggregate hold not less than 30% of the issued share capital of the Company at the relevant time and the Convertible Notes (if applicable, as amended by the CN Modification Deed) remain outstanding, save for the transaction contemplated under the CN Transfer Agreement and the security created under the Convertible Notes Charge, the Shares Vendor and the Guarantor will not and will procure that the CN Chargor not to (a) offer, pledge, contract to sell, pledge or create any security interest, or grant any option, right or warrant to purchase, or otherwise transfer or dispose of such Convertible Notes (if applicable, as amended by the CN Modification Deed) or any interests therein; and except (1) pursuant to the CN Disposal (as defined below); or (2) with the written consent of the Company and, if so long as the General Partner, and/or any of its affiliates in aggregate hold not less than 30% of the issued share capital of the Company at the relevant time, the written consent of the General Partner; and (b) enter into any amendment or modification of the terms of the CN Transfer Agreement, the CN Modification Deed, and the Amended and Restated Convertible Notes without the prior written consent of the Offeror.

Mr. Ma Undertaking

As at the date of this joint announcement, Mr. Ma is personally interested in 64 Shares. On 4 October 2016, Mr. Ma executed the Mr. Ma Undertaking in favour of the Offeror that he will not (i) dispose of, and/or pledge to any other parties and/or transfer and/or otherwise make these 64 Shares available for acceptance for the Offer; and (ii) accept the Offer in respect of these 64 Shares.

The Convertible Notes Charge and Share Charge

As security for the performance of the Shares Vendor's obligations under the Sale and Purchase Agreement, subject to completion of the CN Transfer Agreement, the Guarantor will execute or procure to be executed in favour of the Offeror, a first ranking security document in respect of the Convertible Notes (if applicable, as amended by the CN Modification Deed) (being the Convertible Notes Charge) and a first ranking security document in respect of the entire issued share capital of the CN Chargor (being the Share Charge) in favour of the Offeror to secure, among others, the performance of the obligations of the Shares Vendor and the Guarantor under the Sale and Purchase Agreement, the Convertible Notes Charge, the Share Charge, the CN Modification Deed and the tax deed. The Guarantor and the Offeror shall use reasonable endeavours to enter into good faith negotiation for the partial release of the Convertible Notes Charge and the Share Charge after the date falling on six months from the Sale and Purchase Completion Date. Pursuant to the Convertible Notes Charge and the Share Charge, it was agreed that the Offeror shall, (i) on the date falling nine (9) months from the Sale and Purchase Completion Date, release or discharge the Convertible Notes Charge and the Share Charge if the Outstanding Receivables (as defined below) is more than HK\$300,000,000 as at the Sale and Purchase Completion Date; or (ii) on the date falling six (6) months from the Sale and Purchase Completion Date, release or discharge the Convertible Notes Charge and the Share Charge if the Outstanding Receivables (as defined below) is equal to or less than HK\$300,000,000 as at the Sale and Purchase Completion Date, subject to the obligations (to the extent which have arisen on or before the date falling nine (9) or six (6) months (as the case may be) from the Sale and Purchase Completion Date) of the Shares Vendor, the Guarantor and the CN Chargor under the Sale and Purchase Agreement, the Convertible Notes Charge, the tax deed, the CN Modification Deed and the Share Charge having been paid or discharged in full. The Share Charge will not be partially released given there is only 1 share of the CN Chargor being charged under the Share Charge.

SPECIAL DEAL AND MAJOR AND CONNECTED TRANSACTION

Listed Shares Disposal

On 27 August 2016, the Company and the Listed Shares Disposal Purchaser entered into the Listed Shares Disposal Agreement (as amended and supplemented by the Supplemental Listed Shares Disposal Agreement dated 4 October 2016), pursuant to which the Company conditionally agreed to sell, and the Listed Shares Disposal Purchaser conditionally agreed to purchase (i) 5,426,900,000 IPIH Sale Shares (representing approximately 3.86% of the entire issued share capital of IPIH as at the date of this joint announcement) for a consideration of HK\$759,766,000 (equivalent to HK\$0.14 per IPIH Sale Share); and (ii) 29,600,000 KPM Sale Shares (representing approximately 0.93% of the entire issued share capital of KPM as at the date of this joint announcement) for a consideration of HK\$16,576,000 (equivalent to HK\$0.56 per KPM Sale Share).

Further announcement(s) will be made by the Company in respect of the Listed Shares Disposal in accordance with the requirements of the Takeovers Code and the Listing Rules as and when appropriate.

SPECIAL DEALS AND CONNECTED TRANSACTIONS

Proposed CN Amendments pursuant to CN Modification Deed

References are made to the announcements of the Company dated 10 July 2015 and 20 October 2015 in relation to, among others, the P2P Acquisition and the issue of the Convertible Notes and the 2015 VSA Circular.

On 27 August 2016, the Company and Allied Summit entered into the CN Modification Deed (as amended and supplemented by the Supplemental CN Modification Deed dated 4 October 2016), pursuant to which the Company and Allied Summit have conditionally agreed to amend certain terms of the outstanding Convertible Notes in the aggregate principal amount of HK\$2,182,400,000.

Further announcement(s) will be made by the Company in respect of the Proposed CN Amendments in accordance with the requirements of the Takeovers Code and the Listing Rules as and when appropriate.

SPECIAL DEALS

Right of First Offer

Pursuant to the terms of the Sale and Purchase Agreement, if the CN Chargor wishes to transfer or dispose of all or any part of the Convertible Notes (if applicable, as amended by the CN Modification Deed) or any interests therein, the Shares Vendor and the Guarantor shall procure that the CN Chargor shall comply with the pre-emptive right procedures in connection with the Right of First Offer.

The CN Transfer

Pursuant to the terms of the CN Transfer Agreement, the Shares Vendor has conditionally agreed to sell and the CN Chargor has conditionally agreed to purchase the Amended and Restated Convertible Notes. Further details of the CN Transfer are set out in the sub-section headed “CN Transfer Agreement” under the section headed “A. The Sale and Purchase Agreement” of this joint announcement.

Further announcement(s) will be made by the Company in respect of the Right of First Offer and the CN Transfer in accordance with the requirements of the Takeovers Code and the Listing Rules as and when appropriate.

The Special Deals constitute special deal(s) pursuant to Rule 25 of the Takeovers Code which will require the consents of the Executive as well as the Independent Shareholders’ approval which may or may not be obtained.

IMPLICATIONS UNDER THE LISTING RULES

Major and connected transaction – Listed Shares Disposal

As at the date of this joint announcement, the Listed Shares Disposal Purchaser is the controlling shareholder of the Company and is beneficially owned as to approximately 80% by Mr. Su and 20% by Mr. Ng, thus a connected person of the Company.

Accordingly, the transaction contemplated under the Listed Shares Disposal Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Listed Shares Disposal Agreement exceed 25% but are less than 75%, the Listed Shares Disposal constitutes a major disposal for the Company pursuant to the Listing Rules.

Connected transaction – Proposed CN Amendments

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. Accordingly, the Proposed CN Amendments under the CN Modification Deed shall be subject to the approval of the Stock Exchange and the application for approval of the Proposed CN Amendments under the CN Modification Deed will be submitted by the Company to the Stock Exchange as soon as possible.

As at the date of this joint announcement, Allied Summit is the controlling shareholder of the Company and is beneficially owned as to approximately 80% by Mr. Su and 20% by Mr. Ng, thus a connected person of the Company. Therefore, the entering into of the CN Modification Deed constitutes a connected transaction of the Company and will be subject to the approval of the Independent Shareholders taken by way of poll at the SGM.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Since the Listed Shares Disposal, the Proposed CN Amendments, the CN Transfer and the Right of First Offer are not capable of being extended to all Shareholders, each of the Listed Shares Disposal, the Proposed CN Amendments, the CN Transfer and the Right of First Offer constitutes a special deal under Rule 25 of the Takeovers Code. As the obtaining of such consents is one of the Sale and Purchase Conditions, the Sale and Purchase Completion will not take place if such consents are not obtained at or before the Sale and Purchase Long Stop Date.

Ordinary resolutions will be proposed at the SGM to be held and convened for the Independent Shareholders to consider and if thought fit, approve the entering into of the Listed Shares Disposal Agreement, the CN Modification Deed, the CN Transfer Agreement, the Right of First Offer and the transactions contemplated respectively thereunder.

Further announcement(s) will be made by the Company in respect of the Special Deals in accordance with the requirements of the Takeovers Code and the Listing Rules as and when appropriate.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, the Offeror and parties acting in concert with it are interested in 2,716,739,819 Shares (including 7,520,000 Shares held by a former limited partner of the Offeror (the “**Former Limited Partner**”), 64 Shares held by Mr. Ma and 2,709,219,755 Shares held by the Shares Vendor). Upon the Sale and Purchase Completion, assuming no other changes to the issued share capital of the Company from the date of this joint announcement up to and including the Sale and Purchase Completion Date and before conversion of any outstanding Amended and Restated Convertible Notes, the Offeror and parties acting in concert with it will be interested in 2,716,739,819 Shares (including (i) 2,128,560,000 Shares to be held by the Offeror; (ii) 7,520,000 Shares held by the Former Limited Partner; and (iii) 64 Shares held by Mr. Ma and 580,659,755 Shares will remain to be held by the Shares Vendor), representing approximately 70.20% of the entire issued share capital of the Company. Subject to Sale and Purchase Completion, the Undertakings and Mr. Ma Undertaking, given that the Offeror will hold approximately 55.00% of the shareholding interest of the Company, the Offeror will therefore be required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares which are not already owned or agreed to be acquired by it and parties acting in concert with it.

The Offer, when made, will be unconditional in all respects.

Subject to Sale and Purchase Completion, Kingston Securities will, on behalf of the Offeror and in compliance with the Takeovers Code, make the Offer on the following basis:

For every Offer Share held HK\$0.3 in cash

The Offer Price of HK\$0.3 per Offer Share represents and equals to the highest purchase price per Share paid by the Offeror and parties acting in concert with it (due to purchases of the Shares made by the Former Limited Partner, who was a party acting in concert with the Offeror when the Former Limited Partner was a limited partner of the Offeror) during the six months prior to commencement of the Offer Period pursuant to Rule 26.3 of the Takeovers Code.

For the avoidance of doubt, the Offer Price will not be reduced in the event that the Initial Consideration for the Sale Shares is adjusted pursuant to the Sale and Purchase Agreement.

The Offer will be made to all Shareholders (other than the Offeror).

Pursuant to the Sale and Purchase Agreement and the Undertakings, each of the Shares Vendor and the Guarantor will not, and procure that the CN Chargor will not accept the Offer if made by the Offeror in respect of the Convertible Notes (if applicable, as amended by the CN Modification Deed) and the remaining Shares held by the Shares Vendor after Sale and Purchase Completion.

Pursuant to Mr. Ma Undertaking, Mr. Ma has irrevocably undertaken to the Offeror that he will not (i) dispose of, and/or pledge to any other parties and/or transfer and/or otherwise make these 64 Shares available for acceptance for the Offer; and (ii) accept the Offer in respect of these 64 Shares.

Details of the Undertakings and Mr. Ma Undertaking are set out under the sub-section headed “The Undertakings” and “Mr. Ma Undertaking” under the section headed “A. The Sale and Purchase Agreement” of this joint announcement. In light of the Undertakings and Mr. Ma Undertaking, (i) the Offer will not be extended to the Convertible Notes; (ii) the Shares Vendor has undertaken not to accept the Offer in respect of the 580,659,755 Shares which will remain to be held by it upon the Sale and Purchase Completion; and (iii) Mr. Ma has undertaken not to accept the Offer in respect of the 64 Shares held by him.

Principal terms of the Offer are set out under the section headed “D. Possible Mandatory Unconditional Cash Offer” of this joint announcement. Both Lego and Kingston Corporate Finance, being the joint financial advisers to the Offeror in respect of the Offer, are satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer and the consideration of the Sale and Purchase Agreement.

If, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of Shares; or**
 - there are insufficient Shares in public hands to maintain an orderly market,**
- the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.**

WARNING: FURTHER ANNOUNCEMENT(S), WHICH SETS OUT THE DETAILS OF THE SPECIAL DEALS AND THE TRANSACTIONS CONTEMPLATED THEREUNDER, WILL BE MADE BY THE COMPANY AS AND WHEN APPROPRIATE IN ACCORDANCE TO THE TAKEOVERS CODE AND THE LISTING RULES. THE OFFER IS A POSSIBILITY ONLY. AS THE OFFER WILL ONLY BE MADE, AMONG OTHERS, UPON THE SPECIAL DEALS BECOME UNCONDITIONAL AND THE SALE AND PURCHASE COMPLETION, ALL OF WHICH ARE SUBJECT TO A NUMBER OF CONDITIONS, THE OFFER MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE THEREFORE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES OF THE COMPANY, AND IF THEY ARE IN DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

WARNING: IF THE COMPANY AND THE STOCK EXCHANGE CANNOT OBTAIN AN IRREVOCABLE UNDERTAKING WITH CONTENTS ACCEPTABLE TO THEM FROM EACH OF THE OFFEROR AND MR. MA FOR THE PURPOSE OF THE DRAFT LAW PURSUANT TO THE P2P ACQUISITION, THE SALE AND PURCHASE AGREEMENT AND THE CN TRANSFER MAY NOT BE COMPLETED AND THE OFFER MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE THEREFORE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES OF THE COMPANY, AND IF THEY ARE IN DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Wong Chun Hung, Zheng Zhen and To Langa Samuelson, to make recommendation to (i) the Independent Shareholders in respect of the Special Deals and the transactions contemplated thereunder; and (ii) the Independent Shareholders in respect of the Offer, as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

An independent financial adviser will be appointed to make recommendations to (i) the Independent Board Committee and the Independent Shareholders in respect of Special Deals and the transactions contemplated thereunder; and (ii) the Independent Board Committee in respect of whether the Offer is fair and reasonable and as to acceptance. The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee in respect of the Special Deals and the respective transactions contemplated thereunder will be included in the Circular. The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee in respect of the Offer, in particular, as to whether the Offer is, or is not, fair and reasonable and as to its acceptance, will be included in the Composite Document.

GENERAL

The SGM will be held for the purpose of considering and, if thought fit, approving the resolution(s) in respect of the Listed Shares Disposal, the Proposed CN Amendments, the CN Transfer and the Right of First Offer by way of poll. The Shares Vendor, the Guarantor, the Offeror and its ultimate beneficial owners, their respective associates and parties acting in concert with any of them and those who are involved in or interested in the Listed Shares Disposal Agreement, the CN Modification Deed, the CN Transfer Agreement and the Right of First Offer and the transactions contemplated therein will be required to abstain from voting in respect of the resolution(s) approving the Listed Shares Disposal, the Proposed CN Amendments, the CN Transfer and the Right of First Offer and the respective transactions contemplated thereunder at the SGM.

The Circular containing, among other things, information regarding the Special Deals and the respective transactions contemplated thereunder, the recommendation from the Independent Board Committee and the advice of the Independent Financial Adviser on the Special Deals and the respective transactions contemplated thereunder and the notice of the SGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules and the Takeovers Code. The Circular is expected to be despatched to the Shareholders on or before 26 October 2016.

COMPOSITE DOCUMENT

Pursuant to the Takeovers Code, within 21 days after the date of this joint announcement or such later date as the Executive may approve, the Offeror is required to despatch an offer document in relation to the Offer and the Company is required to send to Shareholders within 14 days of the posting of the offer document a circular containing, among other things, financial information of the Company, information as required under the Takeovers Code, together with any other information the Company considers to be relevant to enable Shareholders to reach a properly informed decision on the Offer. It is the intention of the Offeror and the Board that the offer document and the offeree board circular in respect of the Offer be combined in the Composite Document. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the consent of the Executive is required if the making of the Offer is subject to the prior fulfillment of certain pre-conditions and the pre-conditions cannot be fulfilled within the time period required by Rule 8.2 of the Takeovers Code. As the making of the Offer is conditional upon the Special Deals becomes unconditional and the Sale and Purchase Completion, it is expected that an application will be made to the Executive to extend the deadline for the despatch of the Composite Document, together with the form(s) of acceptance and transfer, to a date within 7 days upon the Special Deals become unconditional and the Sale and Purchase Completion or such later date as the Executive may approve. Further announcement(s) will be made by the Offeror and the Company on the timing of the despatch of the Composite Document.

RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 29 August 2016 pending the release of this joint announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 6 October 2016.

A. THE SALE AND PURCHASE AGREEMENT

Date : 27 August 2016 (as amended and supplemented by the Supplemental Sale and Purchase Agreement dated 4 October 2016)

Parties

Vendor : Allied Summit Inc., holding in aggregate 2,709,219,755 Shares (representing approximately 70.00% of the existing issued capital of the Company as at the date of this joint announcement)

Purchaser : Huarong Financial Services Asset Management L.P.

Guarantor : Mr. Ma Hongyi

As at the date of this joint announcement, Allied Summit is the controlling shareholder of the Company and is beneficially owned as to approximately 80% by Mr. Su and 20% by Mr. Ng. Save for the transactions contemplated under the Special Deals and the Sale and Purchase Agreement, there is no relationship between Mr. Su and Mr. Ma.

Subject of the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, the Offeror has conditionally agreed to purchase and the Shares Vendor has conditionally agreed to sell, the 2,128,560,000 Sale Shares, representing approximately 55.00% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement at an Initial Consideration of HK\$304,384,080 (equivalent to HK\$0.143 per Sale Share), which may be subject to a downward adjustment on a dollar-for-dollar basis based on the difference between the Reference NAV and the Adjusted Actual NAV of the Group shown in the Completion Accounts as at Sale and Purchase Completion.

Save for the Former Limited Partner who is interested in 7,520,000 Shares, Mr. Ma who is interested in 64 Shares and the Shares Vendor (and its ultimate beneficial owners) which is interested in 2,709,219,755 Shares, and the CN Chargor and the Shares Vendor (and their respective ultimate beneficial owners) which are interested in the Convertible Notes subject to completion of the CN Transfer Agreement, the Offeror has confirmed that immediately before the entering into of the Sale and Purchase Agreement, it and its ultimate beneficial owners and parties acting in concert with any of them are third parties independent of the Company and its connected persons, and did not have any other Shares or other securities in the Company.

Consideration for the Sale Shares under the Sale and Purchase Agreement

The Initial Consideration for the Sale Shares shall be HK\$304,384,080 (equivalent to HK\$0.143 per Sale Share), which was negotiated and determined on arm's length basis between the Shares Vendor and the Offeror with reference to the net asset value of the Group as at 31 March 2016 and the prospects of the Group.

Pursuant to the Sale and Purchase Agreement, the Initial Consideration for the Sale Shares shall be payable by the Offeror to the Shares Vendor on the Sale and Purchase Completion Date.

Adjustment of the consideration for the Sale Shares

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Initial Consideration is subject to a downward adjustment based on the Adjusted Actual NAV as shown in the Completion Accounts as at the Sale and Purchase Completion.

For the purpose of preparing the Completion Accounts and determination of the Adjusted Actual NAV, the following adjustments shall be made:

- (i) Notwithstanding anything to the contrary, (a) the value of the IPIH Shares and the KPM Shares shall be fixed at HK\$759,766,000 and HK\$16,576,000, respectively; and (b) the value of the Huarong International Shares and the Renhe Commercial Shares shall be the lower of the value of HK\$124,929,200 and HK\$24,800,000, respectively, or the relevant closing price of such shares on the Sale and Purchase Completion Date.
- (ii) For the avoidance of doubt, any provision made for or write-off of any debt receivables of Joy Wealth Finance during the period from 1 April 2016 (inclusive) up to the Sale and Purchase Completion Date shall be added back to the Adjusted Actual NAV.
- (iii) For the avoidance of doubt, any provision made for or write-off of any tax liabilities of the Group during the preparation the draft Completion Accounts shall be added back to the Adjusted Actual NAV.
- (iv) For the avoidance of doubt, HK\$350 million (being the Guaranteed Profit) less the unaudited profits of Katar Global Limited and its subsidiaries (the “**Katar Global Group**”) after tax recognised during 1 January 2016 up to the Sale and Purchase Completion Date (for the purpose of this paragraph, if such unaudited profits of the Katar Global Group after tax recognised during 1 January 2016 up to the Sale and Purchase Completion Date exceeds HK\$350 million, it shall be deemed as and limited to HK\$350 million) shall be added to the Adjusted Actual NAV.
- (v) The Adjusted Actual NAV shall, for this purpose, exclude the carrying value of goodwill up to a maximum of HK\$2,182,663,000 and intangible assets up to a maximum of HK\$1,194,000 respectively as at the Sale and Purchase Completion Date.

If the Adjusted Actual NAV, as shown by the Completion Accounts, is:

- (i) a positive sum which is greater than the Reference NAV, the Offeror has no obligation to pay such difference to the Shares Vendor; or
- (ii) a positive sum which is less than the Reference NAV, the Shares Vendor shall pay to the Offeror or set-off within 5 Business Days after the date of finalisation of the Completion Accounts an amount equal to the difference, provided that such amount of difference (a) is subject to a limit of HK\$400,000,000; and (b) shall be

adjusted downward by the amount required to be paid by the Shares Vendor to the Offeror pursuant to the Cash Guarantee (as defined below); or

- (iii) equal to the Reference NAV, no payment shall be due from the Shares Vendor or the Offeror.

Pursuant to Rule 10 of the Takeovers Code, the unaudited financial information relating to the Guaranteed Profit constitutes a profit forecast and should be reported on by a financial adviser and auditors or consultant accountants (the “**Profit Forecast Reports**”) under Rule 10.4 of the Takeovers Code. Taking into account (i) the practical difficulties to include the Profit Forecast Reports in this joint announcement in terms of the additional time required for the preparation of the Profit Forecast Reports by a financial adviser and auditors or consultant accountants; and (ii) the requirements of timely disclosures of the inside information under Rule 13.09 of the Listing Rules and Part XIVA of the SFO, the Profit Forecast Reports have not been prepared as required under Rule 10 of the Takeovers Code. The Profit Forecast Reports will be contained in the Circular to be despatched to the Shareholders.

The Company would like to draw to the attention of the Shareholders and potential investors that the unaudited financial information relating to the Guaranteed Profit does not meet the standard required by Rule 10 of the Takeovers Code. The Shareholders and potential investors should exercise caution in placing reliance on the above information in assessing the merits and demerits of the Offer and other transactions as disclosed in this joint announcement and/or when dealing in the Shares.

Conditions precedent to the Sale and Purchase Agreement

The Sale and Purchase Completion under the Sale and Purchase Agreement is conditional upon satisfaction or waiver (as the case may be) of all of the following conditions:

- I. no circumstances having arisen which will or would likely result in (i) the listing of the Shares on the Stock Exchange being withdrawn; or (ii) the Shares being suspended for trading on the Stock Exchange for more than 20 consecutive trading days, except for the suspension of trading of the Shares in connection with the clearance by the Stock Exchange and the SFC of this joint announcement or other matters relating or incidental to the transactions contemplated thereunder;

- II. the Stock Exchange not having indicated that the listing of the Shares on the Stock Exchange may be withdrawn following Sale and Purchase Completion (other than by reason of an inadequate percentage of the issued share capital of the Company being held by the public (as defined under the Listing Rules) as a result of the Offer) and the SFC not having indicated that it may object to such listing;
- III. each of the Listed Shares Disposal Agreement, the Securities Business Disposal Agreement, the CN Modification Deed and the CN Transfer Agreement having been duly executed by all the parties thereto and becoming unconditional in all respects in accordance with their terms (save for the condition requiring the Sale and Purchase Agreement to become unconditional or be completed (as the case may be)), including the obtaining of the relevant approvals by the Shareholders in respect of the Listed Shares Disposal Agreement and the CN Modification Deed in accordance with the Listing Rules and the applicable law and (b) the completion of the Securities Business Disposal Agreement having occurred;
- IV. the consents for the Special Deals having been duly granted by the Executive and each of the matters subject to the Special Deals having been approved by the Independent Shareholders in accordance with applicable law;
- V. the Stock Exchange not having indicated that the Company does not have sufficient operation or assets upon completion of the Listed Shares Disposal Agreement and the Securities Business Disposal Agreement;
- VI. the Stock Exchange having approved or otherwise consented to the Proposed CN Amendments;
- VII. the Stock Exchange having approved or otherwise consented to the transfer of the Sale Shares and the Amended and Restated Convertible Notes;
- VIII. the approval from the Independent Shareholders in respect of the Listed Shares Disposal Agreement, the Proposed CN Amendments and the Right of First Offer having been obtained;
- IX. no any event, circumstance, occurrence, fact, condition, change or effect that is materially adverse to (a) the business, operations, financial condition, management, properties, assets or liabilities of the Group as a whole; or (b) the ability of any party (other than the Offeror) to perform any of its obligations thereunder or to consummate the transactions contemplated in the Sale and Purchase Agreement has occurred or is likely to occur;

- X. all consents, registration, filings, confirmations, clearances, rulings and decisions by the authorities or the bankers or creditors of the Group (if any), or any other third party that are necessary or appropriate for or in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained;
- XI. the warranties being true and correct in all material respects and not misleading in any material respect; and
- XII. no notice, order, judgment, action or proceeding of any authority having been served, issued or made which restrains, prohibits or makes unlawful any transaction contemplated by the Sale and Purchase Agreement or which is likely to materially and adversely affect the right of the Offeror to own the legal and beneficial title to the Sale Shares, free from encumbrances.

As at the date of this joint announcement, save as disclosed in the Sale and Purchase Conditions (III), (IV), (VI), (VII) and (VIII), the Offeror, the Shares Vendor and the Guarantor are not aware of any other consents, registration, filings, confirmations, clearances, rulings and decisions by the authorities or the bankers or creditors of the Group or any third party that are necessary or appropriate for or in connection with transactions contemplated under the Sale and Purchase Agreement pursuant to the Sale and Purchase Condition (X).

As at the date of this joint announcement, save for the passing of ordinary resolutions by the Independent Shareholders at the SGM to approve the Listed Shares Disposal Agreement and the CN Modification Deed and the transactions contemplated respectively thereunder as a “special deal” under Rule 25 of the Takeovers Code, the Company, the Shares Vendor and the Offeror are not aware of any approvals by the Shareholders are required in respect of the Listed Shares Disposal Agreement and the CN Modification Deed in accordance with the Listing Rules and the applicable law. The SGM will be held for the purpose of considering and, if thought fit, approving the resolution(s) in respect of, among other matters, the Listed Shares Disposal and the Proposed CN Amendments by way of poll and the Circular is expected to be despatched to the Shareholders on or before 26 October 2016.

The Shares Vendor and the Guarantor shall use their respective best endeavours to ensure that the Sale and Purchase Conditions (III) and (X) are satisfied as soon as possible after the date of the Sale and Purchase Agreement but in any event no later than the Sale and Purchase Long Stop Date and that the Sale and Purchase Conditions (I), (II), (IV) to (IX), (XI) to (XII) are satisfied as at the Sale and Purchase Completion Date.

Save for the Sale and Purchase Conditions (III), (IV), (V), (VI), (VII) and (VIII) which are not waivable, the Offeror may at any time waive in whole or in part and conditionally or unconditionally any of the Sale and Purchase Conditions by notice in writing to the Shares Vendor.

If the Sale and Purchase Conditions (III) or (X) are not satisfied or waived on or before the Sale and Purchase Long Stop Date or the Sale and Purchase Conditions (I), (II), (IV) to (IX), (XI) to (XII) are not satisfied or waived (if applicable) as at the Sale and Purchase Completion Date, the Offeror is entitled to terminate the Sale and Purchase Agreement without any liability to the Shares Vendor, provided however that (a) the surviving provisions shall continue in force following the termination of the Sale and Purchase Agreement; and (b) the termination of the Sale and Purchase Agreement shall be without prejudice to the rights of the Offeror against the Shares Vendor and the Guarantor for the breach of not fulfilling the Sale and Purchase Conditions no later than the Sale and Purchase Long Stop Date.

Sale and Purchase Completion

The Sale and Purchase Completion shall take place simultaneously with the completion of the transfer of the Convertible Notes in the principal amount of HK\$1,249,070,000 from the Shares Vendor to the CN Chargor under the CN Transfer Agreement and CN Modification Deed on the Sale and Purchase Completion Date after all the Sale and Purchase Conditions are fulfilled or effectively waived.

Guarantee

Pursuant to the Sale and Purchase Agreement, Mr. Ma as the Shares Vendor's guarantor has guaranteed unconditionally and irrevocably as primary obligor the due and punctual observance and performance by the Shares Vendor and the CN Chargor of all the agreements, obligations, commitments, warranties, undertakings, indemnities and covenants contained in the Sale and Purchase Agreement, the tax deed, the Convertible Notes Charge and the Share Charge and each of the other documents entered in connection with the Sale and Purchase Agreement on the part of the Shares Vendor and the CN Chargor to be observed and performed.

Save for the transactions contemplated under the Special Deals and the Sale and Purchase Agreement, there is no relationship between (i) the Shares Vendor and the CN Chargor; and (ii) Mr. Su and Mr. Ma.

The Undertakings

- (1) Pursuant to the Sale and Purchase Agreement, each of the Shares Vendor and the Offeror shall, take all action necessary and provide all information and assistance to prepare and to procure the posting of the Composite Document for the purposes of the Takeovers Code.
- (2) Subject to Sale and Purchase Completion, each of the Shares Vendor and the Guarantor further undertakes that:
 - (i) the consideration of the Listed Shares Disposal shall be received by the Group within 6 months from the Sale and Purchase Completion Date;
 - (ii) in relation to outstanding debt receivables and accrued interests of Joy Wealth Finance as at the Sale and Purchase Completion Date (including writing back or reversing any write-off or provisions of debt receivables during the period from 1 April 2016 up to the Sale and Purchase Completion Date) (both days inclusive) (collectively, the “**Outstanding Receivables**”),
 - (a) in the event that the Outstanding Receivables is more than HK\$300,000,000 as at the Sale and Purchase Completion Date, each of the Shares Vendor and the Guarantor covenants that it/he shall on written demand by the Offeror (on behalf of Joy Wealth Finance) pay Joy Wealth Finance or procure Joy Wealth Finance to be paid as follows: an amount of not less than HK\$300,000,000 in respect of any unsettled portion of the Outstanding Receivables on or before the date falling on two (2) calendar months from the Sale and Purchase Completion Date and the remaining balance on or before the date falling on or before nine (9) calendar months from the Sale and Purchase Completion Date, respectively; or
 - (b) in the event that the Outstanding Receivables is equal to or less than HK\$300,000,000 as at the Sale and Purchase Completion Date, each of the Shares Vendor and the Guarantor covenants that it/he shall on written demand by the Offeror (on behalf of Joy Wealth Finance) pay Joy Wealth Finance or procure Joy Wealth Finance to be paid an amount equal to the unsettled portion of the Outstanding Receivables on the date falling on or before two (2) calendar months from the Sale and Purchase Completion Date (as the case may be),

provided that the failure to provide written demand by the Offeror thereunder shall not affect the liabilities of the Shares Vendor and the Guarantor.

- (iii) will not and procure that the CN Chargor not to accept the Offer if made by the Offeror in respect of the Convertible Notes (if applicable, as amended by the CN Modification Deed) and the remaining Shares held by the Shares Vendor after Sale and Purchase Completion;
 - (iv) shall procure that the amount of cash will not be less than HK\$238,000,000 (any sale proceeds received by the Group from disposal of any of the Listed Shares are to be excluded). The Shares Vendor shall pay the amount equal to the shortfall (if any) to the Offeror without demand or set-off within 5 Business Days after the date of finalisation of the Completion Accounts (the “**Cash Guarantee**”);
 - (v) shall procure that, save and except (1) CN Disposal (as defined in the below section headed “2. Proposed Amendments to the terms of Convertible Notes” of this joint announcement); or (2) at Maturity Date (as defined below), no holder of the Amended and Restated Convertible Notes shall become the single largest shareholder of the Company;
- (3) Provided the Sale and Purchase Completion has occurred, from the date of entering into of the Sale and Purchase Agreement to 19 February 2020 and/or from 21 April 2020 to 19 February 2024 (in the event that the Maturity Date is extended to 20 April 2024) and, for so long as the General Partner and/or any of its affiliates in aggregate hold not less than 30% of the issued share capital of the Company at the relevant time and the Convertible Notes remain outstanding, save for the transactions contemplated under the CN Transfer Agreement and the security created under the Convertible Notes Charge, the Shares Vendor and the Guarantor will not and will procure that the CN Chargor not to:
- a. offer, pledge, contract to sell, pledge or create any security interest, or grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) such Convertible Notes or any interests therein; and except (1) pursuant to CN Disposal (as defined in the below section headed “2. Proposed Amendments to the terms of Convertible Notes” of this joint announcement); or (2) with the written consent of the Company and, if so long as the General Partner, and/or any of affiliates in aggregate hold not less than 30% of the issued share capital of the Company at the relevant time, the written consent of the General Partner. Pursuant to the terms of the Amended and Restated Convertible Notes, the Convertible Notes or interests in such Convertible Notes (if applicable) shall be freely transferrable from 20

February 2020 to 20 April 2020 and/or on or after 20 February 2024 (in the event that the Maturity Date is extended to 20 April 2024) and in particular, shall not be subject to the above paragraphs (1) and/or (2); and

- b. enter into any amendment or modification of the terms of the CN Transfer Agreement, the CN Modification Deed and the Convertible Notes without the prior written consent of the Offeror (the “**CN Chargor Undertaking**”).
- (4) From the date of entering into of the Sale and Purchase Agreement to 20 April 2020 and to 20 April 2024 (in the event that the Maturity Date is extended to 20 April 2024) and for so long as (a) the General Partner and/or any of its affiliates in aggregate hold not less than 30% of the issued share capital of the Company at the relevant time, and (b) the Convertible Notes remain outstanding and the CN Chargor holds any such Convertible Notes, and save for the security created under the Share Charge and except with the written consent of the Company and, if so long as the General Partner, and/or any of affiliates in aggregate hold not less than 30% of the issued share capital of the Company at the relevant time, the written consent of the General Partner, the Guarantor (1) shall not offer, pledge, contract to sell, pledge or create any security interest, or grant any option, right or warrant to purchase, or exercise any conversion right, or otherwise transfer or dispose of his shares in the CN Chargor or any interests therein and (2) shall procure the CN Chargor not to issue any new share and/or other security convertible into shares of the CN Chargor; and the Guarantor shall from time to time upon request by the Offeror provide evidence reasonably required by the Offeror to confirm compliance with the foregoing (the “**Guarantor Undertaking**”).
- (5) Without prejudice and in addition to the consent requirement under the Undertaking (3)(a)(2) above, if the CN Chargor wishes to transfer or dispose of all or any part of the Convertible Notes or any interests therein (including but not limited to the CN Disposal (as defined in the section “2. Proposed Amendments to the terms of Convertible Notes” below of this joint announcement), the Shares Vendor and the Guarantor shall procure that the CN Chargor to comply with the procedures in connection with the Right of First Offer. Further announcement(s) will be made by the Company in respect of the Right of First Offer in accordance with the requirements of the Takeovers Code and the Listing Rules as and when appropriate.

Mr. Ma Undertaking

As at the date of this joint announcement, Mr. Ma is personally interested in 64 Shares. On 4 October 2016, Mr. Ma executed the Mr. Ma Undertaking in favour to the

Offeror that he will not (i) dispose of, and/or pledge to any other parties and/or transfer and/or otherwise make these 64 Shares available for acceptance for the Offer; and (ii) accept the Offer in respect of these 64 Shares.

The Convertible Notes Charge and Share Charge

As security for the performance of the Shares Vendor's obligations under the Sale and Purchase Agreement, subject to completion of the CN Transfer Agreement, the Guarantor will execute or procure to be executed in favour of the Offeror, a first ranking security document in respect of the Convertible Notes (if applicable, as amended by the CN Modification Deed) (being the Convertible Notes Charge) and a first ranking security document in respect of the entire issued share capital of the CN Chargor (being the Share Charge) in favour of the Offeror to secure, among others, the performance of the obligations of the Shares Vendor and the Guarantor under the Sale and Purchase Agreement and the tax deed. The Guarantor and the Offeror shall use reasonable endeavours to enter into good faith negotiation for the partial release of the Convertible Notes Charge and the Share Charge after the date falling on six months from the Sale and Purchase Completion Date. Pursuant to the Convertible Notes Charge and the Share Charge, it was agreed that the Offeror shall, (i) on the date falling nine (9) months from the Sale and Purchase Completion Date, release or discharge the Convertible Notes Charge and the Share Charge if the Outstanding Receivables is more than HK\$300,000,000 as at the Sale and Purchase Completion Date; or (ii) on the date falling six (6) months from the Sale and Purchase Completion Date, release or discharge the Convertible Notes Charge and the Share Charge if the Outstanding Receivables is equal to or less than HK\$300,000,000 as at the Sale and Purchase Completion Date subject to the obligations (to the extent which have arisen on or before the date falling nine (9) or six (6) months (as the case may be) from the Sale and Purchase Completion Date) of the Shares Vendor, the Guarantor and the CN Chargor under the Sale and Purchase Agreement, the Convertible Notes Charge, the tax deed, the CN Modification Deed, the Share Charge having been paid or discharged in full. The Share Charge will not be partially released given there is only 1 share of the CN Chargor being charged under the Share Charge.

CN Transfer Agreement

On 27 August 2016, the Shares Vendor entered into the CN Transfer Agreement (as amended and supplemented by the Supplemental CN Transfer Agreement dated 4 October 2016) with the CN Chargor and the Guarantor, pursuant to which the Shares Vendor has conditionally agreed to sell and the CN Chargor has conditionally agreed to purchase the Amended and Restated Convertible Notes held by the Shares Vendor in the principal amount of HK\$1,249,070,000 (the "**First Tranche Sale CNs**") and the

Amended and Restated Convertible Notes in such principal amount (up to HK\$933,330,000) as may be released to the Shares Vendor by the Company after the Reduction Amount is offset/satisfied in the manner set out in the 2015 VSA Circular (the “**Second Tranche Sale CNs**”, together with the First Tranche Sale CNs, the “**Sale CNs**”) subject to and upon the terms and conditions of the CN Transfer Agreement which in aggregate at the maximum consideration of HK\$2,182,400,000.

The CN Chargor is wholly owned by the Guarantor and as at the date of this joint announcement, the Guarantor is personally interested in 64 Shares. Save for the transactions contemplated under the Special Deals and the Sale and Purchase Agreement, there is no relationship between (i) the Shares Vendor and the CN Chargor; and (ii) Mr. Su and Mr. Ma.

As disclosed in the 2015 VSA Circular, Allied Summit and the Company shall procure that the audited consolidated financial statements of Katar Global Limited and its subsidiaries for the year ending 31 December 2016 shall be prepared and reported on by the auditor nominated by the Company within three months after the said period or any other day as agreed by both parties, upon which the Reduction Amount will be determined.

Subject to, among others, the Sale and Purchase Agreement becoming unconditional in all respects in accordance with its terms, the Shares Vendor shall sell and the CN Chargor shall purchase the relevant Sale CNs free from all encumbrances as at the relevant CN Transfer Completion and together with all rights attaching to them, including but not limited to conversion right, with effect from relevant CN Transfer Completion.

Pursuant to the CN Transfer Agreement, the Shares Vendor shall not be obliged to sell any of the (i) First Tranche Sale CNs unless the sale and purchase of all the First Tranche Sale CNs are completed simultaneously; and (ii) Second Tranche Sale CNs unless the sale and purchase of all the Second Tranche Sale CNs are completed simultaneously.

Pursuant to the CN Transfer Agreement, Mr. Ma as the CN Chargor’s guarantor has irrevocably and unconditionally guarantees to the Shares Vendor the due and punctual performance and discharge of all the obligations by the CN Chargor under the CN Transfer Agreement. The obligations of Mr. Ma under the CN Transfer Agreement shall be continuing obligations and shall remain in full force and effect until completion of the CN Transfer Agreement (save and except the restriction on announcements and warranties clauses).

Save for the transactions contemplated under the Special Deals and the Sale and Purchase Agreement, there is no relationship between (i) the Shares Vendor and the CN Chargor; and (ii) Mr. Su and Mr. Ma.

Consideration for the CN Transfer

The consideration for First Tranche Sale CNs shall be the principal amount of the First Tranche Sale CNs, being the sum of HK\$1,249,070,000 and shall be satisfied by the CN Chargor in the following manner:

- (a) as to HK\$124,000,000 (the “**Deposit**”) of the consideration for First Tranche Sale CNs shall be satisfied in cash by the CN Chargor within 60 days of the date of the CN Transfer Agreement; and
- (b) as to HK\$1,125,070,000 of the consideration for First Tranche Sale CNs shall be satisfied in cash by the CN Chargor on the 1st anniversary of the Sale and Purchase Completion (the “**First Tranche Sale CNs Completion**”).

The consideration for Second Tranche Sale CNs shall be equal to such principal amount (up to HK\$933,330,000) of the Second Tranche Sale CNs as may be released to the Shares Vendor by the Company and shall be satisfied on the 1st anniversary of the Sale and Purchase Completion (the “**Second Tranche Sale CNs Completion**”).

Conditions precedent to the CN Transfer Agreement

Completion of the CN Transfer Agreement is conditional upon the fulfillment of the following conditions:

- (a) all necessary consents and approvals, including but not limited to the Stock Exchange having approved or otherwise consented to the transfer of the Sale CNs as contemplated under the CN Transfer Agreement (if necessary) and the written consent to the transfer of the Sale CNs as contemplated under the CN Transfer Agreement from the Company having been obtained, required to be obtained in respect of the CN Transfer Agreement and the transactions contemplated thereby having been obtained and remaining in full force and effect;
- (b) the Sale and Purchase Agreement having been duly executed by all the parties thereto and becoming unconditional in all respects in accordance with its terms (save for the condition requiring the CN Transfer Agreement to become unconditional);

- (c) the CN Modification Deed having been duly executed by all the parties thereto and becoming unconditional in all respects in accordance with its terms;
- (d) the warranties provided by the CN Chargor pursuant to the CN Transfer Agreement remaining true, accurate and complete in all material respects; and
- (e) the warranties provided by the Shares Vendor pursuant to the CN Transfer Agreement remaining true, accurate and complete in all material respects.

As at the date of this joint announcement, save for the approval or consent from the Stock Exchange in respect of the transfer of the Sale CNs as contemplated under the CN Transfer Agreement (if required), the written consent to the transfer of the Sale CNs as contemplated under the CN Transfer Agreement from the Company as set out in the sub-paragraph (a) above and the consent of the Executive and the approval from the Independent Shareholders in respect of the transfer of the Sale CNs as contemplated under the CN Transfer Agreement, the Shares Vendor and the CN Chargor are not aware of any other consents or approvals that are required to be obtained on their part in respect of the CN Transfer Agreement and the transactions contemplated thereunder.

Completion of the CN Transfer Agreement

Subject to fulfilment (or where applicable, waiver) of all the conditions above, the First Tranche Sale CNs Completion shall take place simultaneously with the Sale and Purchase Completion and the completion of the CN Modification Deed or such other time as the parties may mutually agree.

If the aforementioned conditions are not satisfied on or before 31 December 2016 or such other date as the Shares Vendor and the CN Chargor may agree, the CN Transfer Agreement shall cease and determine and the Shares Vendor shall within five (5) Business Days from such determination refund the Deposit (without interest) to the CN Chargor in cash in full and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Second Tranche Sale CNs Completion shall take place on or before the date falling ten (10) Business Days from the date on which the note certificate(s) representing the Second Tranche Sale CNs is delivered to the Shares Vendor (or its nominee) after the Reduction Amount is offset or satisfied if the aggregate actual audited consolidated profit before tax of the Group (excluding any extraordinary items) for the period of 1

January 2016 to 31 December 2016 shall be less than the Guaranteed Profit according to the 2015 VSA Sale and Purchase Agreement.

Upon Sale and Purchase Completion and CN Transfer Completion, the Shares Vendor will remain holding 580,659,755 Shares, representing approximately 15.00% of the issued capital of the Company as at the date of this joint announcement and approximately 3.93% of the issued capital of the Company upon conversion of the Amended and Restated Convertible Notes by the CN Chargor, assuming no Reduction Amount is required to be offset/satisfied.

Undertaking pursuant to the 2015 VSA Sale and Purchase Agreement

References are made to the announcements of the Company dated 10 July 2015 and 20 October 2015 in relation to the P2P Acquisition.

The Company has obtained an opinion from a qualified PRC lawyer (the “**PRC Lawyer**”) confirming that the Offeror is a “PRC Investor” for purposes of the Draft Law at the material time. The Company has requested the Offeror to provide an irrevocable undertaking (the “**Offeror’s Undertaking**”) to the Company that it shall, among others, maintain “control” of the Company as defined in and for the purpose of the Draft Law (in the form of being a controlling shareholder of the Company) before the Company considers giving its prior consent to Mr. Su in relation to the Sale and Purchase Agreement. The Company has not given prior written consent as required under Mr. Su’s Undertaking (as defined in the 2015 VSA Circular) regarding the Sale and Purchase Agreement and has no intention to give the same unless, among others, an irrevocable undertaking with contents acceptable to the Company and the Stock Exchange from the Offeror having been obtained.

Regarding the transfer of Sale CNs under the CN Transfer Agreement

Immediately upon the Sale and Purchase Completion (assuming full conversion of the Amended and Restated Convertible Notes and no Reduction Amount is required to be offset/satisfied), the CN Chargor will hold 10,912,000,000 Conversion Shares, representing approximately 73.82% of the issued share capital of the Company as enlarged by the full conversion of the Amended and Restated Convertible Notes.

In order to avoid any unexpected dilution of shareholding or change in control due to dealings or exercise of the conversion rights of the Amended and Restated Convertible Notes, the Offeror agreed with the Guarantor in the provision of (i) the Undertakings and Mr. Ma Undertaking; (ii) the Right of First Offer; and (iii) the Proposed CN Amendments, the relevant dilution risks arising from the Amended and Restated Convertible Notes following the Share and Purchase Completion will be mitigated.

Notwithstanding the aforementioned measures, there would be circumstances under which the Offeror's interest in the Company may be diluted to less than 50% as a result of the exercise of the conversion right of the Amended and Restated Convertible Notes.

The Board notes that (i) it is one of the conditions precedent to the CN Transfer Agreement that all necessary consents and approvals required to be obtained in respect of the CN Transfer Agreement and the transactions contemplated thereby having been obtained and remaining in full force and effect, including but not limited to the Stock Exchange having approved or otherwise consented to the transfer of the Sale CNs as contemplated under the CN Transfer Agreement (if necessary) and the written consent to the transfer of the Sale CNs as contemplated under the CN Transfer Agreement from the Company having been obtained; and (ii) the CN Chargor further undertakes to the Shares Vendor that, if required by the Stock Exchange, it shall execute an undertaking in relation to all existing documents intending to give Beijing Huiju Financial Advisory Limited Company# 北京匯聚融通財務顧問有限公司 full control over Beijing Huiju Asset Management Advisory Limited Company# 北京匯聚財富管理諮詢有限公司 and enjoy substantially all of the economic benefit from the operation of Beijing Huiju Asset Management Advisory Limited Company# 北京匯聚財富管理諮詢有限公司 in favour of the Company and/or the Stock Exchange in the form and substance reasonably satisfied by the Stock Exchange.

As at the date of this joint announcement, (i) the Guarantor, being the ultimate legal and beneficial owner of the entire issued share capital of the CN Chargor, is a Chinese citizen; (ii) the Company is advised by the PRC Lawyer that each of the Guarantor and the CN Chargor is a "PRC Investor" for purposes of the Draft Law; and (iii) the Company has not given its prior written consent as required under Mr. Su's Undertaking regarding the CN Transfer Agreement and the Company has no intention to give the same unless, among others, an irrevocable undertaking with contents acceptable to the Company and the Stock Exchange from the Guarantor having been obtained.

Each of Mr. Ma and the Offeror has indicated to the Company that he/it is willing to provide the Company with an irrevocable undertaking for the purpose of the Draft Law pursuant to the P2P Acquisition. However, as at the date of this joint announcement, each of Mr. Ma and the Offeror is still in the course of consulting his/its own advisers in relation to the contents of irrevocable undertaking. In addition, the Company is in the course of negotiating the drafting of the irrevocable undertaking with each of Mr. Ma and the Offeror. Further announcement(s) will be made by the Company in respect of the irrevocable undertaking in accordance to the Listing Rules as and when appropriate.

WARNING: IF THE COMPANY AND THE STOCK EXCHANGE CANNOT OBTAIN AN IRREVOCABLE UNDERTAKING WITH CONTENTS ACCEPTABLE TO THEM FROM EACH OF THE OFFEROR AND MR. MA FOR THE PURPOSE OF THE DRAFT LAW PURSUANT TO THE P2P ACQUISITION, THE SALE AND PURCHASE AGREEMENT AND THE CN TRANSFER MAY NOT BE COMPLETED AND THE OFFER MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE THEREFORE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES OF THE COMPANY, AND IF THEY ARE IN DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

Securities Business Disposal Agreement

On 6 August 2016, the Company (as the vendor) and an independent third party who does not hold any Shares or other convertible securities in the Company as purchaser, entered into the conditional agreement in relation to the disposal of the entire issued share capital in Glory Creator at a consideration of approximately HK\$12.85 million. The Company is still in the process of obtaining necessary regulatory approvals or consents from the SFC in relation to the indirect disposal of Cornerstone Securities Limited, which is a non-wholly owned subsidiary of the Glory Greater licensed corporation incorporated in Hong Kong with limited liability to conduct type 1 (dealing in securities) regulated activity under the SFO.

As the relevant percentage ratios in respect of the transaction contemplated under the Securities Business Disposal Agreement are less than 5% and the consideration shall be settled by cash, the Securities Business Disposal does not constitute a share transaction for the Company under Chapter 14 of the Listing Rules.

The Company will recognise a gain from the Securities Business Disposal of approximately HK\$12.49 million, which is calculated with reference to the consideration of the Securities Business Disposal of approximately HK\$12.85 million less the unaudited net book value of Glory Creator and its subsidiary as at 4 August 2016 of approximately HK\$0.36 million.

B. SPECIAL DEALS AND CONNECTED TRANSACTIONS

1. Listed Shares Disposal Agreement

Date : 27 August 2016 (as amended and supplemented by the Supplemental Listed Shares Disposal Agreement dated 4 October 2016)

Parties

vendor : the Company, being the legal and beneficial owner of the Listed Sale Shares

purchaser : Allied Summit Inc., a company incorporated in the BVI with limited liability

As at the date of the joint announcement, the Listed Shares Disposal Purchaser is the controlling shareholder of the Company and is beneficially owned as to approximately 80% by Mr. Su and 20% by Mr. Ng, thus a connected person of the Company.

Subject of the Listed Shares Disposal Agreement

Pursuant to the Listed Shares Disposal Agreement, the Company conditionally agreed to sell, and the Listed Shares Disposal Purchaser conditionally agreed to purchase (i) 5,426,900,000 IPIH Sale Shares (representing approximately 3.86% of the entire issued share capital of IPIH as at the date of this joint announcement) for a consideration of HK\$759,766,000 (equivalent to HK\$0.14 per IPIH Sale Share); and (ii) 29,600,000 KPM Sale Shares (representing approximately 0.93% of the entire issued share capital of KPM as at the date of this joint announcement) for a consideration of HK\$16,576,000 (equivalent to HK\$0.56 per KPM Sale Share).

Consideration for the Listed Sale Shares under the Listed Shares Disposal Agreement

The total consideration will be HK\$776,342,000 which comprises of (i) HK\$0.14 per IPIH Sale Share amounting to HK\$759,766,000 in total; and (ii) HK\$0.56 per KPM Sale Share amounting to HK\$16,576,000 in total will be settled by cash by the Listed Shares Disposal Purchaser upon the 1st Listed Shares Disposal Completion or the 2nd Listed Shares Disposal Completion (as the case may be), both of which shall be within 6 months from the Sale and Purchase Completion Date.

The consideration was determined after arm's length negotiations between the Company and the Listed Shares Disposal Purchaser and with reference to the reasons disclosed in the section headed "Reasons for the Listed Shares Disposal" below.

The (i) HK\$0.14 per IPIH Sale Share is equal to the closing price of IPIH Share as quoted on the Stock Exchange on 4 October 2016, being the date of entering into of the Supplemental Listed Shares Disposal Agreement; and (ii) HK\$0.56 per KPM Sale Share is equal to the closing price of KPM Share as quoted on the Stock Exchange on 4 October 2016, being the date of entering into of the Supplemental Listed Shares Disposal Agreement.

The Listed Shares Disposal Conditions

Listed Shares Disposal Completion is conditional upon the fulfillment of the following conditions:

- (a) the passing by the Independent Shareholders at the SGM to approve the Listed Shares Disposal Agreement and the transactions contemplated hereunder as a "special deal" under Rule 25 of the Takeovers Code;
- (b) the consent of the Executive in relation to the Listed Shares Disposal Agreement and transactions contemplated hereunder as a "special deal" under Rule 25 of the Takeovers Code having been obtained and not revoked prior to the Listed Shares Disposal Completion;
- (c) all necessary consents and approvals required to be obtained on the part of the Listed Shares Disposal Purchaser in respect of the Listed Shares Disposal Agreement and the transactions contemplated hereby having been obtained and remaining in full force and effect;

- (d) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Listed Shares Disposal Agreement and the transactions contemplated hereby having been obtained and remaining in full force and effect;
- (e) the sale and purchase of the Sale Shares under the Sale and Purchase Agreement having been completed;
- (f) the Company's warranties remaining true and accurate in all material respects; and
- (g) the Listed Shares Disposal Purchaser's warranties remaining true and accurate in all material respects.

As at the date of this joint announcement, save as disclosed in the Listed Shares Disposal Conditions (a) and (b), the Company and the Listed Shares Disposal Purchaser are not aware of any other consents or approvals are required to be obtained on their part in respect of the Listed Shares Disposal Agreement and the transactions contemplate thereby.

The Listed Shares Disposal Purchaser may waive the Listed Shares Disposal Conditions (f) at any time by notice in writing. The Company may waive the Listed Shares Disposal Conditions (g) at any time by notice in writing. The Listed Shares Disposal Conditions (a), (b), (c), (d) and (e) are incapable of being waived by the Listed Shares Disposal Purchaser and the Company. The Company shall use its reasonable endeavours to procure the fulfilment of the Listed Shares Disposal Conditions (a), (b), (d), (e) and (f), and the Listed Shares Disposal Purchaser shall use its reasonable endeavours to procure the fulfilment of the Listed Shares Disposal Conditions (c) and (g).

If the Listed Shares Disposal Conditions have not been satisfied (or, as appropriate, waived) on or before 4:00 p.m. on 31 December 2016 (or such later date as the Company and the Listed Shares Disposal Purchaser may agree), the Listed Shares Disposal Agreement shall cease and determine (save for otherwise agreed) and thereafter neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms thereof.

Information of IPIH and KPM

IPIH is a company listed on the Stock Exchange with stock code 1076. It is principally engaged in the development and operation of integrated resort on the Island of Saipan and processing and trading of food products which mainly include frozen and functional food products and sharing of profit stream from gaming business in Macau.

The financial information extracted from the audited accounts of IPIH for the two financial years ended 31 December 2014 and 31 December 2015 and the unaudited interim results of IPIH for the six months ended 30 June 2016 is as follows:

	Year ended 31 December 2014 (audited) (HK\$'000)	Year ended 31 December 2015 (audited) (HK\$'000)	Six months ended 30 June 2016 (unaudited) (HK\$'000)
Revenue	558,267	931,924	3,986,542
Profit/(Loss) before taxation	(1,558,351)	(84,370)	915,317
Profit/(Loss) for the year attributable to owners of the Company	(1,558,351)	(84,370)	837,330
Net assets	871,283	1,817,334	2,598,204

KPM is a company listed on the Stock Exchange of Hong Kong with stock code 8027. It is principally engaged in the design, fabrication, installation and maintenance of signage and related products in both the public and private sectors in Singapore.

The financial information extracted from the audited accounts of KPM for the two financial years ended 31 December 2014 and 31 December 2015 and the unaudited interim results of KPM for the six months period ended 30 June 2016 was as follows:

	Year ended 31 December 2014	Year ended 31 December 2015	Six months ended 30 June 2016
	(audited)	(audited)	(unaudited)
	(\$)	(\$)	(\$)
Revenue	11,850,088	11,384,339	5,032,619
Profit before taxation	2,828,211	517,924	796,175
Loss for the year attributable to owners of the Company	2,828,211	170,364	572,316
Net assets	5,013,867	12,930,696	13,503,012

Reasons for the Listed Shares Disposal

One of the Group's principal businesses is securities investments. The Directors consider that the (i) HK\$0.14 per IPIH Sale Share is equal to the closing price of IPIH Share as quoted on the Stock Exchange on 4 October 2016, being the date of entering into of the Supplemental Listed Shares Disposal Agreement; and (ii) HK\$0.56 per KPM Sale Share is equal to the closing price of KPM Share as quoted on the Stock Exchange on 4 October 2016, being the date of entering into of the Supplemental Listed Shares Disposal Agreement, in which the Company would record a breakeven based on the market price of IPIH Shares and KPM Shares on 4 October 2016. However, as the trading volume of the IPIH Share and KPM Share fluctuated and was generally thin thus it is uncertain as to whether there would be sufficient liquidity in IPIH Shares and KPM Shares for the Company to dispose of a significant number of the IPIH Sale Shares and KPM Sale Shares in the open market without depressing their share prices. Accordingly, the Board considers that the terms and conditions of the Listed Shares Disposal Agreement (including the completion arrangement thereunder) are fair and reasonable and in the interests of the Company, the Group and its shareholders as a whole.

Upon the Listed Shares Disposal, the Company will cease to hold any shares in IPIH and KPM, respectively.

Use of proceeds from the Listed Shares Disposal

The gross proceeds from the Listed Shares Disposal of HK\$776,342,000 will be utilised by the Company mainly for the general working capital purposes of the Group.

Financial Impact of the Listed Shares Disposal

Pursuant to the Listed Shares Disposal Agreement, the consideration of the Listed Shares Disposal of HK\$776,342,000 is attributable to (i) the disposal of IPIH Sale Shares of approximately HK\$759,766,000; and (ii) the disposal of KPM Sale Shares of approximately HK\$16,576,000. The Company will recognise a gain from the Listed Shares Disposal of approximately HK\$689,842,000, which is calculated with reference to the consideration of the Listed Shares Disposal of approximately HK\$776,342,000 less the Company's acquisition costs of (i) IPIH Sale Shares of approximately HK\$76,500,000 and; (ii) KPM Sale Shares of approximately HK\$10,000,000. As at 31 March 2016, the unaudited accounts of the Group for the net book value of the IPIH Sale Shares as at 31 March 2016 was approximately HK\$846,590,000. The Group has not acquired the KPM Sale Shares as at 31 March 2016.

Save for the Listed Shares Disposal Agreement and the Securities Business Disposal Agreement, as at the date of this joint announcement, the Company has not entered into any other agreements, arrangements, understandings, intention or negotiations about any acquisition and/or disposal of assets or businesses, or termination and/or downsizing of any business of the Group, other than in its ordinary course of business. Given that (i) the Group is principally engaged in the business of operation of P2P financing platform and other loan facilitation services, money lending and provision of credit businesses; and (ii) as stated in both the interim report for the six months ended 30 June 2016 and the annual report for the year ended 31 December 2015 of the Company, the revenue contributed by interest income from money lending and loan facilitation services accounted for more than 98% of the revenue of the Group from 1 January 2015 to 30 June 2016, there will be no material impact on the revenue of the Group and the Group will still have sufficient operations upon the Listed Shares Disposal and the Securities Business Disposal.

Further announcement(s) will be made by the Company in respect of the Listed Shares Disposal in accordance with the requirements of the Takeovers Code and the Listing Rules as and when appropriate.

2. Proposed Amendments to the Terms of Convertible Notes

References are made to the announcements of the Company dated 10 July 2015 and 20 October 2015 in relation to the P2P Acquisition.

On 20 October 2015, the Company issued the Convertible Notes in the principal amount of HK\$2,400,000,000 to Allied Summit pursuant to the P2P Acquisition. As at the date of this joint announcement, the outstanding principal amount of the Convertible Notes is HK\$2,182,400,000 which is convertible into 10,912,000,000 Conversion Shares at the conversion price of HK\$0.20 for each Conversion Share.

On 27 August 2016, the Company and Allied Summit entered into the CN Modification Deed (as amended and supplemented by the Supplemental CN Modification Deed dated 4 October 2016) pursuant to which the Company and Allied Summit have conditionally agreed to amend certain terms of the outstanding Convertible Notes.

Pursuant to the CN Modification Deed, the Proposed CN Amendments are conditional upon satisfaction of certain conditions. Further information on these conditions are set out in the section headed “Conditions to the Proposed CN Amendments” below.

The Proposed CN Amendments

The major amendments under the Proposed CN Amendments are summarised as follows:

	Existing terms of the Convertible Notes	The Proposed CN Amendments
<i>Transferability</i>	The Convertible Notes <i>shall be freely transferrable</i> provided that the Convertible Notes may not be transferred by the CN Holder(s) to any connected person (as defined in the Listing Rules on the Stock Exchange) of the Company without written consent of the Company.	<i>To be amended as:</i> The Amended and Restated Convertible Notes <i>shall not be freely transferrable</i> prior to 20 February 2020 and/or during the period commencing from 21 April 2020 and ending on 19 February 2024 (in the event that the Maturity Date (as defined below) is extended to 20 April 2024 pursuant to the conditions of the Amended and Restated Convertible Notes) except pursuant to (a) the CN Disposal (as defined below) or (b) with the written consent of the Company and, if so long as Huarong International Capital Limited, and/or any of its affiliates in aggregate hold not less than 30% of the issued share capital of the Company at the relevant time, the written consent of Huarong International Capital Limited.

Existing terms of the Convertible Notes

Conversion

- (i) Subject to the conversion restriction of the Convertible Notes each Convertible Notes shall entitle the CN Holder to convert the Convertible Notes into Shares credited as fully paid *at any time during the conversion period of the Convertible Notes*;

- (ii) Conversion *at the option of a CN Holder* provided that the conversion rights of the Convertible Notes 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 of the Convertible Notes can be maintained in accordance with the relevant provisions of the Listing Rules; and (ii) provided that any exercise by the CN Holder 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 CN Holder and parties acting concert with it.

The Proposed CN Amendments

- (i) *To be amended as:* Subject to the Conversion Restriction (as defined below), each Amended and Restated Convertible Notes shall entitle the CN Holder to convert the Amended and Restated Convertible Notes into Shares credited as fully paid on the Maturity Date (as defined below);

- (ii) *To be amended as:* The Conversion Right shall only be exercisable by the CN Holder *upon maturity of the Amended and Restated Convertible Notes*, so long as (a) 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 relevant provisions of the Listing Rules, (b) such conversion shall not result in (i) the CN Holder and the parties acting in concert with it triggering any mandatory general offer obligations under the Takeovers Code; or (ii) a change in control (as defined in the Takeovers Code) of the Company (the “**Conversion Restriction**”);

Existing terms of the Convertible Notes

The Proposed CN Amendments

- (iii) *To add:* In the event that there are Amended and Restated Convertible Notes remaining unconverted and outstanding by reason of Conversion Restriction on 20 April 2020, the maturity date of such Amended and Restated Convertible Notes shall be automatically extended for four (4) years (the “**CN Automatic Extension**”);

- (iv) *To add:* In the event that any principal amount of the Amended and Restated Convertible Notes will remain unconverted and outstanding (as determined by the auditors of the Company or a financial adviser which is independent from and not connected with the Company) on 20 February 2020 and, where applicable, 20 February 2024 (in the event that the Maturity Date (as defined below) is extended to 20 April 2024) (each a “**Determination Date**”) (the “**Remaining Notes**”), the Company shall inform the CN Holder(s) forthwith and in any event within two (2) Business Days of the relevant Determination Date. In such event, the CN Holder(s) may procure the disposal of all or any part of the Remaining Notes by way of placing by a placing agent, (the “**CN Disposal**”), provided that the CN Holder(s) shall first give notice (the “**CN Disposal Notice**”) in writing to the Company of its wish to proceed with a CN Disposal. The CN Disposal shall be carried out in accordance with the terms set out in the CN Disposal Notice to one or more parties in the following priority: (1) first, Huarong International Capital Limited or any of its affiliates which it may nominate, (2) second, the Offeror, and (3) third, other persons who are not connected person(s) of the Company.

Existing terms of the Convertible Notes

The Proposed CN Amendments

Adjustment

The principal changes under the Proposed CN Amendments are set out below:

- | | |
|---|---|
| (i) The Conversion Price is subject to adjustments upon the occurrence of rights issues of Shares or options over Shares, issues of Shares, issue of other securities and other offers to Shareholders <i>at a price per Share which is less than Current Market Price.</i> | (i) <i>To be amended as:</i> The Conversion Price is subject to adjustments upon the occurrence of rights issues of Shares or options over Shares, issues of Shares, issue of other securities and other offers to Shareholders <i>at a price per Share which is less than 90% of the Current Market Price.</i> |
| (ii) The Conversion Price is subject to adjustments upon the occurrence of modification of rights of conversion so that following such modification the consideration per Share receivable has been reduced and is less than the Current Market Price per Share. | (ii) <i>To remove:</i> The adjustment provisions on the Conversion Price upon the occurrence of <i>modification of rights of conversion.</i> |

“Current Market Price” means, in respect of a Share on a particular date, the average of the closing prices for one Share (being a Share carrying a full entitlement to dividends) for the 5 consecutive trading days ending on and including the trading day immediately preceding such date.”

Provisions relating to changes in Conversion Price

To add: No adjustment will be made on the Conversion Price when Shares or other securities (including rights or options) or securities which by their terms might be redesignated as Shares are issued to the relevant vendor in relation to any acquisition of assets or business by the Company or its subsidiaries except in the case of an issue at less than 90% of the Current Market Price.

Existing terms of the Convertible Notes

The Proposed CN Amendments

Undertakings

- (i) The Company undertakes that, save with the approval of a resolution of the holder(s) holding Convertible Notes representing, in the aggregate, not less than 50.1 per cent. of the aggregate principal amount of all Convertible Notes then outstanding:
 - (a) To procure that no securities issued without rights to convert into or exchange or subscribe for Shares shall subsequently be granted such rights *at a consideration per Share which is less than the Current Market Price per Share.*
- (i) The Company undertakes that: save with the approval of a resolution of the holder(s) holding Amended and Restated Convertible Notes representing, in the aggregate, not less than 50.1 per cent. of the aggregate principal amount of all Amended and Restated Convertible Notes then outstanding (the “**Majority Noteholder(s)**”):
 - (a) *To be amended as: so long as any of the Amended and Restated Convertible Notes in the amount of not less than HK\$1,000,000,000 remains outstanding, to procure that no securities issued without rights to convert into or exchange or subscribe for Shares shall subsequently be granted such rights at a consideration per Share which is less than 90% of the Current Market Price per Share.*
 - (b) *To add: so long as any Amended and Restated Convertible Notes in the amount of not less than HK\$1,000,000,000 remains outstanding, the Company shall not increase its issued share capital by over 25% in any single transaction or increase its issued share capital by over 50% in any financial year of the Company.*

Existing terms of the Convertible Notes

The Proposed CN Amendments

Maturity

The Convertible Notes is due and will mature on 20 October 2020.

To be amended as: The Amended and Restated Convertible Notes is due and will mature *on 20 April 2020 (or, if applicable, 20 April 2024 pursuant to the CN Automatic Extension)* (the “**Maturity Date**”).

Events of default

(i) if the Company does not perform or comply with any one or more of its other obligations in the Convertible Notes which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the Company by a CN Holder.

(i) *To be amended as:* if the Company breaches material obligation which *involves a monetary amount of not less than HK\$50,000,000* and which default is not remedied within 30 days after notice of such default shall have been given to the Company by a CN Holder.

(ii) Winding-up of, appointment of receiver of, seizure or expropriation of substantial part of the assets of, and cross default regarding an aggregate outstanding amount of at least HK\$50,000,000 committed by *the Company or any of its subsidiaries* would constitute an event of default.

(ii) *To be amended as:* Winding-up of, appointment of receiver of, seizure or expropriation of substantial part of the assets of and cross default regarding an aggregate outstanding amount of at least HK\$50,000,000 committed by the Company or *any of its subsidiaries with net assets value in excess of HK\$100,000,000* would constitute an event of default.

Conditions to the Proposed CN Amendments

The Proposed CN Amendments are conditional upon fulfilment of all the following conditions:

- (a) the Stock Exchange having approved the proposed amendments contemplated under the CN Modification Deed in accordance with Rule 28.05 of the Listing Rules and the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the maximum number of the Conversion Shares which may be allotted and issued upon exercise of the conversion right attaching to the Amended and Restated Convertible Notes;
- (b) the Independent Shareholders passing all necessary resolution(s) at the SGM approving, among other things, the CN Modification Deed and the transactions contemplated thereunder;
- (c) the passing of a resolution by the CN Holder, or being proxies or representatives in respect of the Convertible Notes and representing, in the aggregate, not less than 50.1 per cent. of the aggregate principal amount of the Convertible Notes then outstanding to approve the CN Modification Deed and the transactions contemplated thereunder;
- (d) (if required) the consent of the Executive in relation to the Proposed CN Modification as a “special deal” under Rule 25 of the Takeovers Code having been obtained; and
- (e) the obtaining of all necessary consents and approvals required to be obtained on the part of the Company and the CN Holder in respect of the proposed amendments contemplated under the CN Modification Deed.

As at the date of this joint announcement, save as the conditions set out in the sub-paragraph (a), (b), (c) and (d) above, the Company and the CN Holder are not aware of any other consents or approvals are required to be obtained on their part in respect of the proposed amendment contemplated under the CN Modification Deed.

The Company and the CN Holder shall use their respective best endeavours to ensure that the above conditions are satisfied as soon as possible after the date of entering into the CN Modification Deed but in any event no later than 31 December 2016 (the “**CN Modification Long Stop Date**”).

If any of the above conditions is not fulfilled on or before the CN Modification Long Stop Date, the provisions of the CN Modification Deed shall become null and void.

The Proposed CN Amendments shall become effective on the Business Day which the conditions to the Proposed CN Amendments as set above have been satisfied (the “**CN Modification Effective Date**”).

Shareholders’ approval for the Proposed CN Amendments

The proposed amendments to the terms and conditions of the Convertible Notes will be subject to the approval of the Independent Shareholders to be sought at the SGM.

Listing approval

No application has been or will be made by the Company for the listing of the Convertible Notes. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares that may be issued by the Company under the terms and conditions of the Convertible Notes as amended by the Proposed CN Amendments.

Reasons for and benefits for entering into the CN Modification Deed

The Company is an investment holding company, and through its subsidiaries, is principally engaged in the business of operation of P2P financing platform under the CAIJIA brand and other loan facilitation services, money lending and provision of credit.

The Proposed CN Amendments were arrived at after arm’s length negotiations between the Company and Allied Summit. Considering that (i) in the event of issue of any securities by the Company, the Conversion Price of the Amended and Restated Convertible Notes will only be adjusted if the issue prices of such additional securities is below 90% of the Current Market Price, which is more favourable to the Company as compared to that of the original Convertible Notes; (ii) other amendments to the terms of the Convertible Notes are in line with common market practice; and (iii) the restrictions on the transfer and conversion of the Convertible Notes do not prejudice the interest of the Company, the Board considers that the Proposed CN Amendments are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Further announcement(s) will be made by the Company in respect of the Proposed CN Amendments in accordance to the Takeovers Code and the Listing Rules as and when appropriate.

3. Right of First Offer

Pursuant to the terms of the Sale and Purchase Agreement, if the CN Chargor wishes to transfer or dispose of all or any part of the Convertible Notes or any interests therein, the Shares Vendor and the Guarantor shall procure that the CN Chargor shall comply with the Right of First Offer procedures.

Further announcement(s) will be made by the Company in respect of the Right of First Offer in accordance with the requirements of the Takeovers Code and the Listing Rules as and when appropriate.

4. Implications under the Listing Rules

Major and connected transaction – Listed Shares Disposal

As at the date of the joint announcement, the Listed Shares Disposal Purchaser is the controlling shareholder of the Company and is beneficially owned as to approximately 80% by Mr. Su and 20% by Mr. Ng, thus a connected person of the Company.

Accordingly, the transaction contemplated under the Listed Shares Disposal Agreement constitutes connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Listed Shares Disposal Agreement exceed 25% but less than 75%, the Listed Shares Disposal constitutes a major disposal for the Company pursuant to the Listing Rules.

Connected transaction – Proposed CN Amendments

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. Accordingly, the Proposed CN Amendments under the CN Modification Deed shall be subject to the approval of the Stock Exchange and the application for approval of the Proposed CN Amendments under the CN Modification Deed will be submitted by the Company to the Stock Exchange as soon as possible.

As at the date of this joint announcement, Allied Summit is the controlling shareholder of the Company and is beneficially owned as to approximately 80% by Mr. Su and 20% by Mr. Ng, thus a connected person of the Company. Therefore, the entering into of the CN Modification Deed constitutes a connected transaction of the Company and will be subject to the approval of the Independent Shareholders taken by way of poll at the SGM.

5. Implications under the Takeovers Code

Since the Listed Shares Disposal, the Proposed CN Amendments, the CN Transfer and the Right of First Offer are not capable of being extended to all Shareholders, each of the Listed Shares Disposal, the Proposed CN Amendments, the CN Transfer and the Right of First Offer also constitutes a special deal under Rule 25 of the Takeovers Code. As the obtaining of such consent is one of the Sale and Purchase Conditions, the Sale and Purchase Completion will not take place if such consent is not obtained at or before the Sale and Purchase Long Stop Date (or such later date as the Offeror and the Shares Vendors may agree in writing).

Ordinary resolutions will be proposed at the SGM to be held and convened for the Independent Shareholders to consider and if thought fit, approve the entering into of the Listed Shares Disposal Agreement, the CN Modification Deed, the CN Transfer Agreement and the Right of First Offer and the transactions contemplated thereunder.

The Special Deals constitute special deal(s) pursuant to Rule 25 of the Takeovers Code which will require the consents of the Executive as well as the Independent Shareholders' approval which may or may not be obtained. Further announcement(s) setting out the details of the transactions contemplated under the Special Deals which include the Listed Shares Disposal Agreement, the Proposed CN Amendments, the CN Transfer Agreement and the Right of First Offer, will be made by the Company in accordance with the requirements of the Takeovers Code and the Listing Rules as and when appropriate.

C. CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a table showing the shareholding structure of the Company (i) as at the date of this joint announcement; (ii) immediately upon the Sale and Purchase Completion and assuming no conversion of the Amended and Restated Convertible Notes; and (iii) for illustrative purposes, immediately upon the Sale and Purchase Completion and assuming full conversion of the Amended and Restated Convertible Notes and no Reduction Amount is required to be offset/satisfied. The figures below have not taken into account the level of acceptance of the Offer.

	(i) As at the date of this joint announcement		(ii) Immediately upon the Sale and Purchase Completion and CN Transfer Completion and assuming no conversion of the Amended and Restated Convertible Notes		(iii) For illustrative purposes, immediately upon the Sale and Purchase Completion and CN Transfer Completion (assuming full conversion of the Amended and Restated Convertible Notes and no Reduction Amount is required to be offset/satisfied) <small>(Note 2)</small>	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
The Offeror and parties acting in concert:						
– The Offeror	–	–	2,128,560,000	55.00	2,128,560,000	14.40
– Former Limited Partner <small>(Note 3)</small>	7,520,000	0.20	7,520,000	0.20	7,520,000	0.05
– The Guarantor	64	0.00	64	0.00	10,912,000,064	73.82
– Shares Vendor	2,709,219,755	70.00	580,659,755	15.00	580,659,755	3.93
Sub-total	2,716,739,819	70.20	2,716,739,819	70.20	13,628,739,819	92.20
Independent Shareholders	1,153,362,831	29.80	1,153,362,831	29.80	1,153,362,831	7.80
Total	3,870,102,650	100.00	3,870,102,650	100.00	14,782,102,650	100.00

Notes:

1. The percentages are subject to rounding difference, if any.
2. The shareholding structure set out in this column is shown for illustration purpose only. Pursuant to conversion restrictions under the terms and conditions of the Amended and Restated Convertible Notes, no conversion right may be exercised if (i) as a result of the relevant exercise of the conversion rights, the CN Chargor and/or parties acting in concert with it would trigger a mandatory general offer obligation under Rule 26 of the Takeovers Code; and (ii) such exercise would result in the public float of the Shares being less than 25% (or any given percentage as required by the Listing Rules).
3. On 30 September 2016, the Former Limited Partner entered into a transfer agreement to transfer his entire limited partnership interest of 5.09% in the Offeror to another existing limited partner of the Offeror. Such transfer was completed on 30 September 2016. For the avoidance of doubt, the 7,520,000 Shares held by the Former Limited Partner will be subject to the Offer.

D. POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, the Offeror and parties acting in concert with it are interested in 2,716,739,819 Shares (including 7,520,000 Shares held by the Former Limited Partner, 64 Shares held by Mr. Ma and 2,709,219,755 Shares held by the Shares Vendor). Upon the Sale and Purchase Completion assuming no other changes to the issued share capital of the Company from the date of this joint announcement up to and including the Sale and Purchase Completion Date and before conversion of any outstanding Amended and Restated Convertible Notes, the Offeror and parties acting in concert with it will be interested in 2,716,739,819 Shares (including (i) 2,128,560,000 Shares to be held by the Offeror; (ii) 7,520,000 Shares held by the Former Limited Partner; and (iii) 64 Shares held by Mr. Ma and 580,659,755 Shares will remain to be held by the Shares Vendor), representing approximately 70.20% of the entire issued share capital of the Company. Subject to Sale and Purchase Completion, the Undertakings; and Mr. Ma Undertaking, given that the Offeror will hold approximately 55.00% of the shareholding interest of the Company, the Offeror will therefore be required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares which are not already owned or agreed to be acquired by it and parties acting in concert with it.

For the avoidance of doubt, the 7,520,000 Shares held by the Former Limited Partner will be subject to the Offer.

As at the date of this joint announcement, the Company has 3,870,102,650 Shares in issue and the outstanding Convertible Notes in the principal amount of HK\$2,182,400,000. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement. The Offer, when made, will be unconditional in all respects.

Upon Sale and Purchase Completion and CN Transfer Completion, the Shares Vendor will remain holding 580,659,755 Shares, representing approximately 15.00% of the issued capital of the Company as at the date of this joint announcement and cease to hold any Convertible Notes (if applicable, as amended by the CN Modification Deed).

Pursuant to the Sale and Purchase Agreement, each of the Shares Vendor and the Guarantor undertakes that each of the Shares Vendor and the Guarantor will not, and procure that the CN Chargor not to accept the Offer if made by the Offeror in respect of the Convertible Notes (if applicable, as amended by the CN Modification Deed) and the remaining Shares held by the Shares Vendor after Sale and Purchase Completion. As the Amended and Restated Convertible Notes held by the CN Chargor (upon completion of the CN Transfer Agreement) represent all the outstanding Amended and Restated Convertible Notes, the Offeror will not make any offer for the outstanding Amended and Restated Convertible Notes and Mr. Ma has irrevocably undertaken that he would not

accept the Offer in respect of the Shares held by himself upon the Sale and Purchase Completion. Details of the aforesaid undertaking is set out in the sub-section headed “The Undertakings” and “Mr. Ma Undertaking” under the section headed “A. The Sale and Purchase Agreement” in this joint announcement.

The Offer will only be made if the Sale and Purchase Completion takes place. The Sale and Purchase Completion is conditional upon the fulfillment or waiver (where applicable) of the Sale and Purchase Agreement Conditions. Accordingly, the Sale and Purchase Agreement may or may not be completed and the Offer may or may not proceed. The Shareholders and potential investors are therefore urged to exercise caution when dealing in the Shares.

Subject to Sale and Purchase Completion, Kingston Securities will, on behalf of the Offeror and in compliance with the Takeovers Code, make the Offer on the following basis to acquire all the Sale Shares on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.3 in cash

The Offer Price of HK\$0.3 per Offer Share represents and equals to the highest purchase price per Share paid by the Offeror and parties acting in concert with it (due to purchases of the Shares made by the Former Limited Partner, who was a party acting in concert with the Offeror when the Former Limited Partner was a limited partner of the Offeror) during the six months prior to commencement of the Offer Period pursuant to Rule 26.3 of the Takeovers Code.

For the avoidance of doubt, the Offer Price will not be reduced in the event that the Initial Consideration for the Sale Shares is adjusted pursuant to the Sale and Purchase Agreement.

Based on the Offer Price of HK\$0.3 per Offer Share and 3,870,102,650 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at approximately HK\$1,161,030,795.0.

The Offer will be made to all Shareholders (other than the Offeror). Based on the Offer Price of HK\$0.3 per Offer Share and 1,741,542,650 Shares not already owned or agreed to be acquired by the Offeror, the Offer is valued at HK\$522,462,795.

Pursuant to the Sale and Purchase Agreement and the Undertakings, each of the Shares Vendor and the Guarantor will not, and procure that the CN Chargor will not accept the Offer if made by the Offeror in respect of the Convertible Notes (if applicable, as amended by the CN Modification Deed); the remaining Shares held by the Shares Vendor after Sale and Purchase Completion.

Pursuant to the Mr. Ma Undertaking, Mr. Ma has irrevocably undertaken to the Offeror that he will not (i) dispose of, and/or pledge to any other parties and/or transfer and/or otherwise make these 64 Shares available for acceptance for the Offer; and (ii) accept the Offer in respect of these 64 Shares.

Details of the Undertakings and the Mr. Ma Undertaking are set out under the sub-section headed “The Undertakings” and “Mr. Ma Undertaking” under the section headed “A. The Sale and Purchase Agreement” of this joint announcement. In light of the Undertakings, (i) the Offer will not be extended to the Convertible Notes; (ii) the Shares Vendor has undertaken not to accept the Offer in respect of the 580,659,755 Shares which will remain to be held by it upon the Sale and Purchase Completion; and (iii) Mr. Ma has undertaken not to accept the Offer in respect of the 64 Shares held by him.

The Offer, subject to the Sale and Purchase Completion, will be unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

Comparisons of value

The Offer Price of HK\$0.3 per Offer Share represents:

- (i) a discount of approximately 48.28% to the closing price of the Shares of HK\$0.58 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 46.24% to the average closing price of the Shares of approximately HK\$0.558 per Share for the five consecutive Trading Days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 45.55% to the average closing price of the Shares of approximately HK\$0.551 per Share for the 10 consecutive Trading Days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 41.18% to the average closing price of the Shares of approximately HK\$0.51 per Share for the 30 consecutive Trading Days immediately prior to and including the Last Trading Day;

- (v) a discount of approximately 71.43% to the unaudited consolidated net assets value attributable to equity holders of the Company of approximately HK\$1.05 per Share as at 30 June 2016 and 3,870,102,650 Shares in issue as at the date of this joint announcement; and
- (vi) a discount of approximately 71.96% to the audited consolidated net assets value attributable to equity holders of the Company of approximately HK\$1.07 per Share as at 31 December 2015 and 3,870,102,650 Shares in issue as at the date of this joint announcement.

Highest and lowest Share price

During the six-month period immediately preceding 5 July 2016 and the period up to and including the Last Trading Day, the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.215 per Share on 18 February 2016 and the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.61 per Share on 10 August 2016.

Financial resources available to the Offeror

The Offeror intends to finance the cash consideration payable under the Offer and the consideration of the Sale and Purchase Agreement by its internal resources and a facility granted by Kingston Securities. Both Lego and Kingston Corporate Finance, being the joint financial advisers to the Offeror, are satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offer and the consideration of the Sale and Purchase Agreement.

Effect of accepting the Offer

The Offer, subject to the Sale and Purchase Completion taking place, will be unconditional.

By validly accepting the Offer, the accepting Shareholders will sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights attached to them, including the rights to receive all dividends and distribution declared, made or paid on or after the date on which the Offer is made, being the date of posting of the Composite Document.

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions recommended, declared, made or paid, if any, on or after the date on which the Offer is made. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to Shareholders who accept the Offer. The Offeror will bear its own portion of buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptances or if higher, the market value of the Shares, and will be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Offer.

Payment

Payment in cash in respect of acceptance of the Offer will be made as soon as possible but in any event within seven business days (as defined under the Takeovers Code) of the date on which the duly completed acceptance of the Offer and the relevant documents of title in respect of such acceptance are received by or for the Offeror.

Overseas Shareholders

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, the overseas Shareholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should satisfy themselves about and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of the overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction for accepting the Offer).

Any acceptance by any Shareholder will be deemed to constitute a representation and warranty from such Shareholder to the Offeror that the local laws and requirements have been complied with. The Shareholders should consult their professional advisers if in doubt.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Lego, Kingston Corporate Finance and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Dealing in the Company's securities

Save for (i) a total of 4,080,000 Shares purchased by the Former Limited Partner at prices between HK\$0.27 and HK\$0.3 per Share; (ii) a total of 32,560,000 Shares sold by the Former Limited Partner at prices between HK\$0.6 and HK\$0.62 per Share; and (iii) the sales and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement and the sale and purchase of the Convertible Notes pursuant to the CN Transfer Agreement, none of the Offeror, its ultimate beneficial owners, nor parties acting in concert with any of them (including the Shares Vendor, Mr. Su, Mr. Ng, the Guarantor and the CN Chargor) has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to and including the date of this joint announcement.

Other arrangements

The Offeror confirms that, save as disclosed in this joint announcement, as at the date of this joint announcement:

- (i) the Offeror, its ultimate beneficial owners, and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer;
- (ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owners and/or any person acting in concert with any of them;

- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Sale and Purchase Agreement, the Listed Shares Disposal Agreement, the CN Modification Deed and the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (iv) none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (v) there is no agreement or arrangement to which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Sale and Purchase Agreement, the Listed Shares Disposal Agreement, the CN Modification Deed and the Offer; and
- (vi) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or any person acting in concert with any of them has borrowed or lent.

Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offer that will be included in the Composite Document before deciding whether or not to accept the Offer.

Offeror's intention on the Company

Business

The Offeror intends to continue the principal business of the Group, which comprises of the operation of P2P financing platform under the CAIJIA brand and other loan facilitation services, money lending and provision of credit.

The Offeror will, following completion of the Offer, conduct a detailed review of the operations of the Group with a view to developing corporate strategy to broaden its income stream, which may include expansion of the scope of business of the Group should appropriate opportunities arise. As at the date of this joint announcement, save for the transactions contemplated under the Listed Shares Disposal Agreement and the Securities Business Disposal Agreement, the Offeror has no intention to introduce any

major changes to the business of the Group or to dispose of or re-deploy the assets of the Group, other than in the ordinary course of business of the Group, following completion of the Offer. Save for the proposed change of board composition as set out below, the Offeror does not currently intend nor does it have any existing plans to terminate the employment of any of the employees or other personnel of the Company.

Maintaining the listing status of the Company

The Offeror has no intention to privatise the Company and intends to maintain the listing of the Shares on the Stock Exchange. The Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the entire issued share capital of the Company will continue to be held by the public at all times.

If, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

Proposed change of Board composition

The Board is currently made up of seven Directors, comprising four executive Directors and three independent non-executive Directors. It is expected that after completion of the Offer, all of the seven Directors will resign. The Offeror intends to nominate new Directors to the Board at the earliest time as allowed under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules. Further announcement(s) will be made upon any changes to the directorship of the Company.

E. INFORMATION ON THE GROUP

The Company is an investment holding company, and through its subsidiaries, is principally engaged in the business of operation of P2P financing platform under the CAIJIA brand and other loan facilitation services, money lending and provision of credit and securities investments.

The following table is a summary of certain financial information of the Group extracted from the respective published annual report of the Company for the two financial years ended 31 December 2014 and 31 December 2015 and the unaudited interim results of the Company for the six months period ended 30 June 2016.

	Year ended 31 December 2014	Year ended 31 December 2015	Six months ended 30 June 2016
	(audited) (HK\$'000)	(audited) (HK\$'000)	(unaudited) (HK\$'000)
Revenue	65,165	102,490	187,973
Gross profit	64,234	101,072	187,192
Profit/(Loss) before taxation	(20,022)	(143,875)	100,714
Profit/(Loss) for the year attributable to owners of the Company	(26,008)	(148,282)	87,822
Net assets attributable to owners of the Company	1,512,166	4,127,738	4,054,672

F. INFORMATION ON THE OFFEROR

The Offeror, Huarong Financial Services Asset Management L.P., a Cayman Islands limited partnership, is a private equity fund organised for the purpose of investing in listed companies which are principally engaged in online financing. The committed fund size of the Offeror is approximately HK\$756.0 million. The general partner of the Offeror is Huarong International Capital Limited (the “**General Partner**”), which is a Cayman Islands exempted limited liability company. As at the date of this joint announcement, the directors of the General Partner were Mr. Bai Tianhui and Mr. Han Binke. The General Partner is wholly-owned by China Huarong International Holdings Limited (“**China Huarong International**”), an investment holding company which is in turn held as to 88.1% by Huarong Real Estate Co., Ltd. (“**Huarong Real Estate**”) and as to 11.9% by Huarong Zhiyuan Investment & Management Co., Ltd. (“**Huarong Zhiyuan**”). China Huarong International is the international platform of China Huarong (as defined below) and its management is substantially independent of China Huarong. Each of Huarong Real Estate and Huarong Zhiyuan is wholly-owned by China Huarong Asset Management Co., Ltd., the shares of which is listed on the Stock Exchange (stock code: 2799) (“**China Huarong**”). China Huarong is principally engaged in providing financial asset management in the PRC, including distressed asset management, financial services and asset management and investment.

On 30 September 2016, the Former Limited Partner entered into a transfer agreement to transfer his entire limited partnership interest of 5.09% in the Offeror to another existing limited partner of the Offeror. Such transfer was completed on 30 September 2016.

The Offeror is the purchaser in the Sale and Purchase Agreement.

Save for 7,520,000 Shares held by the Former Limited Partner, 64 Shares held by Mr. Ma and 2,709,219,755 Shares held by the Shares Vendor, and Mr. Ma’s and the Shares Vendor’s interests in the Convertible Notes (if applicable, as amended by the CN Modification Deed) subject to completion of the CN Transfer Agreement, each of the Offeror and its ultimate beneficial owners, and each of the limited partners of the Offeror are third parties independent of the Company and its connected persons.

G. GENERAL

SGM

The SGM will be held for the purpose of considering and, if thought fit, approving the relevant resolutions in respect of the Listed Shares Disposal, the Proposed CN Amendments, the CN Transfer and the Right of First Offer by way of poll.

Establishment of the Independent Board Committee

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Wong Chun Hung, Zheng Zhen and To Langa Samuelson, to make recommendation to (i) the Independent Shareholders in respect of the Special Deals and the transactions contemplated thereunder; and (ii) the Independent Shareholders in respect of the Offer, as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

An independent financial adviser will be appointed to make recommendations to (i) the Independent Board Committee and the Independent Shareholders in respect of Special Deals and the respective transactions contemplated thereunder; and (ii) the Independent Board Committee in respect of whether the Offer is fair and reasonable for and as to acceptance. The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee in respect of the Special Deals and the transactions contemplated thereunder will be included in the Circular. The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee in respect of the Offer, in particular, as to whether the Offer is, or is not, fair and reasonable and as to its acceptance, will be included in the Composite Document.

Despatch of Composite Document

Pursuant to the Takeovers Code, within 21 days after the date of this joint announcement or such later date as the Executive may approve, the Offeror is required to despatch an offer document in relation to the Offer and the Company is required to send to Shareholders within 14 days of the posting of the offer document a circular containing, among other things, financial information of the Company, information as required under the Takeovers Code, together with any other information the Company considers to be relevant to enable Shareholders to reach a properly informed decision on the Offer. It is the intention of the Offeror and the Board that the offer document and the offeree board circular in respect of the Offer be combined in the Composite Document. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the consent of the Executive is

required if the making of the Offer is subject to the prior fulfillment of certain pre-conditions and the pre-conditions cannot be fulfilled within the time period required by Rule 8.2 of the Takeovers Code. As the making of the Offer is conditional upon completion of the Special Deals and the Sale and Purchase Completion, it is expected that an application will be made to the Executive to extend the deadline for the despatch of the Composite Document, together with the form(s) of acceptance and transfer, to a date within 7 days upon the Special Deals become unconditional and the Sale and Purchase Completion or such later date as the Executive may approve. Further announcement(s) will be made by the Offeror and the Company on the timing of the despatch of the Composite Document.

Dealing disclosure

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined under the Takeovers Code and including a person who owns or controls 5% or more of any class of relevant securities) of the Company and the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

H. RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 29 August 2016 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 6 October 2016.

WARNING: FURTHER ANNOUNCEMENT(S), WHICH SET OUT DETAILS OF THE SPECIAL DEALS AND THE TRANSACTIONS CONTEMPLATED THEREUNDER, WILL BE MADE BY THE COMPANY AS AND WHEN APPROPRIATE. THE OFFER IS A POSSIBILITY ONLY. AS THE OFFER WILL ONLY BE MADE, AMONG OTHERS, UPON THE SPECIAL DEALS BECOME UNCONDITIONAL AND AFTER THE SALE AND PURCHASE COMPLETION, ALL OF WHICH ARE SUBJECT TO A NUMBER OF CONDITIONS, THE OFFER MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE THEREFORE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES OF THE COMPANY, AND IF THEY ARE IN DOUBT, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following terms have the meanings set out below:

- “1st Listed Shares Disposal Completion” : first completion of the sale and purchase of not less than 50% of the Listed Sale Shares in accordance with the terms and conditions of the Listed Shares Disposal Agreement
- “2nd Listed Shares Disposal Completion” : second completion of the sale and purchase of the remaining Listed Sale Shares after the 1st Listed Shares Disposal Completion in accordance with the terms and conditions of the Listed Shares Disposal Agreement
- “2015 VSA Circular” : the circular of the Company dated 29 September 2015 in relation to the P2P Acquisition

- “2015 VSA Sale and Purchase Agreement” : the conditional sale and purchase agreement dated 20 May 2015 in relation to the P2P Acquisition (as supplemented by a supplemental agreement dated 10 July 2015) entered into among the Company, Allied Summit and Mr. Su
- “acting in concert” : has the meaning ascribed to it under the Takeovers Code
- “Adjusted Actual NAV” : the net asset value of the Group based on the audited financial statements of the Group as at the Sale and Purchase Completion with adjustments to be made in accordance with paragraphs (i) to (v) under the sub-section headed “Adjustment of the consideration for the Sale Shares” under the section headed “A. The Sale and Purchase Agreement” in this joint announcement
- “Allied Summit” : Allied Summit Inc., a company incorporated in the BVI with limited liability, which beneficially holds 2,709,219,755 Shares, representing approximately 70.0% of the entire issued share capital of the Company, and the Convertible Notes of HK\$2,182,400,000 as at the date of this joint announcement
- “Amended and Restated Convertible Notes” : the amended and restated Convertible Notes in the aggregate outstanding principal amount of HK\$2,182,400,000 pursuant to the CN Modification Deed
- “associate” : has the meaning ascribed to it in the Takeovers Code
- “Bermuda” : the Islands of Bermuda
- “Board” : the board of Directors

- “Business Day(s)” : a day on which banks in Hong Kong are open for business, other than:–
- (i) a Saturday or a Sunday; or
- (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
- “BVI” : the British Virgin Islands
- “Circular” : a circular of the Company, which will contain, among other things, details of the Listed Shares Disposal Agreement, the CN Modification Deed, the CN Transfer Agreement and the Right of First Offer, the letter of recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Listed Shares Disposal Agreement, the CN Modification Deed, the CN Transfer Agreement and the Right of First Offer and the respective transactions contemplated thereunder, and a notice convening the SGM to be despatched to the Shareholders
- “CN Chargor” : Triple Sino Limited (三華有限公司), a company incorporated in the BVI with limited liability and is wholly-owned by the Guarantor
- “CN Holder(s)” : holder(s) of the Convertible Notes or the Amended and Restated Convertible Notes
- “CN Modification Deed” : the modification deed dated 27 August 2016 entered into between the Company and the CN Holder in relation to the Proposed CN Amendments (as amended and supplemented by the Supplemental CN Modification Deed)
- “CN Transfer” : the sale and purchase of the Convertible Notes (if applicable, as amended by the CN Modification Deed) in accordance to the CN Transfer Agreement

- “CN Transfer Agreement” : the conditional sale and purchase agreement dated 27 August 2016 (as amended and supplemented by the Supplemental CN Transfer Agreement) entered into among the Shares Vendor, CN Chargor and the Guarantor in relation to the sale and purchase of the Convertible Notes (if applicable, as amended by the CN Modification Deed) completion of the sale and purchase of the First Tranche Sale CNs or the Second Tranche Sale CNs (as the case may be) in accordance with the terms and conditions of the CN Transfer Agreement
- “CN Transfer Completion” : completion of the sale and purchase of the First Tranche Sale CNs or the Second Tranche Sale CNs (as the case may be) in accordance with the terms and conditions of the CN Transfer Agreement
- “Company” : Pacific Plywood Holdings Limited (Stock Code: 767), a company incorporated in Bermuda and the Shares of which are listed on the Main Board of the Stock Exchange
- “Completion Accounts” : combined statements of (i) financial position of the Group; (ii) the net asset value of the Group based on the audited financial statements of the Group; and (iii) cash and bank balances of the Group as at Sale and Purchase Completion Date
- “Composite Document” : the composite offer and response document in respect of the Offer to be jointly despatched by the Offeror and the Company in accordance with the Takeovers Code containing, amongst other things, the detailed terms of the Offer
- “connected person(s)” : has the meaning ascribed to it in the Listing Rules
- “controlling shareholder” : has the meaning ascribed to it in the Listing Rules
- “Conversion Price” : the initial conversion price of HK\$0.2 per Conversion Share

- “Convertible Notes” : the convertible note or notes in the aggregate outstanding principal amount of HK\$2,182,400,000 due in 2020 issued by the Company dated 20 October 2015, including for the avoidance of doubt, such Convertible Notes as amended modified or supplemented from time to time (including the amendments pursuant to the Proposed CN Amendments) and any extension thereof
- “Convertible Notes Charge” : a first ranking security document to be entered into between the CN Chargor and the Offeror in respect of the Convertible Notes (if applicable, as amended by the CN Modification Deed) in favour of the Offeror to secure the performance of the obligations of the Shares Vendor under the Sale and Purchase Agreement, the CN Modification Deed, the Share Charge and the tax deed, on terms approved by the Offeror
- “Conversion Right(s)” : the right(s) of the holder(s) of the Convertible Notes or the Amended and Restated Convertible Notes to convert the whole or part of the outstanding principal amount of the Convertible Notes or the Amended and Restated Convertible Notes into Conversion Shares, subject to the terms of the Convertible Notes or the Amended and Restated Convertible Notes, respectively
- “Conversion Shares” : up to 10,912,000,000 new Shares 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\$2,182,400,000
- “Director(s)” : the director(s) of the Company
- “Draft Law” : the draft Foreign Investment Law published by the Ministry of Commerce of the PRC
- “Encumbrances” : any pledge, charge, lien (otherwise than arising by statute or operation of law), option, other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale and purchase, sale-and-leaseback arrangement over or in any property, assets or rights of whatsoever nature or interest or any agreement for any of the same

“Executive”	:	Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“General Partner”	:	Huarong International Capital Limited, a Cayman Islands exempted limited liability company, being the general partner of the Offeror
“Glory Creator”	:	Glory Creator Limited, an investment holding company incorporated in Hong Kong with limited liability and is wholly-owned by the Company
“Group”	:	the Company and its subsidiaries
“Guaranteed Profit”	:	the guaranteed profit of the audited consolidated profit before tax of Katar Global Group (excluding any extraordinary items) of HK\$350,000,000 from 1 January 2016 to 31 December 2016 as set out in the 2015 VSA Sale and Purchase Agreement
“Guarantor”	:	Mr. Ma
“Hong Kong”	:	the Hong Kong Special Administrative Region of the PRC
“Huarong International”	:	Huarong International Financial Holdings Limited (華融國際金融控股有限公司), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on Main Board of the Stock Exchange (Stock Code: 993) (subject to any share subdivision which may be announced by Huarong International)
“Huarong International Shares”	:	ordinary share(s) of Huarong International

- “Independent Board Committee” : the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Wong Chun Hung, Mr. Zheng Zhen and Mr. To Langa Samuelson, which has been established by the Company to make recommendation to (i) the Independent Shareholders in respect of Special Deals and the transactions contemplated thereunder; and (ii) the Independent Shareholders in respect of whether the Offer is fair and reasonable and as to acceptance.
- “Independent Financial Adviser” : an independent financial adviser, to be appointed by the Independent Board Committee to make recommendations to (i) the Independent Board Committee and the Independent Shareholders in respect of Special Deals and the transactions contemplated thereunder; and (ii) the Independent Board Committee in respect of whether the Offer is fair and reasonable and as to acceptance
- “Independent Shareholder(s)” : Shareholders other than (i) the Shares Vendor, the CN Holder, the CN Chargor, the Guarantor, their associates and parties acting in concert with any of them, (ii) the Offeror and its ultimate beneficial owner, their respective associates and parties acting in concert with any of them (including the Former Limited Partner), and (iii) those who are involved in or interested in the Sale and Purchase Agreement, the Listed Shares Disposal Agreement, the CN Modification Deed, the CN Transfer Agreement and the Right of First Offer and the transactions contemplated therein will be required to abstain from voting in respect of the resolution(s) approving the Listed Shares Disposal, the Proposed CN Amendments, the CN Transfer and the Right of First Offer and the transactions contemplated thereunder at the SGM.
- “Initial Consideration” : the aggregate consideration of HK\$304,384,080 for the Sale Shares pursuant to the Sale and Purchase Agreement, which may be subject to downward adjustment set out in the sub-section headed “Adjustment of the consideration for the Sale Shares” under the section headed “A. Sale and Purchase Agreement” in this joint announcement

“IPIH”	:	Imperial Pacific International Holdings Limited (Stock Code: 1076), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“IPIH Sale Shares”	:	5,426,900,000 IPIH Shares and in case of consolidation or subdivision, the securities into which the IPIH Sale Shares have been consolidated or subdivided (subject to any share subdivision which may be announced by IPIH)
“IPIH Shares”	:	ordinary share(s) of IPIH
“Joy Wealth Finance”	:	Joy Wealth Finance Limited, a company incorporated in Hong Kong with limited liability
“Kingston Corporate Finance”	:	Kingston Corporate Finance Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being one of the joint financial advisers to the Offeror
“Kingston Securities”	:	Kingston Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activity under the SFO
“KPM”	:	KPM Holding Limited (Stock Code: 8027), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“KPM Sale Shares”	:	29,600,000 KPM Shares and in case of consolidation or subdivision, the securities into which the KPM Sale Shares have been consolidated or subdivided
“KPM Shares”	:	ordinary share(s) of KPM
“Last Trading Day”	:	26 August 2016, being the last trading day for the Shares immediately prior to the suspension in the trading of the Shares on the Stock Exchange pending the publication of this joint announcement

- “Lego” : Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being one of the joint financial advisers to the Offeror
- “Listed Sale Shares” : together, the IPIH Sale Shares and KPM Sale Shares
- “Listed Shares” : together, the IPIH Shares, KPM Shares, Huarong International Shares and Renhe Commercial Shares
- “Listed Shares Disposal” : the disposal of the Listed Sale Shares by the Company to Listed Shares Disposal Purchaser pursuant to the Listed Shares Disposal Agreement
- “Listed Shares Disposal Agreement” : the conditional sale and purchase agreement dated 27 August 2016 (as amended and supplemented by the Supplemental Listed Shares Disposal Agreement) entered into between the Company as vendor and the Listed Shares Disposal Purchaser as purchaser in respect of the Listed Shares Disposal at an aggregate consideration of HK\$776,342,000
- “Listed Shares Disposal Completion” : completion of the Listed Shares Disposal and the transactions contemplated under the Listed Shares Disposal Agreement
- “Listed Shares Disposal Condition(s)” : the condition(s) precedent to the Listed Shares Disposal Completion, further details of which are set out in the section headed “B. Disposal Agreement and Special Deals — Conditions precedent to the Listed Shares Disposal Agreement” of this joint announcement
- “Listed Shares Disposal Purchaser” : Allied Summit
- “Listing Rules” : the Rules Governing the Listing of Securities on the Stock Exchange

- “Main Board” : Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
- “Mr. Ma” : Mr. Ma Hongyi, an individual being the guarantor under the Sale and Purchase Agreement and CN Transfer Agreement
- “Mr. Ma Undertaking” : an irrevocable undertaking dated 4 October 2016 given by Mr. Ma in favour of the Offeror
- “Mr. Ng” : Mr. Ng Kwok Fai, who as at the date of this joint announcement (i) was the ultimate beneficial owner holding 20% of the issued share capital of Allied Summit, which was beneficially holding 2,709,219,755 Shares, representing approximately 70.0% of the entire issued share capital of the Company; and (ii) personally did not hold any Shares or other securities in the Company
- “Mr. Su” : Mr. Su Weibiao, who as at the date of this joint announcement (i) was the ultimate beneficial owner holding 80% of the issued share capital of Allied Summit, which was beneficially holding 2,709,219,755 Shares, representing approximately 70.0% of the entire issued share capital of the Company; and (ii) personally did not hold any Shares or other securities in the Company
- “Offer” : the possible mandatory unconditional cash offer to be made by Kingston Securities on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror) in accordance with the Takeovers Code
- “Offer Period” : has the meaning ascribed to it under the Takeovers Code
- “Offer Price” : the price at which the Offer will be made, being HK\$0.3 per each Offer Share
- “Offer Share(s)” : Share(s) not already owned or agreed to be acquired by the Offeror

- “Offeror” : Huarong Financial Services Asset Management L.P., a Cayman Islands exempted limited partnership
- “Overseas Shareholders” : Shareholder(s) whose address(es) as stated in the register of members of the Company is or are outside Hong Kong
- “P2P Acquisition” : the acquisition of 96% of the entire issued share capital of Katar Global Limited and its subsidiaries from Allied Summit by the Group as completed on 20 October 2015
- “Proposed CN Amendments” : the proposed amendment of certain terms and conditions of the outstanding Convertible Notes pursuant to the CN Modification Deed (as amended and supplemented by the Supplemental CN Modification Deed)
- “PRC” : the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
- “Reduction Amount” : the adjustment to be made to the consideration of the 2015 VSA Sale and Purchase Agreement
- “Reference NAV” : HK\$2,108,899,920 (total net asset value of the Group as at 31 March 2016 of HK\$4,023,025,000 less goodwill of HK\$2,182,663,000 and intangible asset of HK\$1,194,000 and HK\$80,268,080 (being the amount equivalent to the difference between (i) the total sum of the book value of the IPIH Sale Shares as at 31 March 2016 and the acquisition cost of the KPM Sale Shares by the Company; and (ii) the total consideration of the Listed Shares Disposal), plus the Guaranteed Profit of HK\$350,000,000), being the agreed adjusted reference net asset value of the Group based on the unaudited management accounts of the Group for the period from 1 January 2016 up to and including 31 March 2016
- “Renhe Commercial” : Renhe Commercial Holdings Company Limited (Stock Code: 1387), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange

- “Renhe Commercial Shares” : ordinary share(s) of Renhe Commercial
- “Right of First Offer” : the first right to transfer or dispose of all or part of the Amended and Restated Convertible Notes or any interests therein to any independent third party by the CN Chargor that the CN Chargor shall serve on the Offeror a notice in writing of its wish to do so and the Offeror may give notice in writing to the CN Chargor if it or its nominee intends to purchase the relevant Amended and Restated Convertible Notes based on the same terms
- “Sale and Purchase Agreement” : the conditional sale and purchase agreement dated 27 August 2016 (as amended and supplemented by the Supplemental Sale and Purchase Agreement) entered into among the Shares Vendor, the Offeror and the Guarantor in respect of the Sale Shares
- “Sale and Purchase Completion” : the completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
- “Sale and Purchase Completion Date” : the date on which the Sale and Purchase Completion shall take place, which shall be three Business Days after the date on which the last of the Sale and Purchase Conditions has been satisfied or waived or such other later date as may be agreed in writing between the parties under the Sale and Purchase Agreement
- “Sale and Purchase Condition(s)” : the condition(s) to Sale and Purchase Completion as set out under the subsection headed “Conditions precedent to the Sale and Purchase Agreement” under the section headed “A. Sale and Purchase Agreement” in this joint announcement
- “Sale and Purchase Long Stop Date” : 31 December 2016 or such other later date as may be agreed in writing between the parties under the Sale and Purchase Agreement
- “Sale Share(s)” : an aggregate of 2,128,560,000 Shares, legally and beneficially owned by the Shares Vendor

- “Securities Business Disposal” : the disposal of Glory Creator by the Company to an independent third party who does not hold any Shares or other convertible securities in the Company pursuant to the Securities Business Disposal Agreement
- “Securities Business Disposal Agreement” : the conditional agreement dated 6 August 2016 entered into between the Company as vendor and an independent third party who does not hold any Shares or other convertible securities in the Company as purchaser in relation to the disposal of the entire issued share capital in Glory Creator, which is an investment holding company incorporated in Hong Kong with limited liability at a consideration of approximately HK\$12.85 million.
- “SFC” : the Securities and Futures Commission of Hong Kong
- “SFO” : Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
- “SGM” : a special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Special Deals
- “Share(s)” : ordinary share(s) of HK\$0.001 each in the share capital of the Company
- “Shareholder(s)” : holder(s) of the Shares
- “Share Charge” : a first ranking security document in respect of the entire issued share capital of the CN Chargor to be granted by the Guarantor in favour of the Offeror to secure, among others, the performance of the obligations of the Shares Vendor and the Guarantor under the Sale and Purchase Agreement, the CN Modification Deed, the Convertible Notes Charge and the tax deed

- “Shares Vendor” : Allied Summit, a controlling shareholder of the company incorporated in the BVI with limited liability which held an aggregate of 2,709,219,755 Shares (representing approximately 70.00% of the existing issued capital of the Company) as at the date of this joint announcement
- “Special Deals” : the Listed Shares Disposal, the Proposed CN Amendments, the CN Transfer Agreement and the Right of First Offer and such transactions entered into by the Company or as contemplated under the Sale and Purchase Agreement which constitute special deals for the Company under Rule 25 of the Takeovers Code
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “substantial shareholder” : has the meaning ascribed to it under the Listing Rules
- “Supplemental CN Modification Deed” : the supplemental agreement dated 4 October 2016 entered into between the Company and the CN Holder in relation to the amendment of certain terms of the CN Modification Deed
- “Supplemental CN Transfer Agreement” : the supplemental agreement dated 4 October 2016 entered into among the Shares Vendor, CN Chargor and the Guarantor in relation to the amendment of certain terms of the CN Transfer Agreement
- “Supplemental Listed Shares Disposal Agreement” : the supplemental agreement dated 4 October 2016 entered into between the Company and the Listed Shares Disposal Purchaser in relation to the amendment of certain terms of the Listed Shares Disposal Agreement
- “Supplemental Sale and Purchase Agreement” : the supplemental agreement dated 4 October 2016 entered into among the Shares Vendor, the Offeror and the Guarantor in relation to the amendment of certain terms of the Sale and Purchase Agreement
- “Takeovers Code” : the Hong Kong Code on Takeovers and Mergers

- “Trading Day” : a day when the Stock Exchange is open for trading in Hong Kong
- “Undertakings” : the undertakings given by each of the Shares Vendor, the Guarantor and Offeror under the Sale and Purchase Agreement as set out in the sub-section headed “The Undertakings” under the section headed “A. Sale and Purchase Agreement” in this joint announcement
- “HK\$” : Hong Kong dollars, the lawful currency of HongKong
- “S\$” : Singaporean dollars, the lawful currency of Singapore
- “%” : per cent.

By order of the board of
Huarong International Capital Limited
as the general partner of
**HUARONG FINANCIAL SERVICES
ASSET MANAGEMENT L.P.**
Bai Tianhui
Director

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

Hong Kong, 5 October 2016

As at the date of this joint 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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror) and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, Mr. Bai Tianhui and Mr. Han Binke are the directors of the general partner of the Offeror. As at the date of this joint announcement, the Offeror has no director.

The directors of the general partner of the Offeror accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group, the Shares Vendor, the Guarantor, their respective associates and parties acting in concert with them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement (other than the opinions expressed by the Group, the Shares Vendor, the Guarantor, their respective associates and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

The English text of this joint announcement shall prevail over its Chinese text.