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

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

The Board of Directors (the "Directors") (the "Board") of Pacific Plywood Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 and the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	**2011** **HK$'000**	2010 HK$'000 (Restated)
Continuing operations			
Revenue	*4*	**53,369**	4,385
Interest income		**52,958**	4,369
Interest expenses		**(2,652)**	(855)
Net interest income		**50,306**	3,514
Other income and gains		**419**	3,623
Change in fair value of convertible notes	*12*	**(5,078)**	11,350
Change in fair value of a derivative financial asset	*11*	**24,371**	(1,454)
Change in fair value of investment held for trading		**(1,231)**	—
Gain on disposal of a subsidiary		**11,199**	—
Impairment loss on available-for-sale financial assets		**(54,990)**	—
Impairment loss recognised in respect of loan receivables	*9*	**(145,171)**	—
Selling and distribution expenses		**(3,692)**	(1,360)
Administrative expenses		**(18,446)**	(10,386)
(Loss) profit before taxation		**(142,313)**	5,287
Income tax expense	*6*	**(2,646)**	(148)
(Loss) profit for the year from continuing operations	*5*	**(144,959)**	5,139
Discontinued operations			
Profit for the year from discontinued operations		**—**	71,156
(Loss) profit for the year		**(144,959)**	76,295

* *For identification purpose only*

	Note	**2011** *HK$'000*	2010 *HK$'000* (Restated)
(Loss) profit for the year attributable to:			
Owners of the Company			
From continuing operations		**(134,081)**	4,758
From discontinued operations		**—**	71,156
		(134,081)	75,914
Non-controlling interests			
From continuing operations		**(10,878)**	381
From discontinued operations		**—**	—
		(10,878)	381
		(144,959)	76,295
(Loss) earnings per share	*7*		
From continuing and discontinued operations			
Basic		**HK$(0.40)**	HK$2.11
Diluted		**HK$(0.40)**	HK$1.79
From continuing operations			
Basic		**HK$(0.40)**	HK$0.13
Diluted		**HK$(0.40)**	HK$(0.18)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
(Loss) profit for the year	**(144,959)**	76,295
Other comprehensive (expenses) income		
Exchange differences arising on translation	**—**	4,836
Available-for-sale financial assets		
— Change in fair value of available-for-sale financial assets	**(54,990)**	—
— Reclassification adjustment on available-for-sale financial assets upon impairment	**54,990**	—
Other comprehensive income for the year	**—**	4,836
Total comprehensive (expenses) income for the year	**(144,959)**	81,131
Total comprehensive (expenses) income attributable to:		
Owners of the Company	**(134,081)**	80,750
Non-controlling interests	**(10,878)**	381
	(144,959)	81,131

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Notes	**31/12/2011** **HK$'000**	31/12/2010 *HK$'000* (Restated)	1/1/2010 *HK$'000* (Restated)
Non-current assets				
Property, plant and equipment		**173**	35	408,560
Interest in an associate		**—**	—	5,468
Deferred tax assets		**—**	—	37,692
Loan receivables	*9*	**—**	4,991	—
Investment deposits		**20,000**	—	—
Available-for-sale financial assets		**25,200**	—	—
		45,373	5,026	451,720
Current assets				
Inventories		**—**	—	59,190
Loan receivables	*9*	**273,221**	140,761	—
Trade and other receivables	*10*	**6,288**	10,734	13,518
Investment held for trading		**13,920**	—	—
Derivative financial asset	*11*	**4,000**	8,410	—
Bank balances and cash		**78,781**	63,137	8,066
		376,210	223,042	80,774
Current liabilities				
Trade and other payables		**1,253**	8,982	108,870
Obligation under finance leases		**—**	—	799
Amounts due to directors		**152**	—	—
Convertible notes	*12*	**—**	42,922	—
Bank overdrafts	*13*	**—**	—	22,313
Borrowings	*13*	**10,000**	35,764	495,165
Tax liabilities		**67**	819	760
Loans from shareholders of a subsidiary		**—**	48,046	—
		11,472	136,533	627,907
Net current assets (liabilities)		**364,738**	86,509	(547,133)
Total assets less current liabilities		**410,111**	91,535	(95,413)

	Notes	**31/12/2011**	31/12/2010	1/1/2010
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
Capital and reserves				
Share capital	*14*	**247,585**	1,927	33,194
Share premium		**340,037**	128,651	59,302
Other reserves	*15*	**(160)**	(160)	18,174
Accumulated losses		**(177,351)**	(43,270)	(213,942)
Equity attributable to owners of the Company		**410,111**	87,148	(103,272)
Non-controlling interests		**—**	4,387	7,750
Total equity (deficit)		**410,111**	91,535	(95,522)
Non-current liabilities				
Obligation under finance leases		**—**	—	109
		410,111	91,535	(95,413)

Notes:

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Group are money lending and provision of credit business, provision of corporate secretarial and consultancy services, and securities investments.

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

Basis of preparation

The annual results set out in the announcement do not constitute the Group's financial statements for the year ended 31 December 2011 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. This announcement also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). In addition, this announcement has been reviewed by the Company's Audit Committee.

The figures in respect of this announcement of the Group's results for the year ended 31 December 2011 have been compared by the Company's auditor, SHINEWING (HK) CPA Limited, Certified Public Accountants, to the amounts set out in the Group's financial statements for the year and the amounts were found to be in agreement.

Change in functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates.

For the period up to 30 December 2010, the Company regarded United States dollars ("US$") as its functional currency. However, as a result of the Group's disposal of certain subsidiaries which operated in the primary economic environment using US$ and engaged in the business of manufacture and sale of plywood, veneer, jamb and modeling, structural, flooring and other wood related products (the "Plywood Business") on 30 December 2010, the directors of the Company are of the view that the functional currency of the Company has been changed from US$ to HK$ on 30 December 2010. The effect of the change in the functional currency is accounted for prospectively from the date of change in functional currency. As the Company and most of its remaining major operating subsidiaries' business transactions in terms of operating, investing and financing activities have been mainly in HK with effect from 1 January 2011, the presentation currency of the Group has been changed from US$ to HK$ for a more appropriate presentation.

The change in presentation currency of the Group has been applied retrospectively, and the comparative figures in these consolidated financial statements have been restated from US$ to HK$ accordingly, using the rates that approximate to the closing rates for items in consolidated statement of financial position, and average rates for the year for items in consolidated income statement and consolidated statement of comprehensive income.

The change in presentation currency has no significant impact on the financial positions of the Group as at 31 December 2011 and 31 December 2010, or the results and cash flows of the Group for years ended 31 December 2011 and 2010.

2. APPLICATION OF NEW AND REVISED HKFRS

In the current year, the Group has applied the following new and revised HKFRSs, issued by the HKICPA.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendment to HKFRS 1	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC)-Int 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of the new and revised HKFRSs had no material effect on the Group's financial performance and positions for the current or prior accounting years and on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of Financial Statements
(as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these consolidated financial statements have been modified to reflect the change.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
	Government Loans[4]
Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
	Disclosures — Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangments[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2012.
[3] Effective for annual periods beginning on or after 1 July 2012.
[4] Effective for annual periods beginning on or after 1 January 2013.
[5] Effective for annual periods beginning on or after 1 January 2014.
[6] Effective for annual periods beginning on or after 1 January 2015.

Amendments to HKFRS 7 Disclosures — Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures when transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

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

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

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

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge a accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation — Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC)-Int 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. SEGMENTAL INFORMATION

Segment revenue and results

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. Money lending — business of money lending and provision of credits

2. Consultancy services — provision of corporate secretarial and consultancy services

3. Securities investments — trading of securities and investment in long-term securities

In the prior years, the Group was involved in the Plywood Business and the operating segments were reported from geographic perspective to business nature under the Plywood Business. The Plywood Business was discontinued with effect from 30 December 2010.

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment:

	2011 ***HK$'000***	2010 *HK$'000* (Restated)
Segment revenue		
From external customer:		
Money lending	**52,958**	4,385
Consultancy services	**411**	—
Securities investments	**—**	—
	53,369	4,385
Segment (loss) profit		
Money lending	**(112,489)**	1,019
Consultancy services	**407**	—
Securities investments	**(56,221)**	—
	(168,303)	1,019
Unallocated corporate expenses	**(4,510)**	(9,235)
Unallocated corporate income	**8**	3,607
Change in fair value of convertible notes	**(5,078)**	11,350
Change in fair value of a derivative financial asset	**24,371**	(1,454)
Gain on disposal of a subsidiary	**11,199**	—
(Loss) profit before taxation from continuing operations	**(142,313)**	5,287

The accounting policies of the operating segment are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit attributable to each segment without allocation of central administration costs, directors' emoluments, bank interest income, change in fair value of convertible notes, change in fair value of a derivative financial asset, impairment loss on available-for-sale financial assets and gain on disposal of a subsidiary. This is the measure reported to the chief operating decision maker for the purposes of the resources allocation and performance assessment.

Segment assets and liabilities

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

	31/12/2011	31/12/2010	1/1/2010
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Segment assets			
Continuing operations:			
Money lending	**330,165**	157,399	—
Consultancy services	**311**	—	—
Securities investments	**39,120**	—	—
Total segment assets	**369,596**	157,399	—
Assets relating to discontinued operation	**—**	—	75,198
Unallocated corporate assets	**51,987**	70,669	457,296
Consolidated total assets	**421,583**	228,068	532,494
Segment liabilities			
Continuing operations:			
Money lending	**9,573**	44,746	—
Consultancy services	**500**	—	—
Securities investments	**—**	—	—
Total segment liabilities	**10,073**	44,746	—
Liabilities relating to discontinued operation	**—**	—	584,267
Unallocated corporate liabilities	**1,399**	91,787	43,749
Consolidated total liabilities	**11,472**	136,533	628,016

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

- all assets are allocated to operating segments other than property, plant and equipment, interest in an associate, deferred tax assets, investment deposits, derivative financial asset, certain other receivables and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to operating segments other than convertible notes, amounts due to directors, bank overdrafts, certain other payables and tax liabilities.

Other segment information

For the year ended 31 December 2011

	Continuing operations				
	Money lending *HK$'000*	**Consultancy services** *HK$'000*	**Securities investments** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Amounts included the measure of segment profit or loss or segment assets:					
Impairment loss on available-for-sale financial assets	**—**	**—**	**54,990**	**—**	**54,990**
Change in fair value of investment held for trading	**—**	**—**	**1,231**	**—**	**1,231**
Impairment loss recognised in respect of loan receivables	**145,171**	**—**	**—**	**—**	**145,171**
Interest income	**(52,958)**	**—**	**—**	**—**	**(52,958)**
Interest expenses	**2,652**	**—**	**—**	**—**	**2,652**
Additions to available-for-sale financial assets	**—**	**—**	**80,190**	**—**	**80,190**

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

	Money lending *HK$'000*	**Consultancy services** *HK$'000*	**Securities investments** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Depreciation on property, plant and equipment	**—**	**—**	**—**	**40**	**40**
Additions to property, plant and equipment	**—**	**—**	**—**	**178**	**178**
Additions to investment deposits	**—**	**—**	**—**	**20,000**	**20,000**
Change in fair value of convertible notes	**—**	**—**	**—**	**5,078**	**5,078**
Change in fair value of a derivative financial asset	**—**	**—**	**—**	**(24,371)**	**(24,371)**
Gain on disposal of a subsidiary	**—**	**—**	**—**	**(11,199)**	**(11,199)**
Net foreign exchange gain	**—**	**—**	**—**	**(4)**	**(4)**
Interest income	**—**	**—**	**—**	**(3)**	**(3)**
Interest expense	**—**	**—**	**—**	**50**	**50**
Income tax expense	**—**	**—**	**—**	**2,646**	**2,646**

For the year ended 31 December 2010

	Continuing operations				
	Money lending	Consultancy services	Securities investments	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included the measure of segment profit or loss or segment assets:					
Interest income	(4,369)	—	—	—	(4,369)
Interest expenses	855	—	—	—	855

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

	Money lending	Consultancy services	Securities investments	Unallocated	Consolidated
Depreciation on property, plant and equipment	—	—	—	8	8
Additions to property, plant and equipment	—	—	—	1,695	1,695
Net foreign exchange loss	—	—	—	210	210
Income tax expense	—	—	—	148	148

Geographical information

The Group's operations are located in Hong Kong.

The geographical location of the Group's revenue from external customers based on the location of the operations and the Group's non-current assets, excluded those relating to discontinued operations, property, plant, and equipment, investment deposits and available-for sale financial assets is based on the location of the assets in Hong Kong.

Information about major customers

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

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Customer A (Revenue from money lending)	**10,787**	N/A

No revenue from the continuing operations with any single external customer accounted for 10% or more of the Group's revenue for the year ended 31 December 2010.

4. REVENUE

Revenue represents the amounts received and receivables from the businesses of money lending and provision of credits, and provision of consultancy services during the year. The following is an analysis of the Group's turnover from continuing operations:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Interest income from loan receivables	**52,958**	4,369
Consultancy income	**411**	—
Handling charges and administration fee income	**—**	16
	53,369	4,385

5. (LOSS) PROFIT FOR THE YEAR

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
(Loss) profit for the year has been arrived at after charging (crediting):		
Continuing operations:		
Auditor's remuneration	**600**	1,376
Directors' emoluments	**473**	2,700
Staff costs (excluding directors' emoluments)		
— Salaries, wages and other benefits	**3,337**	661
— Contributions to retirement contribution plan	**92**	16
Total staff costs	**3,429**	677
Depreciation of property, plant and equipment	**40**	8
Net foreign exchange (gain) losses	**(4)**	210
Minimum lease payment under operating lease in respect of land and buildings	**467**	70

6. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
Hong Kong Profits Tax		
— Current year	**2,646**	148

The Company is exempt from taxation in Bermuda until 28 March 2016.

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

The tax charge for the year can be reconciled to the (loss) profit before taxation per the consolidated income statement as follows:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
(Loss) profit before taxation from continuing operations	**(142,313)**	5,287
Tax at the domestic income tax rate of 16.5% (2010: 16.5%)	**(23,482)**	872
Tax effect of expenses not deductible for tax purpose	**12,113**	1,150
Tax effect of income not taxable for tax purpose	**(6,002)**	(1,874)
Tax effect of deductible temporary differences not recognised	**18,797**	—
Tax effect of tax losses not recognised	**1,220**	—
Tax charge for the year	**2,646**	148

7. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
(Loss) earnings		
(Loss) earnings for the purpose of basic (loss) earnings per share	**(134,081)**	75,914
Effect of dilutive potential ordinary shares:		
Change in fair value of convertible notes	**—**	(11,350)
(Loss) earnings for the purpose of diluted (loss) earnings per share	**(134,081)**	64,564

	2011	2010
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**332,913**	35,860
Effect of dilutive potential ordinary shares:		
Convertible notes	**—**	178
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**332,913**	36,038

The weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share has been adjusted for the consolidation of shares on 10 January 2011 and 20 March 2012 and the effect of right issues on 18 May 2011. Details of the share consolidation are set out in note 14.

The denominator for the purpose of calculating basic earnings per share in 2010 has been adjusted to take into account of the rights issue during the year ended 31 December 2011.

From continuing operations

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

Earnings figures are calculated as follows:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
(Loss) earnings for the year attributable to owners of the Company	**(134,081)**	75,914
Less: earnings for the year from discontinued operations	**—**	(71,156)
(Loss) earnings for the purpose of basic (loss) earnings per share	**(134,081)**	4,758
Effect of dilutive potential ordinary shares:		
Change in fair value of convertible notes	**—**	(11,350)
Loss for the purpose of diluted loss per share	**(134,081)**	(6,592)

The denominators used are the same as those detailed above for both basic and diluted (loss) earnings per share.

From discontinued operations

For the year ended 31 December 2010, basic and diluted earnings per share for the discontinued operation are HK$1.98 and HK$1.97 respectively per share based on the profit for the year from the discontinued operation approximately HK$71,156,000 and the denominators detailed above for both basic and diluted (loss) earnings per share.

The denominator for the purpose of calculating basic earnings per share in 2010 has been adjusted to effect of the rights issue during the year ended 31 December 2011.

8. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2011, nor has any dividend been proposed since the end of the reporting date (2010: Nil).

9. LOAN RECEIVABLES

	31/12/2011	31/12/2010	1/1/2010
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Fixed rate loan receivables	**273,221**	145,752	—
Current portion included under current assets	**(273,221)**	(140,761)	—
Amount due after one year	**—**	4,991	—

The term of loans entered with customers ranges within 1 year. All loan receivables are denominated in Hong Kong dollars. The loan receivables carry fixed effective interest ranging from 8% to 48% per annum. Included in the carrying amounts of loan receivables as at 31 December 2011 is accumulated impairment loss of HK$109,483,000 (2010: nil). An aged analysis of the loan receivables net of impairment loss at the end of the reporting period, based on the loan agreement commencement date, is as follows:

	31/12/2011	31/12/2010	1/1/2010
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
0–30 days	**5,855**	37,912	—
31–90 days	**65,797**	62,336	—
91–180 days	**12,649**	32,762	—
181–365 days	**188,920**	11,996	—
Over 365 days	**—**	746	—
	273,221	145,752	—

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

	31/12/2011	31/12/2010	1/1/2010
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Overdue less than 1 month[1]	**17,867**	17,586	—

1 As at 31 December 2011, the amount was not subject to any collateral. As at 31 December 2010, the amount were not subject to any collateral except for a loan amount with carrying value of approximate HK$498,000 was subject to collateral for a property amounting to approximately HK$9,998,000.

As at 31 December 2011, loan receivables amounting to approximately HK$222,411,000 (2010: HK$21,629,000) were subject to collateral for shares amounting approximately HK$188,385,000 (2010: properties and shares amounting to HK$85,862,000 and HK$4,641,000 respectively).

The movements in provision for impairment of loan receivables are as follows:

	31/12/2011	31/12/2010	1/1/2010
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
At 1 January	**—**	—	—
Impairment loss recognised in respect of loan receivables	**145,171**	—	—
Disposal of a subsidiary	**(35,688)**	—	—
At 31 December	**109,483**	—	—

Included in the above impairment loss recognised for the year ended 31 December 2011 was individually impaired loan receivables with a carrying amount of HK$315,536,000 (2010: nil) before impairment which have been in financial difficulties.

10. TRADE AND OTHER RECEIVABLES

	31/12/2011	31/12/2010	1/1/2010
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Trade receivables	**311**	—	10,664
Bills receivables	**—**	—	5,344
Less: Impairment loss recognised in respect of trade receivables	**—**	—	(7,073)
	311	—	8,935
Prepayments	**705**	171	4,521
Other receivables	**5,272**	10,563	233
Less: Impairment loss recognised in respect of other receivables	**—**	—	(171)
	5,977	10,734	4,583
Total trade and other receivables	**6,288**	10,734	13,518

For the year ended 31 December 2011, the Group allowed a credit period in the range from 30 to 90 days to its trade customers. An aged analysis of the trade receivables net of impairment loss at the end of the reporting period, based on the invoice date, is as follows:

	31/12/2011	31/12/2010	1/1/2010
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Within 90 days	**311**	—	3,591
91–180 days	**—**	—	—
181–365 days	**—**	—	—
Over 365 days	**—**	—	7,073
	311	—	10,664

The movements in provision for impairment of trade receivables were as follows:

	31/12/2011	31/12/2010	1/1/2010
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
At 1 January	**—**	7,073	57,794
Exchange realignment	**—**	—	(39)
Impairment loss recognised on trade receivables during the year	**—**	—	62
Amount written off as uncollectible	**—**	—	(116)
Disposal of subsidiaries	**—**	(7,073)	(50,628)
At 31 December	**—**	—	7,073

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

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

	31/12/2011	31/12/2010	1/1/2010
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Neither past due nor impaired	**311**	—	3,591
Up to 3 months	**—**	—	—
3 to 6 months	**—**	—	—
6 months to 1 year	**—**	—	—
Over 365 days past due	**—**	—	7,073
	311	—	10,664

There was no trade receivable balance as at 31 December 2011 and 2010 which was past due for which the Group has not provided for impairment loss at the end of both reporting periods.

In determining the recoverability of a trade receivable, the Group considers any change in credit quality of the trade receivable from the date credit was initially granted up to the reporting date. In view of the good settlement history from those largest debtors of the Group, the directors consider that there is no further credit provision required in excess of the impairment loss recognised for the year. The Group does not hold any collateral over these balances.

The movements in allowance for other receivables were as follows:

	31/12/2011	31/12/2010	1/1/2010
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
At 1 January	**—**	171	171
Acquired on acquisition of a subsidiary	**—**	938	—
Impairment losses on other receivables recognised during the year	**—**	—	—
Disposal of subsidiaries	**—**	(1,109)	—
At 31 December	**—**	—	171

As at 31 December 2010 and 2011, all the other receivables are neither past due nor impaired.

11. DERIVATIVE FINANCIAL ASSET

The balance of the derivative financial asset for the year was set out below:

	31/12/2011	31/12/2010	1/1/2010
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Derivative:			
Current:			
Listed put option *(Note i)*	**—**	8,410	—
Listed bonus warrant on equity security listed in Hong Kong *(Note ii)*	**4,000**	—	—
	4,000	8,410	—

Notes:

(i) On 24 September 2010, the Group entered into a sale and purchase agreement to acquire Delta Wealth Finance Limited ("Delta Wealth"), pursuant to which the Group possessed the right to exercise the put option at any time during the exercisable period in respect of acquiring back all of the 510,000 shares of Delta Wealth by the vendor. This represented 51% of the entire issued share capital of Delta Wealth as at completion date.

On 13 October 2011, the Group entered into a sale and purchase agreement to dispose Delta Wealth, pursuant to which the Group exercise the put option to require Favor Way Investments Limited ("Favor Way"), the non-controlling shareholder of Delta Wealth, to acquire back all of the 510,000 shares of Delta Wealth.

The value of each of the put option at 19 October 2010, 31 December 2010 and 13 October 2011 were valued by AVISTA Valuation Advisory, an independent qualified valuer not connected to the Group, using the binomial model. The key inputs into the model at the time of exercise of the options and further details are set out below.

	13/10/2011	31/12/2010	19/10/2010
	HK$'000	*HK$'000*	*HK$'000*
Derivative financial asset — Put option:			
Grant date	**19 October 2010**	19 October 2010	19 October 2010
Expected volatility	**52%**	43%	48%
Risk free rate	**0.09%**	0.34%	0.42%
Exercisable period	**14 October 2011 to 30 December 2011**	1 January 2011 to 30 December 2011	20 October 2010 to 30 December 2011
Expected dividend yield	**Nil**	Nil	Nil

Expected volatility was measured at the standard deviation of expected share price returns based on statistical analysis of average daily share prices of comparable companies with similar business of the Company for a period of 1.2 years to 1 year.

(ii) On 18 August 2011, the Group was granted 400,000,000 listed warrants issued by Simsen International Corporation Limited, a company listed on the stock exchange at nil consideration. The fair value at 31 December 2011 was determined based on the closing market price as at that date. Each warrant confers the right to subscribe for one ordinary share of the issuer at a subscription price of HK$0.03. The said warrants will be expired 21 August 2012.

12. CONVERTIBLE NOTES

On 19 October 2010, the Company, entered into a purchase agreement with Favor Way, an independent third party, for acquisition of Delta Wealth. Pursuant to the said purchase agreement, the Company issued to Favor Way convertible notes (the "Convertible Note A") at its nominal value of HK$48,000,000.

On 13 October 2011, the Company, entered into a sale and purchase agreement with Favor Way for disposal of Delta Wealth. Pursuant to the said sale and purchase agreement, Favor Way has conditionally agreed to acquire Delta Wealth at the consideration of HK$52,000,000, which included HK$4,000,000 cash consideration and the cancellation of Convertible Note A with principal amount of HK$48,000,000 which was issued to Favor Way on 19 October 2010. The transaction was completed on 22 December 2011 and the Convertible Note A was cancelled on 22 December 2011.

The principal terms of the Convertible Note A is as follows:

The convertible notes were denominated in Hong Kong dollars. The convertible notes entitled the holders to convert it into ordinary shares of the Company at any time between the date of issue of the convertible notes and its maturity date on 31 December 2011 at initial conversion price of HK$0.16 per share. If the convertible notes had not been converted, it would be redeemed on 31 December 2011 at nominal value. The convertible notes did not carry interest on the principal amount.

The Convertible Note A was fairly valued by the Directors of the Company with reference to a valuation report issued by AVISTA Valuation Advisory, an independent qualified valuer not connected to the Group. The change in fair value of the convertible notes of approximately HK$5,078,000 and HK$11,350,000 had been recognised in the consolidated income statement for the years ended 31 December 2011 and 31 December 2010 respectively.

The assumptions adopted for the valuation of the convertible notes are as follows:

(1) The estimation of risk free rate has made reference to the yield of Exchange Fund Bill with same duration as the convertible notes;

(2) The estimation of volatility for the underlying share price has considered the historical price movements of those companies engaged in relatively to similar industry; and

(3) The discount rate was arrived at based on the Company's credit rating and select comparable corporate bonds with similar maturity and credit risk to derive the range of comparable yield to maturity as at date of valuation and the median range has been adopted.

The fair value of the convertible notes was calculated using the binomial model. Major parameter adopted in the calculation of the fair value are summarised below into the model was as follow:

	22/12/2011	31/12/2010	19/10/2010
Stock price	**HK$0.024**	HK$0.06	HK$0.16
Exercise price	**HK$0.274**	HK$0.16	HK$0.16
Risk free-rate	**0.07%**	0.34%	0.42%
Discount rate	**11.45%**	12.00%	13.60%
Expected life	**10 days**	1 year	1.2 years

The movement of the convertible notes for the year was set out below:

	HK$'000
Issued on 19 October 2010	54,272
Fair value change in the profit or loss	(11,350)
Carrying amount at 31 December 2010	42,922
Fair value change in profit or loss	5,078
Disposal of a subsidiary	(48,000)
Carrying amount at 31 December 2011	—

None of the Convertible Note A had been converted into ordinary shares of the Company during the years ended 31 December 2010 and 2011.

On 16 May 2011, the Company issued 6% convertible notes (the "Convertible Note B") to several independent third parties in the principal amount of HK$100,000,000. The initial conversion price was HK$0.58. On 18 May 2011, the conversion price was adjusted to HK$0.082. The Convertible Note B in the principal amount of HK$100,000,000 were fully converted into 1,219,512,192 ordinary shares of the Company at HK$0.025 on 18 May 2011.

The effective interest rate of the liability component is 9.69%.

The principal terms of Convertible Note B are as follows:

The maturity date of Convertible Note B is 18 months from the date of issue. The conversion rights attaching to Convertible Note B can be exercised at any time up to the fifth day before the maturity of Convertible Note B. Convertible Note B included an early redemption option of which the Company can redeem whole or part of the outstanding Convertible Note B at an amount equal to 100% of the principal amount at any time and from time to time at the option of the Company prior to the maturity date.

On 29 November 2011, the Company issued 2% convertible notes (the "Convertible Note C") to several independent third parties in the principal amount of HK$89,600,000. The initial conversion price was HK$0.028. The Convertible Note C in the principal amount of HK$89,600,000 were fully converted into 3,200,000,000 ordinary shares of the Company at HK$0.025 on 29 November 2011.

The effective interest rate of the liability component is 22.68%.

The principal terms of the Convertible Note C are as follows:

The maturity date of Convertible Note C is 18 months from the date of issue. The conversion rights attaching to Convertible Note C can be exercised at any time up to the fifth day before the maturity of Convertible Note C. Convertible Note C included an early redemption option of which the Company can redeem whole or part of the outstanding Convertible Note C at an amount equal to 100% of the principal amount at any time and from time to time at the option of the Company prior to the maturity date of Convertible Note C.

Both the Convertible Note B and Convertible Note C contain three components: liability component, equity component and derivative component.

The Company's early redemption option embedded in the Convertible Note B and Convertible Note C was accounted for as "Derivative financial assets" and was measured at fair value with changes in fair value recognised profit or loss.

The derivative financial assets of Convertible Note B and Convertible C were fairly valued by the directors of the Company with reference to a valuation report issued by BMI Appraisal Limited, an independent qualified valuer not connected to the Group.

The fair value of the derivative financial assets of Convertible Note B and Convertible Note C were calculated using the binominal model. Major parameter adopted in the calculation of the fair value are summarised below into the model was as follow:

	Convertible Note B		Convertible Note C
	16/5/2011	18/5/2011	29/11/2011
Stock price	HK$0.320	HK$0.122	HK$0.034
Exercise price	HK$0.580	HK$0.082	HK$0.028
Risk-free rate	0.34%	0.35%	0.21%
Expected volatility	197.07%	203.46%	219.9%
Expected dividend yield	0%	0%	0%
Expected life	18 months	18 months	18 months

The assumptions adopted for the valuation of the Convertible Note B and Convertible Note C are as follows:

(1) The estimation of risk free rate has made reference to the yield of Hong Kong Exchange Fund Note with same duration as the convertible note;

(2) The expected volatility for the underlying security of the redemption option was determined based on the historical volatility of share prices of the Company;

(3) The expected dividend yield of the underlying security of the redemption option was determined based on the historical dividend payment record of the Company.

The movements of the liability, equity and derivatives components of Convertible Note B and Convertible Note C for the year are set out below:

Convertible Note B

	Liability *HK$'000*	Derivative financial asset *HK$'000*	Equity *HK$'000*	Total *HK$'000*
At 1 January 2011	—	—	—	—
Issued during the year	96,632	(34,127)	37,495	100,000
Transaction costs	(1,801)	—	(699)	(2,500)
Change in fair value	—	(24,815)	—	(24,815)
Conversion to shares during the year	(94,848)	58,942	(36,796)	(72,702)
Imputed interest expense	50	—	—	50
Interest paid	(33)	—	—	(33)
At 31 December 2011	—	—	—	—

Convertible Note C

	Liability *HK$'000*	Derivative financial asset *HK$'000*	Equity *HK$'000*	Total *HK$'000*
At 1 January 2011	—	—	—	—
Issued during the year	68,242	(34,709)	56,067	89,600
Transaction costs	(1,230)	—	(1,010)	(2,240)
Conversion to shares during the year	(67,012)	34,709	(55,057)	(87,360)
At 31 December 2011	—	—	—	—

13. BORROWINGS AND BANK OVERDRAFTS

	31/12/2011 ***HK$'000***	31/12/2010 *HK$'000* (Restated)	1/1/2010 *HK$'000* (Restated)
Current			
Banker's acceptance and other banking facilities	**—**	—	80,354
Short term bank borrowing	**—**	—	410,111
Collateralised borrowings	**—**	—	4,700
Other borrowings	**10,000**	35,764	—
	10,000	35,764	495,165
Bank overdrafts	**—**	—	22,313
	10,000	35,764	517,478

	31/12/2011	31/12/2010	1/1/2010
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Analysed as:			
Secured	**—**	—	414,811
Unsecured	**10,000**	35,764	102,667
	10,000	35,764	517,478

	31/12/2011	31/12/2010	1/1/2010
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Carrying amounts repayable:			
On demand or within one year	**10,000**	35,764	130,013
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**—**	—	387,465
	10,000	35,764	517,478
Less: Amounts due within one year shown under current liabilities	**(10,000)**	(35,764)	(517,478)
	—	—	—

Other borrowings represented borrowings from independent third parties.

	Maturity date	Effective interest rate	Carrying amounts 31/12/2011	31/12/2010	1/1/2010
			HK$'000	*HK$'000*	*HK$'000*
				(Restated)	(Restated)
Fixed rate unsecured other borrowings denominated in HK$:					
Other HK$ loan of HK$10,000,000	3 May 2012	10.00%	**10,000**	—	—
Other HK$ loan of HK$15,000,000	24 September 2011	4.00%	**—**	15,162	—
Other HK$ loan of HK$12,000,000	6 October 2011	5.25%	**—**	12,102	—
Other HK$ loan of HK$8,500,000	21 January 2011	1.00%	**—**	8,500	—
			10,000	35,764	—

The ranges of the effective interest rates which are also equal to contracted interest rates on the Group's loans are as follows:

	2011	2010	2009
Effective interest rates:			
Fixed rate loans	**10.00%**	1.00% to 5.25%	2.82% to 3.50%
Variable rate loans	**—**	—	3.75% to 7.53%

14. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
At 1 January 2010		
Ordinary share of HK$0.025 each	8,000,000	200,000
Capital reorganisation *(Note a)*	192,000,000	—
At 31 December 2010		
Ordinary share of HK$0.001 each	200,000,000	200,000
Share consolidation *(Note c)*	(192,000,000)	—
Capital reorganisation *(Note e)*	8,000,000	200,000
At 31 December 2011		
Ordinary share of HK$0.025 each	16,000,000	400,000
Issued and fully paid:		
At 1 January 2010	1,327,779	33,194
Capital reorganisation *(Note a)*	—	(38,540)
Issue of shares *(Note b)*	586,540	6,960
Issue of shares upon acquisition of a subsidiary	12,500	313
At 31 December 2010	1,926,819	1,927
Share consolidation *(Note c)*	(1,849,747)	—
Issue of rights issue *(Note d)*	2,774,183	69,355
Issue of shares *(Note f)*	2,632,634	65,815
Issue of shares upon conversion of convertible notes *(Note g)*	4,419,512	110,488
At 31 December 2011	9,903,401	247,585

Notes:

(a) On 30 November 2010, the shareholders approved the share capital reorganization of the Company in the followings manners:

(i) the paid-up capital and nominal value of each issued share was reduced from HK$0.025 to HK$0.001 by cancelling paid-up capital to the extent of HK$0.024 on each issued share of the Company;

(ii) each of the authorised but unissued share in the capital of the Company was subdivided into 25 shares of HK$0.001 each where the authorised share capital of the Company should remain unchanged; and

(iii) the credit of approximately HK$38.54 million arising from the capital reduction was applied to the contributed surplus account of the Company and used to offset accumulated losses of the Company.

(b) During the year ended 31 December 2010, agreements were made for private placement of the Company's shares to independent private investors as follows:

Date of share issued	Issue price	Number of shares issued
29 March 2010	HK$0.158	265,540,000
9 December 2010	HK$0.105	321,000,000
		586,540,000

(c) Pursuant to the announcement and circular dated 20 December 2010, share consolidation on the basis that every 25 issued and unissued shares of HK$0.001 each in the share capital of the Company have been consolidated into one consolidated share of HK$0.025 each with effect from 10 January 2011. Prior to the date of share consolidation, there were 1,926,819,448 issued shares, after the share consolidation, the number of issued shares have changed to 77,072,999.

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

(d) On 13 April 2011, the shareholders of the Company approved the rights on the basis of thirty rights shares for every one share held on the record date of 26 April 2011 at a subscription price of HK$0.08 per rights share. The private placement raised net proceeds of approximately HK$74,621,000. The rights issue became unconditional on 18 May 2011. 2,774,183,310 rights shares with the par value of HK$0.025 each were allotted and issued on 18 May 2011 and raised net proceeds of approximately HK$215,388,000. Details of the rights issue were set out in the circular of the Company dated 28 March 2011.

(e) Pursuant to an ordinary resolution passed at the Company's special general meeting held on 24 November 2011, the Company's authorised share capital was increased to 16,000,000,000 ordinary shares of HK$0.025 each by the creation of 8,000,000,000 ordinary shares of HK$0.025 each.

(f) On 21 January 2011, the Company entered into a placing agreement to place 15,400,000 new ordinary shares with the par value of HK$0.025 each at a price of HK$0.73 per placing share. Furthermore, the Company entered into a supplemental agreement with the placing agent, pursuant to which the placing price had been revised to HK$0.74 per placing share. Net proceeds of approximately HK$11,030,000 were raised and used as general corporate and working capital of the Group and/or for the future development of the Group. Such placing of shares was completed on 31 January 2011.

On 18 October 2011, the Company entered into the share placing agreement with the share placing agent relating to the placing of 817,233,655 new shares. The share placing agreement was fulfilled and that the share placing has been completed on 3 November 2011. The shares have been placed with the par value of HK$0.025 at a price of HK$0.032 to six independent placees.

On 18 October 2011, the Company entered into the share subscription agreement with the subscriber pursuant to which the subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 1,800,000,000 subscription shares with the par value of HK$0.025 at the share subscription price of HK$0.025 per subscription share. The conditions precedent under the share subscription agreement were fulfilled and the share subscription has completed on 24 November 2011 with the proceeds of HK$45,000,000.

Date of share issued	Issue price	Number of shares issued
21 January 2011	HK$0.74	15,400,000
18 October 2011	HK$0.032	817,233,655
18 October 2011	HK$0.025	1,800,000,000
		2,632,633,655

(g) On 13 April 2011, the shareholders of the Company approved to place the placing convertible notes with an aggregate principal amount of HK$100,000,000. On 16 May 2011, the placing of these placing convertible notes was completed. On 18 May 2011, the conversion price was adjusted to HK$0.082 (convertible into 1,219,512,192 shares with par value of HK$0.025 each) as a result of the aforementioned rights issue. On 18 May 2011, the placing convertible notes were converted in full into 1,219,512,192 shares with the par value of HK$0.025 each.

On 18 October 2011, the Company entered into the convertible notes placing agreement with a placing agent with an aggregate principal amount of HK$89,000,000. The convertible notes placing agreement were fulfilled and that the share placing has been completed on 29 November 2011. The convertible notes have been placed to six independent placees. The convertible notes have been converted by the convertible notes holders at the conversion price of HK$0.028 (convertible into 3,200,000,000 shares with par value of HK$0.025) on the same day.

15. OTHER RESERVES

(a) The Group

	Contributed surplus *HK$'000*	Translation reserve *HK$'000*	Total *HK$'000*
At 1 January 2010 (as restated)	56,218	(38,044)	18,174
Other comprehensive income for the year	—	4,836	4,836
Capital reduction during the year	38,540	—	38,540
Contributed surplus utilised	(38,540)	—	(38,540)
Release of contributed surplus upon disposal of subsidiaries	(56,218)	—	(56,218)
Release of translation upon disposal of subsidiaries	—	33,048	33,048
At 31 December 2010 (as restated) and 31 December 2011	—	(160)	(160)

The contributed surplus of the Group as at 1 January 2010 mainly represented the waiver of an amount due to directors of subsidiaries and the difference between the net assets of the subsidiaries acquired pursuant to a group reorganisation in 1995 over the nominal value of the company's consideration in exchange therefore.

(b) The Company

	Contributed surplus *HK$'000*
At 1 January 2010 (as restated)	159,616
Capital reduction during the year	38,540
Contributed surplus utilised	(38,540)
Release of contributed surplus upon disposal of subsidiaries	(159,616)
At 31 December 2010 (as restated) and 31 December 2011	—

The contributed surplus of the Group as at 1 January 2010 mainly represented the difference between the net assets of the subsidiaries acquired pursuant to a group reorganisation in 1995 over the nominal value of the company's consideration in exchange therefore.

BUSINESS REVIEW

The Company is an investment holding company, and through its subsidiaries is principally engaged in the business of money lending, provision of credits, securities investments, and provision of corporate secretarial and consultancy services. Since 2010, the Group has conducted a series of business restructuring including (i) the acquisition of 51% share interest of Delta Wealth Finance Limited ("Delta Wealth") as announced by the Company on 24 September 2010 to commence the money lending and provision of credits business; (ii) the disposal of loss making plywood business as announced by the Company on 29 October 2010; (iii) the establishment of a wholly-owned subsidiary of the Company, namely Joy Wealth Finance Limited ("Joy Wealth"), to further expand its money lending and provision of credits business by utilizing the business experience and network of Delta Wealth; (iv) the establishment of a wholly-owned subsidiary of the Company, namely Pacific Vision Advisory Services Limited ("Pacific Vision"), to expand its business to provision of corporate secretarial and consultancy services as announced by the Company on 7 October 2011; (v) the disposal of 51% share interest of Delta Wealth as announced by the Company on 13 October 2011; and (vi) the proposed acquisition of 30% share interest of Profit Grand Enterprises Limited ("Profit Grand") as announced by the Company on 2 December 2011 in relation to the acquisition of a forest in the Vabari Timber Authority Area in the Independent State of Papua New Guinea with the size of approximately 65,800 hectares (the "Forest"). The Board believes that it is in the interests of the Company and the shareholders of the Company (the "Shareholders") as a whole to re-allocate the management and the Group's financial resources to more promising businesses.

Money lending and provision of credits business

During the year ended 31 December 2011, the Group has been actively expanding its money lending and provision of credits business and has established Joy Wealth, which obtained the Money Lenders License under the Money Lenders Ordinance of Hong Kong in the first half of the year 2011. Joy Wealth has successfully achieved remarkable results during the year ended 31 December 2011. As at the date of this announcement, Joy Wealth has provided a wide variety of loans with an accumulated amount of over HK$540,000,000. The interest rates of these loans range from 8% to 48% per annum and the terms of these loans range from two weeks to one year. Existing client portfolio comprises of individuals, small-medium enterprises and listed companies from Hong Kong, Macau, Taiwan and Mainland China. Details of some of the loans made by the Group which constituted notifiable transactions to the Company under the Listing Rules have been set out in the published announcements and circulars of the Company. In light of the fast growing business and the sake of the recoverability and the quality of the loan receivables, a majority of the loan receivables of Joy Wealth are secured either by collaterals or guarantees. As at 31 December 2011, the loan receivables of the Group increased to approximately HK$273,221,000 (31 December 2010: HK$145,752,000). As at 31 December 2011, an impairment loss in respect of loan receivables amounting HK$145,171,000 (2010: nil) was made as at the date of this announcement which was an utmost prudence approach and a strict compliance with the applicable accounting standards in accordance with procedure manual for credit facilities reviewed by Big 4 Accounting Firm. There was no conclusive evidence that came to the attention of the Company that these corresponding borrowers were in significant financial difficulty and that they were unable to repay their outstanding amount because they had repaid the amounts mutually agreed with the Company as at the date of this announcement.

Delta Wealth was disposed of and ceased to be a subsidiary of the Company during the year ended 31 December 2011 for the reasons of (i) other shareholders of Delta Wealth expressed their concerns on the business operation of Delta Wealth as complying with Rules 13.13 and 13.15 of the Listing Rules requires disclosure on the identity of the borrower and the interest rates charged on the loans, which will reveal highly confidential information to Delta Wealth's competitors; (ii) Delta Wealth is not a wholly-owned subsidiary of the Company; and (iii) the Company has successfully conducted business of money lending and provision of credits through Joy Wealth since April 2011. The disposal of Delta Wealth was completed on 22 December 2011.

Securities investments

During the year ended 31 December 2011, the Group has invested in Simsen International Corporation Limited ("Simsen") as a strategic investment with the intention to utilize the platform provided by Simsen to further promote the finance business of Joy Wealth.

Provision of corporate secretarial and consultancy services

The Company has set up a wholly-owned subsidiary, Pacific Vision, and recruited a team of professionals in the areas of accounting, finance and company secretaries providing corporate services to its corporate clients which include listed companies in Hong Kong. The corporate services divide into two divisions. The first one is corporate consultancy business which focuses on provision of advice to corporations in areas such as corporate governance, internal control, enterprise risk management and other operational aspects with a view to enhance corporate efficiency, performance and enterprise value. The other one can generally be described as back office administration, which includes company secretarial service for private and listed companies, human resource management and administrative services, accounting and tax services including accounting system setup and support, bookkeeping, budgeting and forecast, payroll services, tax return preparation, and financial statements preparation.

OUTLOOK

In prospect of the appearance where the policymakers of the People's Republic of China (the "PRC") will continue to conduct tough control on the monetary policies to adjust the economic overheat and inflation, which will raise the hurdle for individuals and companies to borrow money from banks, the Board expects that there would be a persistently increasing demand on the money lending and provision of credits business (e.g. personal loans and corporate loans from the Hong Kong general public).

Under the recent downturn of the global stock markets, the Directors are of the opinion that the Company shall identify securities investments opportunities with a prudence approach. The Group will continue to identify any securities investments carrying high potential to generate profit.

In view of increasing number of companies getting listed in Hong Kong as well as merger and acquisition activities, the Directors believe that the business of provision of corporate secretarial and consultancy services will grow gradually in the future.

The Group will continue to explore and analyse potential projects with promising prospects in the future, and to identify opportunities and ways to strengthen the business and to enhance the financial performance of the Group.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2011, the Group recorded net current assets of approximately HK$364,738,000 (31 December 2010: HK$86,509,000); bank balances and cash of approximately HK$78,781,000 (31 December 2010: HK$63,137,000); unguaranteed and unsecured borrowings of HK$10,000,000 (31 December 2010: HK$35,764,000). All borrowings were made in HK$ and the Group did not enter into any financial instruments for hedging purpose.

Capital structure

During the year ended 31 December 2011

On 10 January 2011, upon the completion of the share consolidation on the basis of every twenty-five issued and unissued shares with the par value of HK$0.001 each to be consolidated to one consolidated share of HK$0.025 each and the change in board lot size, the total number of issued ordinary shares of the Company was consolidated from 1,926,819,448 with the par value of HK$0.001 each to 77,072,777 with the par value of HK$0.025 each. The conversion price of the convertible notes with the principal amount of HK$48,000,000 was adjusted from HK$0.16 to HK$4.00 per conversion share.

On 21 January 2011, the Company entered into a placing agreement with a placing agent to issue 15,400,000 new ordinary shares at a price of HK$0.73 per placing share. On 24 January 2011, the Company entered into a supplemental agreement with the placing agent to revise the placing price to HK$0.74 per placing share. Such placing of shares was completed on 1 February 2011 and the total number of issued ordinary shares became 92,472,777 with the par value of HK$0.025 each.

On 8 March 2011, the Company announced a rights issue on the basis of thirty rights shares for every one share held on the record date of 26 April 2011 at the subscription price of HK$0.08 per rights share. Upon the completion of the rights issue in May 2011, the total number of issued ordinary shares became 2,866,656,087 with the par value of HK$0.025 each.

On 8 March 2011, the Company entered into a placing agreement with a placing agent to issue placing convertible notes with an aggregate principal amount of HK$100,000,000. The conversion price of the placing convertible notes was adjusted to HK$0.082 per conversion share convertible into 1,219,512,192 new ordinary shares as the result of the aforesaid rights issue. The placing was completed on 18 May 2011 and the placing convertible notes were then fully converted into ordinary shares. The total number of issued ordinary shares became 4,086,168,279 with the par value of HK$0.025 each.

Following the aforementioned rights issue and placing of placing convertible notes, the board lot size of the shares of the Company changed from 2,000 shares to 40,000 shares with effect from 27 April 2011, and the conversion price of the convertible notes with the principal amount of HK$48,000,000 was adjusted to HK$0.274 per conversion share on 18 May 2011 when the rights issue became unconditional.

On 18 October 2011, the Company entered into a share placing agreement with a share placing agent to issue 817,233,655 new ordinary shares at a price of HK$0.032 per placing share. Such share placing was completed on 3 November 2011 and the total number of issued ordinary shares became 4,903,401,934 with the par value of HK$0.025 each.

On 18 October 2011, the Board proposed the increase in authorised share capital of the Company from HK$200,000,000 divided into 8,000,000,000 shares, to HK$400,000,000 divided into 16,000,000,000 shares, by the creation of an additional 8,000,000,000 shares. The resolutions in relation to the increase in authorised share capital were duly approved by the shareholders of the Company (the "Shareholders") on a special general meeting of the Company on 24 November 2011.

On 18 October 2011, the Company entered into a share subscription agreement with a subscriber to issue 1,800,000,000 new ordinary shares at a price of HK$0.025 per subscription share. Such share subscription was completed on 24 November 2011 and the total number of issued ordinary shares became 6,703,401,934 with the par value of HK$0.025 each.

On 18 October 2011, the Company entered into a convertible notes placing agreement with a placing agent to issue placing convertible notes with an aggregate principal amount of HK$89,600,000 and a placing conversion price of HK$0.028 per conversion share. This placing was completed on 29 November 2011 and on the same day fully converted into 3,200,000,000 ordinary shares. The total number of issued ordinary shares became 9,903,401,934 with the par value of HK$0.025 each.

On 2 December 2011, the Company entered into a strategic cooperation agreement, under which the Company conditionally agreed to but as at 31 December 2011 did not yet, subject to fulfillment of the conditions precedent thereunder, grant to China Longjiang Forest Industry (Group) General Corporation an option to subscribe for not more than 5% of the issued share capital of the Company as at the date of the strategic cooperation agreement, equivalent to 495,170,096 ordinary shares. Details of the strategic cooperation agreement have been disclosed in the circular of the Company dated 29 February 2012.

On 2 December 2011, the Company entered into an agent agreement, under which the Company conditionally agreed to but as at 31 December 2011 did not yet, subject to fulfillment of the conditions precedent thereunder, grant to Jia Run Investments Limited an option to subscribe for not more than 5% of the issued share capital of the Company as at the date of the agent agreement, equivalent to 495,170,096 shares. Details of the agent agreement have been disclosed in the circular of the Company dated 29 February 2012.

On 2 December 2011, the Company entered into an agreement in relation to the acquisition of 30% share interest of Profit Grand Enterprises Limited ("Profit Grand") at a consideration of HK$310,000,000, which shall be satisfied as to (i) HK$27,000,000 by payment in cash; (ii) HK$33,000,000 by procuring the issue of convertible bonds by the Company to the vendors; and (iii) the remaining HK$250,000,000, at the option of the purchaser which is a wholly-owned subsidiary of the Company, either by way of payment in cash or by procuring the Company to issue the promissory note to the vendors, or a combination of both. As at 31 December 2011 the Company did not yet issue the said convertible bonds or promissory note. Details of the agreement have been disclosed in the circular of the Company dated 29 February 2012.

On 22 December 2011, upon the completion of the disposal of Delta Wealth, the convertible notes with principal amount of HK$48,000,000 issued by the Company was cancelled pursuant to a sale and purchase agreement, details of the sale and purchase agreement have been disclosed in the circular of the Company dated 31 October 2011.

As at 31 December 2011, the Company had a total number of issued ordinary shares of 9,903,401,934 shares with the par value of HK$0.025 each.

Subsequent to the financial year ended 31 December 2011

On 19 March 2012, the Shareholders approved the resolutions in relation to the proposed capital reorganization on a special general meeting of the Company, pursuant to which with effect from 20 March 2012, the authorised share capital of the Company was reorganised into HK$400,000,000 divided into 40,000,000,000 shares with par value of HK$0.01 each, and the amount of issued share capital of the Company on 20 March 2012 was reorganised into HK$9,903,401.93 divided into 990,340,193 new shares with par value of HK$0.01 each. Details of the capital reorganization have been set out in the circular of the Company dated 23 February 2012.

Significant investment

On 27 May 2011, the Company announced that it acquired 100,000,000 ordinary shares, representing 7.70% of the issued share capital of Simsen at HK$0.20 per share with a total consideration of HK$20,000,000. Simsen is a company incorporated in Bermuda with limited liability and its shares are listed on the main board of the Stock Exchange. It is principally engaged in brokerage and dealing of securities, futures and options contracts, margin financing, loan financing, financial advisory, investment holding, brokerage and dealing of bullion and forex contracts, and provision of management and consultancy services. The Directors considered that the securities and financial services industry is a promising industry and the Company will be benefited from the possible business synergy with Simsen in exploring any finance business development opportunities.

On 15 June 2011, the Company announced that it would fully accept the provisional allotment of the rights shares under the Simsen rights issue on the basis of twenty rights shares for every existing share held on the record date of 19 July 2011 at HK$0.03 per rights share, and with bonus warrants on the basis of one bonus warrant for every five rights shares taken up under the Simsen rights issue, each of which entitles the holders to subscribe for one Simsen share at the exercise price of HK$0.03. The total consideration of the full acceptance of the provisional allotment was HK$60,000,000. The dealings in fully-paid Simsen rights shares and bonus warrants commenced on 22 August 2011. As at the date of this announcement, 2,000,000,000 rights shares are provisionally allotted and 400,000,000 bonus warrants are granted to the Group.

The change in fair value of Simsen has been reflected in the Consolidate Statement of Comprehensive Income. As at the date of this announcement, Simsen is yet to be disposed of because it is regarded as a long term strategic investment for the sake of the business development of the Group.

Save for disclosed above, there was no significant investment that should be notified to the Shareholders for the year ended 31 December 2011.

Material acquisition and disposal

On 13 October 2011, the Group entered into a sale and purchase agreement to dispose of 51% of the entire share capital of Delta Wealth at a consideration of HK$52,000,000. The disposal was completed on 22 December 2011. Details of the disposal have been disclosed in the circular of the Company dated 31 October 2011.

On 2 December 2011, the Group entered into a sale and purchase agreement pursuant to which the Group conditionally agreed to acquire 30% share interest of Profit Grand which holds a wholly-owned subsidiary incorporated in the Independent State of Papua New Guinea ("PNG") engaging in the course of obtaining the logging concession with respect to the forest in PNG, at a consideration of HK$310,000,000. Details of the acquisition have been set out in the circular of the Company dated 29 February 2012. Completion has not yet taken place as at the date of this announcement.

Save for disclosed above, there was no significant acquisition or disposal that should be notified to Shareholders for the year ended 31 December 2011.

Segment information

Details of segment information of the Group for the year ended 31 December 2011 are set out in note 3 to the consolidated financial statements.

Employees

As at 31 December 2011, the Group had 19 staff. In-house training programs were provided for staff to enhance skills and job knowledge. Management would continue to foster close co-operation with the staff.

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

Details of charges on assets

As at 31 December 2011, the Group did not pledge any assets to banks or other financial institutions nor did the Group have any corporate guarantee given to any entity (31 December 2010: nil).

Future plans for material investment or capital assets

Upon the completion of the disposal of the loss-making plywood in December 2010, the Group's principal business changed from plywood business to money lending and provision of credits business and has adopted securities investments and provision of corporate secretarial and consultancy services as a business activity to the Group in May 2011 and October 2011 respectively. During the year ended 31 December 2011, the Group was exploring ways to improve the financial performance of the Group, to diversify the Group's operations into new and more profitable businesses and to broaden the source of revenue. Although the Group disposed of the loss-making plywood business in December 2010, the Group was trying to continue with the plywood-related business by sourcing business opportunities in relation to the upstream plywood business (i.e. the forestry business). Consequently, on 2 December 2011, as mentioned before in "material acquisition and disposal" the Group entered a sale and purchase agreement to propose to acquire 30% share interest of Profit Grand which is in line with the corporate strategy of the Group and represents a strategic move for the Group to re-enter into the plywood-related business.

Meanwhile on 2 December 2011, the Directors are of the view that Longjiang Forest Industry Group (General) Corporation will be able to deploy a qualified team to the forest in the Project Area and provide such advice and assistance as the Group may from time to time require in the development and management thereof, after completing this proposed acquisition. Details of this acquisition have been disclosed in the circular of the Company on dated 29 February 2012.

Save for the above possible investment in the upstream plywood business, as at date of this announcement, the Company has not entered into any agreement, arrangement, understanding, intention or negotiation about acquiring of any new business. The Board will continue to explore ways to improve the financial performance of the Group, to diversify the Group's operations into new and more profitable businesses and to broaden the source of revenue should opportunity arises.

Up to the date of this announcement, the Directors are actively discussing with several financial institutions for fund raising proposals to raise additional capital to (i) satisfy part of the consideration of the acquisition of Profit Grand; (ii) further expand the existing businesses of the Group (including the business resulting from the acquisition of Profit Grand); (iii) improve the gearing position of the Group; and (iv) finance the investment opportunities identified/to be identified by the Group (including but not limited to the possible acquisition of further equity interest in Profit Grand by exercising an option). Based on the fund raising proposals received by the Directors, it is possible that the Company may conduct a placing of new shares under its general mandate and/or a rights issue with scale and size similar to the rights issue completed by the Company in May 2011 (further details of which have been disclosed in the announcement, circular and prospectus of the Company dated 8 March 2011, 28 March 2011 and 27 April 2011 respectively).

Treasury policy

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

Working capital and gearing ratio

The gearing ratios of the Group as at 31 December 2011 and 2010 were as follow:

	As at 31 December	
	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Convertible notes	**—**	42,922
Amounts due to directors	**152**	—
Other borrowings	**10,000**	35,764
Loans from shareholders of a subsidiary	**—**	48,046
Less: Bank balances and cash	**(78,781)**	(63,137)
Net debt	**(68,629)**	63,595
Total equity	**410,111**	91,535
Total capital	**341,482**	155,130
Gearing ratio (net debt to total capital)	**(20%)**	41%

Due to fund raising exercises and the disposal of a subsidiary with loans from shareholders during the year ended 31 December 2011, the gearing ratio of the Group decreased to negative 20%.

Foreign exchange exposure

The Group mainly earns revenue and incurs cost in HK$ and is not subject to foreign exchange risk. In addition, the Group had no any related hedges as at 31 December 2011.

Contingent liabilities

As at 31 December 2011, the Group had no material contingent liabilities.

DIVIDEND

No dividend for the year ended 31 December 2011 (2010: nil) is recommended by the Board.

CORPORATE GOVERNANCE

The Company has complied with the CG Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2011, with deviations from code provision A.4.1 and E.1.2.

CG Code provision A.4.1

CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

The Company does not fully comply with the code provision. The existing non-executive Directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company (the "AGM"). The Board does not believe that arbitrary term limits on Director's service are appropriate given that Directors ought to be committed to representing the long-term interests of the Shareholders.

CG Code provision E.1.2

Under the CG Code provision E.1.2, the chairman of the Board should attend AGM. Due to certain personal matters, Mr. Liang Jian Hua, being the chairman of the Board at the time of the 2011 AGM, did not attend the 2011 AGM. However, Mr. Huang Chuan Fu, the deputy chairman of the Board, attended the 2011 AGM to answer questions raised by the shareholders of the Company (the "Shareholders").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the terms as contained in the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10 of the Listing Rules) as the Company's code of conduct for securities transactions and dealings (Model Code). All existing directors of the Company, upon specific enquiry, have confirmed that they have complied with the Model Code during the year ended 31 December 2011.

AUDIT COMMITTEE

On 16 December 2011, Mr. Li Sui Yang was appointed as member of the audit committee of the Company (the "Audit Committee"), while Mr. Chan Kin Sang had ceased to be a member of the Audit Committee on the same date since his re-designation as non-executive Director.

The Audit Committee has adopted terms of reference which are in line with the CG Code issued by the Stock Exchange.

During the year ended 31 December 2011, the Audit Committee met to review the annual financial statements for the year ended 31 December 2010 and the interim financial information for the six months ended 30 June 2011. In December 2011, the Audit Committee communicated with the external auditor of the Company through telephone conference to discuss their audit plan for 2011 annual audit.

The Audit Committee has discussed and reviewed with management the consolidated financial statements for the year ended 31 December 2011.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased or redeemed any of the Company's shares during the year. As at 31 December 2011, 9,903,401,934 ordinary shares with a par value of HK$0.025 each were in issue. Details are set out in the "Capital structure" section in page 32 to page 33 of this announcement and note 14 to the accompanying consolidated financial statements.

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

Executive Directors
Mr. Ng Kwok Fai *(Chairman)*
Mr. Huang Chuan Fu *(Deputy Chairman)*
Mr. Liang Jian Hua
Ms. Jia Hui
Mr. Jiang Yi Ren

Independent Non-executive Directors
Mr. Cheng Po Yuen
Mr. Wong Chun Hung
Mr. Li Sui Yang

Non-executive Director
Mr. Chan Kin Sang

By order of the Board
Pacific Plywood Holdings Limited
Ng Kwok Fai
Chairman

Hong Kong, 30 March 2012