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

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board of directors (the "**Directors**") (the "**Board**") of Pacific Plywood Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2016 together with the comparative figures for the previous year. The annual results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
REVENUE	6	**555,386**	102,490
Cost of services		**(781)**	(1,418)
Gross profit		**554,605**	101,072
Other income and gains	6	**53,422**	77,100
Selling and distribution expenses		**(15,030)**	(9,943)
Administrative expenses		**(147,473)**	(72,775)
Other expenses		**(23,170)**	(239,230)
Interest on other loan		–	(99)
PROFIT/(LOSS) BEFORE TAX	7	**422,354**	(143,875)
Income tax expense	8	**(89,290)**	(5,963)
PROFIT/(LOSS) FOR THE YEAR		**333,064**	(149,838)
Attributable to:			
Owners of the parent		**321,907**	(148,282)
Non-controlling interests		**11,157**	(1,556)
		333,064	(149,838)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit/(loss) for the year	10	**HK9.40 cents**	HK(5.33) cents
Diluted			
– For profit/(loss) for the year		**HK2.18 cents**	HK(5.33) cents

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016	2015
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**333,064**	(149,838)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**(339,817)**	430,367
Reclassification adjustments for gain/(loss) included in the consolidated statement of profit or loss		
– gain on disposal	**(30,291)**	(5,582)
– impairment losses	**1,600**	–
	(368,508)	424,785
Exchange differences:		
Exchange differences on translation of foreign operations	**(16,473)**	(1,507)
Reclassification adjustments for foreign operations disposal of during the year	**(1,446)**	–
	(17,919)	(1,507)
NET OTHER COMPREHENSIVE (LOSS)/INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(386,427)**	423,278
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(53,363)**	273,440
Attributable to:		
Owners of the parent	**(64,164)**	273,676
Non-controlling interests	**10,801**	(236)
	(53,363)	273,440

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Plant and equipment	11	**2,908**	17,802
Goodwill		**2,182,663**	2,182,663
Intangible asset		–	1,194
Available-for-sale investments		**718,465**	1,127,088
Total non-current assets		**2,904,036**	3,328,747
CURRENT ASSETS			
Loan and interest receivables	12	**878,079**	555,180
Trade and other receivables	13	**5,638**	55,419
Available-for-sale investments		–	41,672
Tax recoverable		**5,549**	2,174
Cash and cash equivalents		**348,357**	197,059
Total current assets		**1,237,623**	851,504
CURRENT LIABILITIES			
Other payables and accruals		**13,333**	21,967
Tax payable		**47,179**	22,628
Total current liabilities		**60,512**	44,595
NET CURRENT ASSETS		**1,177,111**	806,909
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,081,147**	4,135,656
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**78**	304
Net assets		**4,081,069**	4,135,352
EQUITY			
Equity attributable to owners of the parent			
Share capital		**3,870**	2,782
Reserves		**4,059,704**	4,124,956
		4,063,574	4,127,738
Non-controlling interests		**17,495**	7,614
Total equity		**4,081,069**	4,135,352

NOTES:

1. CORPORATE AND GROUP INFORMATION

Pacific Plywood Holdings Limited is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered address of the Company is located at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda. The principal place of business of the Company is located at Units 3301–03, 33/F, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

During the year, the Group was involved in the following principal activities:

- Operation of peer-to-peer ("**P2P**") financing platform under the "CAIJIA" brand and other loan facilitation services
- Money lending and provision of credit
- Securities investments
- Provision of corporate secretarial and consultancy services (disposed during the year)
- Forestry business (disposed during the year)

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Allied Summit Inc., which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all 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 and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs

Other than as explained below, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;
(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) The HKAS 27 (2011) Amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying HKFRSs and electing to change to the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements are required to apply the change retrospectively. The amendments are not applicable to the Group's consolidated financial statements.

(d) *Annual Improvements to HKFRSs 2012–2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are to be applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

- HKFRS 7 *Financial Instruments: Disclosures*: Clarifies that the disclosures in respect of the offsetting of financial assets and financial liabilities in HKFRS 7 are not required in the condensed interim financial statements, except where the disclosures provide a significant update to the information reported in the most recent annual report, in which case the disclosures should be included in the condensed interim financial statements. The amendments are not applicable to the Group's annual consolidated financial statements.

- HKFRS 7 *Financial Instruments: Disclosures:* Clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the HKFRS 7 disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments. The amendments have had no impact on the Group as the Group does not have any servicing contracts.

- HKAS 19 *Employee Benefits*: Clarifies that market depth of high quality corporate bonds used for discounting the post-employment benefit obligation for defined benefit plans is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment has had no impact on the Group as the Group does not have any defined benefit plans.

- HKAS 34 *Interim Financial Reporting*: Clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report. The amendment also specifies that the information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment is not applicable to the Group's annual consolidated financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for application now.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implement issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 January 2017.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has five reportable operating segments as follows:

(a) Loan facilitation services: operation of P2P financing platform under the "CAIJIA" brand and other loan facilitation services;
(b) Money lending: money lending and provision of credit for interest income;
(c) Securities investments: trading of securities and investment in long-term securities;
(d) Consultancy services: provision of corporate secretarial and consultancy services; and
(e) Forestry business: forest logging and harvesting.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, gain on disposal of subsidiaries and finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2016	**Loan facilitation services**	**Money lending**	**Securities investments**	**Consultancy services**	**Forestry business**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Revenue from external customers	**490,662**	**64,374**	**–**	**350**	**–**	**555,386**
Segment results	**390,504**	**64,406**	**23,036**	**(1,376)**	**(5)**	**476,565**
Reconciliation:						
Bank interest income						**1,150**
Gain on disposal of subsidiaries						**16,201**
Corporate and other unallocated expenses						**(71,562)**
Profit before tax						**422,354**
Other segment information included in consolidated statement of profit or loss						
Depreciation	**3,984**	**12**	**–**	**–**	**–**	**3,996**
Dividend income	**–**	**–**	**(4,193)**	**–**	**–**	**(4,193)**
Gain on disposal of available-for-sale investments	**–**	**–**	**(30,189)**	**–**	**–**	**(30,189)**
Impairment of available-for-sale investments	**–**	**–**	**11,280**	**–**	**–**	**11,280**
Impairment of trade and other receivables	**1,941**	**–**	**–**	**–**	**–**	**1,941**
Loss on disposal of items of plant and equipment	**9,949**	**–**	**–**	**–**	**–**	**9,949**
Capital expenditure*	**301**	**–**	**–**	**–**	**–**	**301**

Year ended 31 December 2015	Loan facilitation services *HK$'000*	Money lending *HK$'000*	Securities investments *HK$'000*	Consultancy services *HK$'000*	Forestry business *HK$'000*	Total *HK$'000*
Segment revenue						
Revenue from external customers	34,740	66,457	–	1,293	–	102,490
Segment results	3,810	80,014	62,754	(3,823)	(243,948)	(101,193)
Reconciliation:						
Bank interest income						107
Gain on disposal of subsidiaries						198
Finance costs						(99)
Corporate and other unallocated expenses						(42,888)
Loss before tax						(143,875)
Other segment information included in consolidated statement of profit or loss						
Depreciation	1,007	–	–	–	–	1,007
Dividend income	–	–	(57,425)	–	–	(57,425)
Gain on disposal of available-for-sale investments	–	–	(5,550)	–	–	(5,550)
Impairment of deposit for acquisition of logging concession	–	–	–	–	190	190
Impairment of goodwill	–	–	–	–	239,000	239,000
Loss on disposal of items of plant and equipment	40	–	–	–	–	40
Reversal of impairment of loan and interest receivables	–	(12,690)	–	–	–	(12,690)
Capital expenditure*	18,584	–	–	–	–	18,584

* *Capital expenditure consists of additions to plant and equipment including assets from the acquisition of subsidiaries.*

31 December 2016	**Loan facilitation services** ***HK$'000***	**Money lending** ***HK$'000***	**Securities investments** ***HK$'000***	**Consultancy services** ***HK$'000***	**Total** ***HK$'000***
Segment assets	**2,441,052**	**889,234**	**781,170**	**–**	**4,111,456**
Reconciliation:					
Tax recoverable					**5,549**
Corporate and other unallocated assets					**24,654**
Total assets					**4,141,659**
Segment liabilities	**10,842**	**–**	**–**	**–**	**10,842**
Reconciliation:					
Tax payable					**47,179**
Deferred tax liabilities					**78**
Corporate and other unallocated liabilities					**2,491**
Total liabilities					**60,590**

31 December 2015	Loan facilitation services HK$'000	Money lending HK$'000	Securities investments HK$'000	Consultancy services HK$'000	Total HK$'000
Segment assets	2,387,768	622,326	1,149,327	1,578	4,160,999
Reconciliation:					
Tax recoverable					2,174
Corporate and other unallocated assets					17,078
Total assets					4,180,251
Segment liabilities	17,247	–	–	81	17,328
Reconciliation:					
Tax payable					22,628
Deferred tax liabilities					304
Corporate and other unallocated liabilities					4,639
Total liabilities					44,899

Geographical information

	Revenue from external customers		**Non-current assets**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**62,606**	67,750	**679**	1,947
Mainland China	**492,780**	34,740	**2,184,892**	2,199,712
	555,386	102,490	**2,185,571**	2,201,659

The revenue information is based on the location of customers. The non-current assets are based on the locations of the assets and exclude available-for-sale investments.

Information about major customers

Revenue from operations of HK$284,766,000 (2015: HK$23,110,000) representing 51% (2015: 23%) of the Group's total revenue, were derived from loan facilitation services and money lending segments to three customers (2015: two customers), including services provided by a group of entities which are known to be under common control with these customers. A summary of revenue earned from each of these major customers and segments is set out below:

			2016	2015
	Loan facilitation services segment	**Money lending segment**	**Total**	Money lending segment
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
Customer A	**147,500**	**—**	**147,500**	N/A*
Customer B	**N/A***	**N/A***	**N/A***	12,310
Customer C	**N/A***	**N/A***	**N/A***	10,800
Customer D	**69,449**	**—**	**69,449**	N/A*
Customer E	**67,500**	**317**	**67,817**	N/A*
	284,449	**317**	**284,766**	23,110

* The corresponding revenue of these customers is not disclosed as they individually did not contribute over 10% of the Group's total revenue for the year.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents (i) the net invoiced value of services rendered from operation of P2P financing platform under the "CAIJIA" brand and other loan facilitation services; (ii) gross proceeds from money lending and provision of credit; and (iii) gross proceeds from provision of corporate secretarial and consultancy services received and receivable during the year.

An analysis of revenue, other income and gains is as follows:

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Interest income from loan receivables	**64,374**	66,457
Loan facilitation services income	**490,662**	34,740
Consultancy services income	**350**	1,293
	555,386	102,490
Other income and gains		
Bank interest income	**1,150**	107
Reversal of impairment of loan and interest receivables	**–**	12,690
Dividend income from available-for-sale investments	**4,193**	57,425
Gain on disposal of available-for-sale investments (transfer from equity on disposal of HK$30,291,000, net of transaction costs)	**30,189**	5,550
Gain on disposal of subsidiaries	**16,201**	198
Others	**1,689**	1,130
	53,422	77,100

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	2016	2015
	HK$'000	*HK$'000*
Cost of services provided	**781**	1,418
Depreciation	**4,339**	1,268
Impairment of goodwill*	**–**	239,000
Impairment of available-for-sale investments*	**11,280**	–
Impairment of trade and other receivables*	**1,941**	–
Impairment of deposit for acquisition of logging concession*	**–**	190
Minimum lease payments under operating leases	**19,720**	5,854
Auditor's remuneration	**1,500**	1,500
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
– Wages and salaries	**68,901**	29,352
– Pension scheme contributions	**13,671**	5,743
	82,572	35,095
Foreign exchange differences, net	**742**	2,126
Loss on disposal of items of plant and equipment*	**9,949**	40

* Items are included in "other expenses" in the consolidated statement of profit or loss.

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Subsidiaries established in the People's Republic of China (the "**PRC**") are subject to the PRC corporate income tax at the standard rate of 25%, except for one of the subsidiaries which was registered as an information services enterprise and subject to the PRC corporate income tax at a rate of 15% on its assessable profits for the seven years ending 31 December 2020.

Withholding tax represented withholding tax paid or payable in respect of the Group's income from the provision of loan facilitation services to customers who were located outside Hong Kong.

	2016 ***HK\$'000***	2015 *HK\$'000*
Current – Hong Kong		
Charge for the year	**–**	5,580
Under/(over)-provision in prior years	**1,002**	(40)
	1,002	5,540
Current – PRC		
Charge for the year	**44,559**	423
Underprovision in prior years	**955**	–
	45,514	423
Withholding tax	**43,000**	–
Deferred	**(226)**	–
Total tax charge for the year	**89,290**	5,963

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2016, nor has any dividend been proposed since the end of the reporting period (2015: Nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,424,201,000 (2015: 2,782,102,000) in issue during the year.

The calculation of the diluted earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings/(loss) per share are based on:

	2016	2015
	HK$'000	*HK$'000*
Earnings/(loss):		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculations	**321,907**	(148,282)

	Number of shares	
	2016	2015
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**3,424,201,000**	2,782,102,000
Effect of dilution – weighted average number of ordinary shares:		
Convertible notes	**11,357,901,000**	–
	14,782,102,000	2,782,102,000

11. PLANT AND EQUIPMENT

For the year ended 31 December 2016, the Group had additions of plant and equipment at a total cost of HK$1,174,000 (2015: HK$667,000).

12. LOAN AND INTEREST RECEIVABLES

The terms of loan entered with its customers are on credit. The credit period is generally within one year, extending up to two years, after monitoring assessment and further creditworthiness analysis on the debtors reviewed by senior management.

An aged analysis of the loan and interest receivables as at the end of the reporting period, based on the commencement of loan agreement entered and the date of interest income accrued, and net of provisions, is as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**145,026**	74,046
31 to 90 days	**93,026**	360,825
91 to 180 days	**91,208**	–
181 to 365 days	**230,561**	39,413
Over 365 days	**318,258**	80,896
	878,079	555,180

13. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK\$'000	*HK\$'000*
Trade receivables	**670**	40,791
Impairment	**–**	(60)
	670	40,731
Deposits	**2,845**	5,176
Prepayments	**1,533**	4,945
Other receivables	**590**	4,567
	4,968	14,688
	5,638	55,419

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days for its trade receivables.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2016	2015
	HK\$'000	*HK\$'000*
Within 30 days	**–**	3,147
31 to 60 days	**670**	14,478
61 to 90 days	**–**	16,741
Over 90 days	**–**	6,365
	670	40,731

14. EVENTS AFTER THE REPORTING PERIOD

On 2 February 2017, the Group entered into a loan agreement with a borrower (the "**Borrower**"), an independent third party, pursuant to which the Group has agreed to provide loan with principal amount of up to HK$6,500,000 to the Borrower in accordance with the terms thereunder. Prior to 2 February 2017, the Group provided the previous loan facilities to the Borrower and its associate (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")) with loan principal amounts of HK$47,000,000 in aggregate. Further details of which are set out in the Company's announcement dated 2 February 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 December 2016, the Group's revenue was approximately HK$555,386,000 (2015: HK$102,490,000) and the Group recorded a profit of approximately HK$333,064,000 (2015: loss of HK$149,838,000), the basic and diluted earnings per share were HK9.40 cents and HK2.18 cents respectively (2015: basic and diluted loss per share were HK5.33 cents).

As at 31 December 2016, the consolidated net assets of the Group were approximately HK$4,081,069,000 (31 December 2015: HK$4,135,352,000).

DIVIDEND

No dividend for the year ended 31 December 2016 (2015: Nil) is recommended by the Board.

BUSINESS REVIEW

The Company is an investment holding company, and during the year ended 31 December 2016, the Group was principally engaged in the business of operation of P2P financing platform and other loan facilitation services, money lending and provision of credit, securities investments, provision of corporate secretarial and consultancy services and forestry business.

Operation of P2P Financing Platform and Other Loan Facilitation Services Business

On 20 October 2015, the Company completed the acquisition (the "**P2P Acquisition**") of 96% of the issued share capital of Katar Global Limited and its subsidiaries (the "**Katar Global Group**") from Allied Summit Inc., the controlling shareholder of the Company, at the consideration of HK$2,400 million (the "**Consideration**"), satisfied by the way of issuance of non-redeemable convertible notes of the Company in the principal amount of HK$2,400 million (the "**Convertible Notes**"). Since then, the Group, through the Katar Global Group and relevant structured contracts (the "**Structured Contracts**"), is principally engaged in the operation of a P2P online financing platform in the PRC, matching borrowers with private lenders for various financial products through the internet under the "CAIJIA" brand, which is conducted via the website (www.91caijia.com) (the "**Caijia Website**") and other loan facilitation services. Details of the P2P Acquisition have been disclosed in the announcements of the Company dated 10 July 2015, 16 October 2015 and 20 October 2015 and the circular of the Company dated 29 September 2015 (the "**Circular**"). During the year ended 31 December 2016, a segment revenue of approximately HK$490,662,000 (2015: HK$34,740,000) and a segment profit of approximately HK$390,504,000 (2015: HK$3,810,000) were recorded. The increase in segment revenue and profit was primarily due to the increase in provision of other loan facilitation services during the year ended 31 December 2016.

As disclosed in the Circular, Allied Summit Inc., has irrevocably and unconditionally guaranteed to the Company (the "**Profit Guarantee**") that the audited consolidated profit before tax of the Katar Global Group (excluding any extraordinary items) for each of the years ended 31 December 2015 and 31 December 2016 shall not be less than the amount (the "**Guaranteed Profit(s)**") set opposite to the relevant guaranteed periods (the "**Guaranteed Period(s)**") as defined in the table below:

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

If the aggregate actual audited consolidated profit before tax of the Katar Global Group (excluding any extraordinary items) for any of the Guaranteed Periods shall be less than the relevant Guaranteed Profits, the Consideration shall be reduced accordingly.

The audited consolidated profit before tax of the Katar Global Group (excluding any extraordinary items) for each of the years ended 31 December 2015 and 2016 as shown in the audited accounts of the Katar Global Group prepared by Company's auditor amounted to approximately HK$103,140,000 and HK$398,930,000 respectively and hence the Guaranteed Profits for the Guaranteed Periods have been met. As the P2P Acquisition was completed on 20 October 2015, only less than three months of the results of the Katar Global Group were reflected in the audited consolidated financial statement of the Company for the year ended 31 December 2015.

Accordingly, the Convertible Notes retained by the Company as security of the Profit Guarantee (the "**Retained Convertible Notes**") in the principal amount of HK$266,670,000 for the Guaranteed Period from 1 January 2015 to 31 December 2015 and in the principal amount of HK$933,330,000 for the Guaranteed Period from 1 January 2016 to 31 December 2016 have been released to Allied Summit Inc. on 20 April 2016 and 16 March 2017 respectively. The Directors (including the independent non-executive Directors) are of the view that the release of the Retained Convertible Notes in the principal amount of HK$1,200,000,000 is made in accordance with the terms of the sale and purchase agreement of the P2P Acquisition.

Please refer to the Circular for the details of the Profit Guarantee and adjustment to the Consideration and the announcements of the Company dated 21 April 2016 and 16 March 2017 for the details of the release of the Retained Convertible Notes.

Money Lending and Provision of Credit Business

Since obtaining the money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in 2011, Joy Wealth Finance Limited ("**Joy Wealth**"), a wholly-owned subsidiary of the Company, has provided a wide variety of loans with an accumulated amount of approximately HK$2,267 million (2015: HK$1,730 million). Interest rates ranged from 10%–36% per annum during the current year (2015: 10%–36%). For the year ended 31 December 2016, the interest income recorded by Joy Wealth was approximately HK$62,256,000 (2015: HK$66,457,000) whereas there was no reversal of impairment (2015: reversal of HK$12,690,000) on the loan and interest receivables. Details on the loan and interest receivables are set out in note 12 to financial statements.

Securities Investments Business

As at 31 December 2016, the Group was holding several investments which are equity securities listed on the Stock Exchange for long term investment. For the year ended 31 December 2016, these investments in the listed securities led to a net fair value loss of approximately HK$368,508,000 (2015: net fair value gain of HK$424,785,000) recognised in the consolidated statement of comprehensive income while there was a net gain on disposal of approximately HK$30,189,000 (2015: HK$5,550,000) recognised in the consolidated statement of profit or loss. Significant investments in listed securities are discussed as below.

Investment in shares of Imperial Pacific

The major balance of the aforesaid listed securities represented the Group's investment in 5,426,900,000 shares of Imperial Pacific International Holdings Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 1076) ("**Imperial Pacific**"), representing approximately 3.8% of the issued share capital of Imperial Pacific as at 31 December 2016. Imperial Pacific, through its subsidiaries, is mainly engaged in (i) gaming and resort business, including the development and operation of integrated resort on the Island of Saipan; and (ii) processing and trading of food products which mainly include frozen and functional food products (which ceased and was discontinued on 26 May 2016).

As at 31 December 2016, the fair value of the shares of Imperial Pacific held by the Group amounted to approximately HK$575,251,000 (31 December 2015: HK$917,146,000), representing 80.1% (31 December 2015: 81.4%) of the Group's total investment in listed securities. No disposal nor addition of shares of Imperial Pacific was noted during the year (2015: 13,100,000 shares were disposed of with gain of approximately HK$3,885,000) recognised. The net fair value loss recognised as other comprehensive income for the investment in shares of Imperial Pacific during the year was approximately HK$341,895,000 (2015: net fair value gain of HK$346,131,000).

Investment in shares of Huarong Int Fin

The Group also held 36,786,000 shares of Huarong International Financial Holdings Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 993) ("**Huarong Int Fin**"), representing approximately 1.1% of the issued share capital of Huarong Int Fin as at 31 December 2016. Huarong Int Fin, through its subsidiaries, is principally engaged in securities, futures and options contracts brokerage, provision of margin financing, corporate finance and asset management services and direct investment in equities, bonds, funds, derivative instruments and other financial products.

As at 31 December 2016, the fair value of the shares of Huarong Int Fin held by the Group amounted to approximately HK$112,197,000 (31 December 2015: HK$181,142,000), representing 15.6% (31 December 2015: 16.1%) of the Group's total investment in listed securities. During the year ended 31 December 2016, investment in shares of Huarong Int Fin brought a net fair value loss of approximately HK$30,096,000 recognised as other comprehensive income (2015: net fair value gain of HK$77,019,000) and a gain of approximately HK$30,189,000 (2015: HK$2,682,000) from disposal of 24,000,000 shares of Huarong Int Fin (2015: 1,964,000 shares) recognised in consolidated statement of profit or loss. There was no dividend income received for investment in Huarong Int Fin during the current year (2015: HK$47,815,000).

Provision of Corporate Secretarial and Consultancy Services Business

Pacific Vision Advisory Services Limited ("**Pacific Vision**"), a then wholly-owned subsidiary of the Company, was engaged in the provision of corporate secretarial and consultancy services business. Due to keen competition for corporate secretarial and consultancy services, such business segment has underperformed and recorded continuous losses for the past years. Thus, the Group realised this business by selling Pacific Vision during the year and reallocated its internal resources from this segment to other promising business segments of the Group, such as the P2P financing platform and other loan facilitation services business and money lending and provision of credit business. During the year ended 31 December 2016, a segment revenue of approximately HK$350,000 (2015: HK$1,293,000) and a segment loss of approximately HK$1,376,000 (2015: HK$3,823,000) had been recorded.

Forestry Business

On 12 April 2012, the Group acquired 30% of the entire issued share capital of Profit Grand Enterprises Limited ("**Profit Grand**"), which through its subsidiary has the logging rights within a forest sized approximately 65,800 hectares in the PNG. Certain approvals, licenses, registrations, confirmations and/or permits are required under the laws and regulations of the PNG (the "**Official Approvals**") in order for the Group to conduct forestry related business and to enjoy logging concession right in the PNG. During the year, in the view that it was highly uncertain when the Official Approvals could be obtained from the relevant government authorities, the Group sold all of its interest in Profit Grand in order to avoid further loss.

OUTLOOK

Operation of P2P Financing Platform and Other Loan Facilitation Services Business

Despite the satisfactory segment results for the year ended 31 December 2016, the Group is of the view that the strong profit-making ability of this segment may or may not be sustainable in the future as the P2P lending industry is on the consolidation phase and according to publicly available information, several P2P financing platforms were shut down due to high default rate on loans, which has adversely affected the confidence of potential lenders. Also, the number of P2P financing platforms is decreasing after implementation of strict rules on P2P lending industry by the PRC government with its efforts in reforming the financial system. The Group believes that maintaining and enhancing the "CAIJIA" brand as well as modifying existing business model are critical to its competitive advantage and for it to maintain or gain market share. Thus, the Group has strengthened its credit assessment and due diligence procedures on potential borrowers under the P2P loan facilitation services business in order to reduce loan default risks and to ensure high-quality loans. Moreover, in order to maintain profitability in this segment, the Group would continue developing the business of provision of other loan facilitation services, which has been generating satisfactory income to the Group.

Adoption of the Revised Business Model

As set out in the Circular, the Company shall, within 3 months after completion of the P2P Acquisition, look for acquisition opportunities of foreign companies principally engaged in e-commerce related business with track records and if the Group is able to identify and complete such acquisition, the Group can immediately obtain sufficient foreign experiences to achieve the qualification requirement under the State Council promulgated Regulations for the Administration of Foreign-invested Telecommunications Enterprises (the "**Qualification Requirement**") and then initiate the process of unwinding the Structured Contracts.

However, if the Company is not able to identify any suitable acquisition targets, it shall consider either (i) to establish e-commerce related business overseas by itself to gain foreign e-commerce experiences; or (ii) consider modifying the business model of the Katar Global Group such that reliance on the P2P online financing platform is reduced and expanding the businesses outside of the PRC. In this regard, since the completion of the P2P Acquisition, the Group has been making effort to meet the Qualification Requirement by adding some e-commerce elements in the existing finance business of the Group by setting up a website for Joy Wealth at www.joywealth.com.hk, and through such website, Joy Wealth will accept applications from borrowers online. Also, the Company has also been in contact with agents who have business relationships with owners of certain existing e-commerce related business. However, no suitable target has been identified since completion of the

P2P Acquisition. As an alternative, the Company plans and intends to adopt a revised business model in order to reduce its reliance on, and henceforth the risks associated with the adoption of, the Structured Contracts in the operation of the P2P financing platform (the "**Revised Business Model**").

Under the Revised Business Model, online matching services now provided through the Caijia Website will be outsourced to third party independent internet content provider licensees (the "**ICP OPCO(s)**") in such a way that (i) the ICP OPCO(s) will be responsible for establishing, operating and administering a branded website/webpage under the "CAIJIA" trademark of the Group for providing the online matching services; (ii) the ICP OPCO(s) will be paid a fee in return for the provision of the online matching services through the branded website/webpage; (iii) the relationship between the Group and each ICP OPCO will be a simple contractual one that existed between the parties to an ordinary online cooperation agreement; and (iv) the Company will not seek to own or control, whether directly or indirectly, any part of the business or economic interests of the ICP OPCO(s) through any contractual arrangements same as or similar to those of the Structured Contracts. It follows that the economic interests and results of the ICP OPCO(s) will not be consolidated into the financial statements of the Group. The Revised Business Model does not involve any dissipation or disposal of any assets or interests in the Katar Global Group. All the revenue generating assets and entities critical to the operation of P2P financing platform will remain under the ownership, control and management of the Group. Details of the Revised Business Model have been set out in the announcement of the Company dated 5 January 2017.

It is the Group's plan to enter into cooperation agreement(s) of similar terms with third party independent ICP OPCOs as and when appropriate. As at the date of this announcement, the Group has not entered into any cooperation agreement.

Money Lending and Provision of Credit Business

Money lending and provision of credit business will continue to be one of the major business segments of the Group and contribute stable interest income to the Group. The Group will further develop this business segment, diversify the customer portfolio and seek new opportunities to cooperate with its business partners.

Securities Investments Business

Based on the satisfactory results achieved from the investments in shares of Imperial Pacific and Huarong Int Fin since their acquisitions and the continual development of Imperial Pacific's and Huarong Int Fin's principal activities, the Directors expected the investments in shares of Imperial Pacific and Huarong Int Fin will have positive returns to the Company in the future.

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

Capital Structure

During the year, 1,088,000,000 shares of the Company were issued to Allied Summit Inc., the controlling shareholder of the Company, upon exercise of the conversion rights attaching to the Convertible Notes at a conversion price of HK$0.2 per share. As at 31 December 2016, the total number of issued shares of the Company was 3,870,102,650 with par value of HK$0.001 each (31 December 2015: 2,782,102,650 shares with par value of HK$0.001 each).

Significant Investment, Acquisition and Disposals

Save as disclosed above, there was no significant investment, acquisition and disposals that should be notified to the shareholders of the Company (the "**Shareholders**") for the year ended 31 December 2016.

The performance and prospect of the significant investments of the Group for the current year under review were discussed under the sections of "Securities Investments Business" above.

Segment Information

Details of segment information of the Group for the year ended 31 December 2016 are set out in note 5 to financial statements.

Employees and Remuneration Policy

As at 31 December 2016, the Group had 130 employees which were mainly stationed in Hong Kong and the PRC. In-house training programs were provided for its employees to enhance their skills and job knowledge. The management of the Company would continue to foster close co-operation among the employees.

The Group will review the employee remuneration from time to time based on their performance, experiences and industry practice and salary increment is normally approved annually or by special adjustment depending on length of services and performance when warranted. In addition to salaries, the Group provides employee benefits including medical insurance and mandatory provident funds for employees in Hong Kong and defined contribution retirement plans for employees in the PRC. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending on the financial performance of the Group and the performance of the employees.

Details of Charges on Assets

As at 31 December 2016, 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 2015: Nil).

Future Plans for Material Investment or Capital Assets

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

As at the date of this announcement, the Company had not entered into any agreement, arrangement, understanding, intention or negotiation that should be disclosed pursuant to the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Treasure Policy

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

Working Capital and Gearing Ratio

As the Group had a net cash position as at 31 December 2016 and 31 December 2015 with no borrowing, the gearing ratios were not applicable.

Foreign Exchange Exposure

Business transactions of the Group are mainly denominated in Hong Kong dollars and Renminbi. The Group has not implemented any foreign currency hedging policy at the moment. However, in the view of the fluctuation of Renminbi in recent years, continuous monitoring on the foreign exchange exposure is carried out and the management will consider hedging the foreign exchange exposure if it has material impact on the Group.

Capital Commitment

As at 31 December 2016, the Group had no material capital commitment (31 December 2015: Nil).

Contingent liabilities

As at 31 December 2016, the Group had no material contingent liabilities (31 December 2015: Nil).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that its affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all relevant code provisions (the "**Code Provisions**") set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules except for the deviations as explained below:

Code Provision A.2.1 of the CG Code stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Before 20 January 2016, Mr. Huang Chuan Fu served as the chairman of the Company (the "**Chairman**") but the Company did not have any offices with title of "Chief Executive Officer". The executive Directors undertook the day-to-day management of the Company's business, whereas the Chairman was responsible for management of the Board and strategic planning of the Group. Under such arrangement, the Board believed that the balance of power and authority was adequately ensured. Upon the appointment of Ms. Yu Yang as the Chief Executive Officer on 20 January 2016, the Company has then complied with the CG Code.

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

Code Provision E.1.2 of the CG Code stipulates that the chairman of the board of directors should attend the annual general meeting of the Company. Mr. Huang Chuan Fu, the Chairman, did not attend the annual general meeting of the Company held on 3 June 2016 ("**AGM**") due to his other important engagement. Mr. Wong Chun Hung, an independent non-executive Director, had chaired the said AGM and answered questions from the Shareholders.

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 set out in Appendix 10 of the Listing Rules as the Company's code of conduct for securities transactions and dealings (the "**Model Code**"). All Directors, upon specific enquiry, have confirmed that they have complied with the Model Code during the year ended 31 December 2016.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2016 as well as the Company's risk management and internal control review report. Besides, the Audit Committee reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Listing Rules and the Company's compliance with the CG Code.

PUBLICATION OF FURTHER INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This final results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/pphl). The annual report for the year ended 31 December 2016 containing all the information as required by the Listing Rules will be published on the websites of the Stock Exchange and the Company respectively and copies will be dispatched to Shareholders in due course.

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

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

Independent non-executive Directors
Mr. Wong Chun Hung
Mr. Zheng Zhen
Mr. To Langa Samuelson

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

Hong Kong, 16 March 2017

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