THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Pacific Plywood Holdings Limited (the "**Company**"), you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sales or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for any securities of Pacific Plywood Holdings Limited.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 767)

(I) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF A P2P FINANCING PLATFORM "CAIJIA" IN THE PRC AND (II) NOTICE OF SGM

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Gram Capital Limited
嘉林資本有限公司

A notice convening a special general meeting of the Company (the "**SGM**") to be held at Units 3301–3303, 33/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong on Friday, 16 October 2015 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you are able to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Ltd., at 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending, and voting in person at, the SGM or any adjournment thereof should you so wish.

* *For identification purposes only*

29 September 2015

CONTENTS

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

"Acquisition"	the proposed acquisition of the Sale Shares by the Company and the assignment of Sale Loans to the Company pursuant to the Sale and Purchase Agreement
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Authorisation and Entrustment Agreement"	the authorisation and entrustment agreement dated 2 September 2013 and entered into between Beijing Huiju Financial, Beijing Huiju Management and the Registered Shareholder
"Beijing Huiju Financial"	Beijing Huiju Financial Consulting Co. Limited# (北京滙聚融通財務顧問有限公司), a wholly owned foreign enterprise established in the PRC with limited liability on 3 June 2013 and is wholly-owned by Century Fine
"Beijing Huiju Management"	Beijing Huiju Wealth Management Consultant Company Limited# (北京滙聚財富管理諮詢有限公司), a company established in the PRC with limited liability on 13 December 2012 and is wholly-owned by the Registered Shareholder
"Board"	the board of Directors
"business day(s)"	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business throughout their normal business hours in Hong Kong
"Bye-laws"	the existing bye-laws of the Company as amended from time to time
"Century Fine"	Century Fine Limited, a company incorporated in Hong Kong with limited liability on 9 August 2010 and is wholly-owned by the Target Company
"Chengdu Subang"	Chengdu Subang Management Consulting Co. Limited# (成都速幫管理諮詢有限公司), a wholly-owned foreign enterprise established in the PRC with limited liability on 11 September 2013 and is wholly-owned by Century Fine
"Chongqing KDA"	Chongqing KangDingAo Financing Consulting Co. Limited# (重慶康鼎澳財務諮詢有限公司), a wholly-owned foreign enterprise established in the PRC with limited liability on 27 September 2013 and is wholly-owned by Century Fine

"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Company" or "Purchaser"	Pacific Plywood Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the mainboard of the Stock Exchange
"Completion"	completion of the Sale and Purchase Agreement
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the Consideration for the sale and purchase of the Sale Shares and the Sale Loans, being HK$2,400 million but subject to adjustment and retention pursuant to the Profit Guarantee
"Controlling shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Conversion Price"	the conversion price of HK$0.2 per Conversion Share (subject to adjustment as set out and in accordance with the terms and conditions of the Convertible Notes)
"Conversion Shares"	up to 12,000,000,000 new Shares (subject to adjustments) to be issued and allotted by the Company upon conversion of the Convertible Notes at the Conversion Price based on the maximum principal amount of HK$2,400 million
"Convertible Notes"	the Convertible Notes in the aggregate principal amount of HK$2,400 million (subject to adjustments and retentions pursuant to the Profit Guarantee)
"Director(s)"	director(s) of the Company
"Enlarged Group"	the Group after completion of the Acquisition
"Equity Pledge Agreement"	the equity pledge agreement dated 2 September 2013 and entered into among Beijing Huiju Financial and the Registered Shareholder
"Exclusive Business Cooperation Agreement"	the exclusive business cooperation agreement dated 2 September 2013 and entered into among Beijing Huiju Financial and Beijing Huiju Management
"Exclusive Option Agreement"	the exclusive option agreement dated 2 September 2013 and entered into among Registered Shareholder, Beijing Huiju Financial, and Beijing Huiju Management
"First Announcement"	the announcement of the Company dated 4 May 2015 in relation to the inside information of the Acquisition

"Gram Capital" or "Independent Financial Adviser"	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder
"Group"	the Company and its subsidiaries
"Guarantor"	Mr. Su Weibiao, the ultimate beneficial owner holding 80% of the issued share capital of the Vendor and the Vendor's guarantor under the Sale and Purchase Agreement
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of PRC
"Independent Board Committee"	an independent board committee of the Company, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders other than those who are required under the Listing Rules to abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Acquisition and the transactions contemplated thereunder
"Independent Third Party(ies)"	third party(ies) independent of and not connected with the Directors, chief executive and substantial Shareholders of the Company or any of its subsidiaries, or any of their respective associates
"Latest Practicable Date"	25 September 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 December 2015 or such later date as the parties to the Sale and Purchase Agreement may agree in writing
"Noteholder(s)"	holder(s) of the Convertible Notes
"Operating Subsidiaries"	Shenyang Subang, Chengdu Subang and Chongqing KDA

"P2P Platform"	"Caijia", a Peer-to-Peer (P2P) online credit platform in the PRC matching borrowers with private lenders for various financial products through the internet and being managed by Beijing Huiju Management
"Pledge Agreement"	the pledge agreement among the Registered Shareholder, the Registered Shareholder's shareholder and Beijing Huiju Financial
"PRC"	the People's Republic of China
"PRC Legal Adviser"	Jingtian & Gongcheng
"Profit Guarantee"	the guarantee given by the Vendor to the Purchaser
"Registered Shareholder"	Beijing KangDingAo Hospital Investment Management Company Limited# (北京康鼎澳醫院投資管理有限公司), a company established in the PRC with limited liability on 21 February 2008
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the conditional sale and purchase agreement in relation to the Acquisition (as supplemented by a supplemental agreement dated 10 July 2015) entered into between the Company, the Vendor and the Guarantor on 20 May 2015
"Sale Loans"	all indebtedness, obligations and liabilities due, owing or incurred by the Target Company and Century Fine to the Vendor
"Sale Shares"	960 share(s) of in the issued share capital of the Target Company, representing 96% of the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement
"SGM"	a special general meeting of the Company to be convened on Friday, 16 October 2015 at 10:30 a.m. and held for the Independent Shareholders to consider and, if thought fit, approving the Sale and Purchase Agreement and the transactions respectively contemplated thereunder
"Share(s)"	ordinary share(s) of HK$0.001 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of issued Share(s)

"Shenyang Subang"	Shenyang Subang Management Consulting Co. Limited# (瀋陽速幫管理諮詢有限公司), a wholly-owned foreign enterprise established in the PRC with limited liability on 30 May 2013 and is wholly-owned by Century Fine
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Structured Contracts"	collectively, the Authorisation and Entrustment Agreement, the Equity Pledge Agreement, the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and the Pledge Agreement
"Takeovers Code"	the Code on Takeovers and Mergers of the Securities and Futures Commission of Hong Kong
"Target Company"	Katar Global Limited, a company incorporated in the British Virgin Islands with limited liability on 1 July 2010 and is non-wholly-owned by the Vendor
"Target Group"	the Target Company and its subsidiaries
"Vendor"	Allied Summit Inc.

The English translation of Chinese names or words in this circular, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 767)

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

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head office and principal place of business:
Units 3301–3303, 33/F.
West Tower Shun Tak Centre
168–200 Connaught Road Central
Sheung Wan
Hong Kong

29 September 2015

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

On 10 July 2015, the Board announced that the Purchaser, the Vendor and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares, representing 96% of the issued share capital of the Target Company, and the Sale Loans at the initial total consideration of HK$2,400 million, to be satisfied by way of issue of the Convertible Notes in the principal amount of HK$2,400 million, which is subject to adjustment. The Target Company, through its wholly-owned subsidiaries and the Structured Contracts, is principally engaged in the operation of the P2P Platform under the "Caijia" ("財

* *For identification purposes only*

加") brand, which is conducted via the website (www.91caijia.com) (previously known as "Subangloan" ("速幫貸") and conducted via the website (www.subangloan.com)). The P2P Platform is a Peer-to-Peer (P2P) online credit platform in the PRC matching borrowers with private lenders for various financial products through the internet.

The purpose of this circular is to provide you with (i) further details of the Acquisition; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreement; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement; and (iv) a notice convening the SGM.

THE SALE AND PURCHASE AGREEMENT

Date

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

Parties

The Company (as the Purchaser)

Allied Summit Inc. (as the Vendor)

Mr. Su Weibiao (as the Guarantor)

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

The Sale Shares and the Sale Loans were acquired by the Vendor from Mr. Ji Xiaobo (the "**Previous Vendor**"), who is an Independent Third Party, at the consideration of HK$2,400 million. The said acquisition was completed on 6 March 2015. As advised by the Vendor, the Previous Vendor has irrevocably and unconditionally guaranteed to the Vendor on the same terms as the Guaranteed Profit (as defined in the paragraph headed "Profit Guarantee and adjustment to Consideration" below) except that the cash consideration of HK$2,400 million (subject to adjustment) shall be payable by the Vendor to the Previous Vendor (or his nominee(s)) in the following manner:

(i) as to HK$1,200 million by way of cash on or before 31 March 2016; and

(ii) as to the remaining HK$1,200 million by way of cash on or before 31 March 2017.

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

Negotiations between the Company, the Vendor and the Previous Vendor

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

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

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

Assets to be acquired

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

Consideration

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

Basis for the Consideration

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

Conditions precedent

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

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

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

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

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

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

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

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

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

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

Completion

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

Profit Guarantee and adjustment to Consideration

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

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

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

A = (Guaranteed Profit – Actual Profit) x 5.3333 whereas A is the amount of reduction ("**Reduction Amount**") to be made to the Consideration. Where the Actual Profit is negative, it shall be deemed to be zero. For the avoidance of doubt, depending on the Actual Profit, two reductions may be made to the Consideration and no adjustment will be made to the Consideration if the Actual Profit is more than the Guaranteed Profit. The total maximum amount of the Reduction Amount shall be the Consideration.

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

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

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

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

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

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

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

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

Target Group; and (iii) the guaranteed period of two years as agreed by the Vendor. The Company will comply with the disclosure requirements under the Listing Rules if the Actual Profit for any of the Guaranteed Period is less than the relevant Guaranteed Profit.

The Directors consider that the mechanism on the reduction of Consideration pursuant to the Profit Guarantee is on normal and commercial terms and the Retained Convertible Notes provides extra security to the Profit Guarantee. Further analysis is discussed in the section headed "Reasons for and the Benefits of the Proposed Acquisition" in this circular.

Guarantee by the Guarantor

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

The Convertible Notes

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

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

Early Redemption: The Company may not redeem the Convertible Notes at its option.

Conversion Price: The initial Conversion Price of HK$0.20 per Conversion Share was determined after arm's length negotiation between the Company and the Vendor with reference to the prevailing market price of the Shares (in particular during period prior to the release of the First Announcement), which represents:

(a) a discount of approximately 33.3% to the closing price of HK$0.30 per share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) a discount of approximately 0.5% to the closing price of HK$0.201 per Share as quoted on the Stock Exchange on 4 May 2015, being the last trading day prior to the release of the First Announcement;

(c) a premium of approximately 62.6% to the average closing price of HK$0.123 per Share as quoted on the Stock Exchange for the 180 trading days immediately prior to the date of the First Announcement;

(d) a discount of approximately 63.0% to the closing price of HK$0.54 per Share as quoted on the Stock Exchange on 19 May 2015, being the last trading day prior to the date of the Sale and Purchase Agreement; and

(e) a discount of approximately 61.8% to the average closing price of HK$0.524 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Sale and Purchase Agreement.

	The Conversion Price is subject to adjustments upon the occurrence of consolidation or subdivision of Shares in the share capital of the Company, capitalization of profits or reserves, capital distributions, rights issues of Shares or other securities, issue of shares or other securities at less than current market price, modification of rights of conversion and other offers to Shareholders. In such event, the Company may appoint a licensed financial adviser to consider whether the adjustments to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby, including but not limited to the holders of the Convertible Notes. The Company shall appoint an independent licensed financial adviser to provide views on rather the adjustment is fair and reasonable if any of these adjustment events arise.
Conversion right:	Subject to the conversion restriction, each Convertible Note shall entitle the holder to convert such Convertible Notes into Shares credited as fully paid at any time up to the close of business on the date falling on the maturity date.
Conversion restriction:	Conversion at the option of a Noteholder provided that the conversion rights shall only be exercisable: (i) so long as the minimum public float of the issued share capital of the Company as enlarged by the issue of the Conversion Shares can be maintained in accordance with the Listing Rules; and (ii) when such exercise by the Noteholder and parties acting in concert (within the meaning ascribed to it under the Takeovers Code) with it does not trigger a mandatory offer under Rule 26 of the Takeovers Code on the part of the Noteholder and parties acting in concert with it. If any conversion of the Convertible Note will cause the public float of the Company unable to meet the requirements of the Listing Rules, the Noteholder may only exercise its right of conversion after deposing part of the Shares then held by it.
Ranking of Conversion Shares:	The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all other Shares in issue as at the relevant date of conversion.

Voting:	The Noteholder(s) will not be entitled to attend or vote at any meetings of the Company by reason only of it/they being the holder(s) of the Convertible Notes.
Transferability:	The Convertible Notes or interests in such Convertible Notes (and any part thereof) are freely transferrable provided that they may not be transferred to any connected person of the Company without written consent of the Company and compliance of any applicable Listing Rules.
Conversion Share:	Assuming the issue of the Convertible Notes is completed and based on the initial Conversion Price of HK$0.20 per Conversion Share, a number of 12,000,000,000 Conversion Shares will be allotted and issued if the conversion rights attaching to the Convertible Notes are exercised in full, representing approximately 431.33% of the issued share capital of the Company as at the Latest Practicable Date and approximately 81.18% of the Company's issued share capital as enlarged by the allotment and issue of the Conversion Shares in full.
	The Conversion Shares will be issued and allotted under the specific mandate of the Company. The Directors proposed to seek approval from the Independent Shareholders at the SGM to issue the Conversion Shares.
Listing:	No application will be made for the listing of, or permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

EFFECT OF THE ISSUE OF THE CONVERSION SHARES ON SHAREHOLDING STRUCTURE

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

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

Notes:

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

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

As the Convertible Notes shall be issued to the controlling Shareholder and subject to conversion restrictions, no change in control is expected as a result of the Acquisition.

Information on the Target Group

The Target Company is an investment holding company incorporated on 1 July 2010 in the British Virgin Islands, which through its wholly-owned subsidiaries and the Structured Contracts, is principally engaged in the operation of an internet financing platform under the "Caijia" ("財加") brand, which is conducted via the website (www.91caijia.com) (previously known as "Subangloan" ("速幫貸") and conducted via the website (www.subangloan.com)). The Sale Shares represent 96% of the issued share capital of the Target Company, and the remaining equity interest of 4% in the Target Company is held as to (i) 1% by Mr. Chong Leung Kei; (ii) 1% by Ms. Yu Yang; (iii) 0.8% by Mr. Ng (iv) 0.8% by Mr. Ren Zhenquan (a.k.a Ren Quan); and (v) 0.4% by Mr. Huang Xiaoming, among which Mr. Huang Xiaoming and Mr. Ren Zhenquan (a.k.a Ren Quan) are well-known celebrities in the PRC and the founder of "StarVC" (which is a famous venture capital in the PRC), and Mr. Ng is interested in 20% of the equity interest of the Vendor, which is also the controlling Shareholder. The Target Group has no relationship with "StarVC".

The P2P Platform is a Peer-to-Peer (P2P) online credit platform in the PRC matching borrowers with private lenders for various financial products through the internet and it is managed by Beijing Huiju Management, which is wholly-owned by the Registered Shareholder as at the Latest Practicable Date. The primary source of income of the Target Group is (i) the service fee of an annual rate of approximately 16% on the loan principal charged on successful matches between borrowers and lenders, in which 4% will be deducted upfront from the loan principals and 1% each month payable in arrears, and (ii) the management fee of an annual rate of approximately 4% to 8% on the loan principal charged on lenders who participate in the "Youtoubao" scheme upon expiry of the scheme or 10% of interest received by the lender under the manual matching scheme, as detailed below.

As the Target Group merely serves as an agent to match up lenders and borrowers, the Target Group is not subject to any potential default risks on interest and principal payments by the borrowers. In the event of default by borrowers, Beijing Huiju Management will, on a best effort basis, identify independent debt buyers through business referrals to acquire the defaulted loans from the lenders on the P2P Platform within one hour and the P2P Platform is entitled to receive an overdue management fee of 0.06% of unsettled principal per day, regardless of whether the loan can be acquired by an independent debt buyer. However, there is no guarantee that independent debt buyers will be identified. In the worst scenario that no independent debt buyer is identified, the Target Group will use its best effort to help relevant lenders to collect the debts and overdue charges through legal procedures and debt collecting agents. If no repayment is received at the end, the relevant lenders will suffer the loss of the then outstanding principal amount and interest. The independent debt buyers are individuals in the PRC who are interested in acquiring defaulted loans at full outstanding principal in exchange for the additional profits generated from the overdue rate, which is higher than regular interest rate. Up to the Latest Practicable Date and as confirmed by the Target Group, the default rate of the borrowers was approximately 6.6% and the default rate of the service fee and management rate charged by the Target Group was approximately 6.6%. Nevertheless, due to the fact that these defaulted loans are acquired by independent debt buyers, no lender on the P2P Platform had failed to receive interest and principal payment that they are entitled to. Up to 30 July 2015, the total number of lenders and borrowers registered on the P2P Platform was 39,698 and 20,895 respectively.

Depending on the borrowers' need and subject to credit assessment, loans transacted on the P2P Platform have initial loan terms ranging from three months to twelve months with an average term of ten months and loan principals ranging from RMB3,000 to RMB500,000 with an average principal of RMB100,000. The effective annual rate (calculated based on annual interest expense divided by loan principals and excluding service fee charged by the P2P Platform) charged on the end borrowers for the loans transacted on the P2P Platform is around 10% for both manual matching scheme and Youtoubao Scheme and is determined by the general manager of each branch with reference to rates offered by other market competitors and the interest return from depositing at banks.

Set out below are the details of how the Target Group's income is derived from a loan.

Manual matching

Take a 12-month loan of RMB100,000 with an annual interest of 18% for instance, upon entering into the loan transaction, the borrower will receive RMB96,000 as a 4% service fee of RMB4,000 is deducted upfront for the Target Group. Then, the borrower will repay approximately RMB10,168 each month, with a total of RMB122,016 for twelve months and the total repayment shall include amortized loan principal payment of RMB100,000 and amortized interest payment of RMB10,016 for the lender, and fixed P2P Platform's monthly service fee of 1% of loan principal of RMB1,000 with total of RMB12,000 for twelve months for the P2P Platform.

After twelve months, the borrower's total net cash outflow is RMB26,016 which includes the interest payment of RMB10,016 for the lender and the service fee of RMB16,000 for the P2P Platform. Among the interest payment of RMB10,016, the P2P Platform will charge a total of RMB1,002 (10% of interest received by the lender) as management fee from the lender. Therefore, the total amount that the P2P Platform will receive from a 12-month loan of RMB100,000 with an annual interest of 18% will be the service fee of RMB16,000 and the management fee of RMB1,002.

Youtoubao scheme

Take a 12-month loan of RMB100,000 with an annual interest of 18% for instance, the lender can receive fixed interest rate of 12% at the end of the twelve-month period. Upon entering into the loan transaction, the borrower will receive RMB96,000 as the 4% service fee of RMB4,000 is deducted upfront for the Target Group. Then, the borrower will repay approximately RMB10,168 each month, with a total of RMB122,016 for twelve months and the total repayment shall include amortized loan principal payment of RMB100,000 and amortized interest payment of RMB10,016 for the lender, and fixed P2P Platform's monthly service fee of 1% of loan principal of RMB1,000 with total of RMB12,000 for twelve months for the P2P Platform. In addition, based on Youtoubao scheme, the monthly repayment of RMB10,168 does not need to be repaid to the lender at each month until the end of twelve months, so each monthly repayment will automatically be re-invested into new loan agreements under the lender's name. At the end of the Youtoubao scheme, the lender will receive the interest they are promised, and any additional interest generated from these re-investments will be received by the P2P Platform. Assuming there is no default by the borrowers, an additional effective annual interest compounded from these re-investments is approximately 5.63% or RMB5,634. Effective annual rate charged to the borrower is around 10% which is the interest payment of RMB10,016.

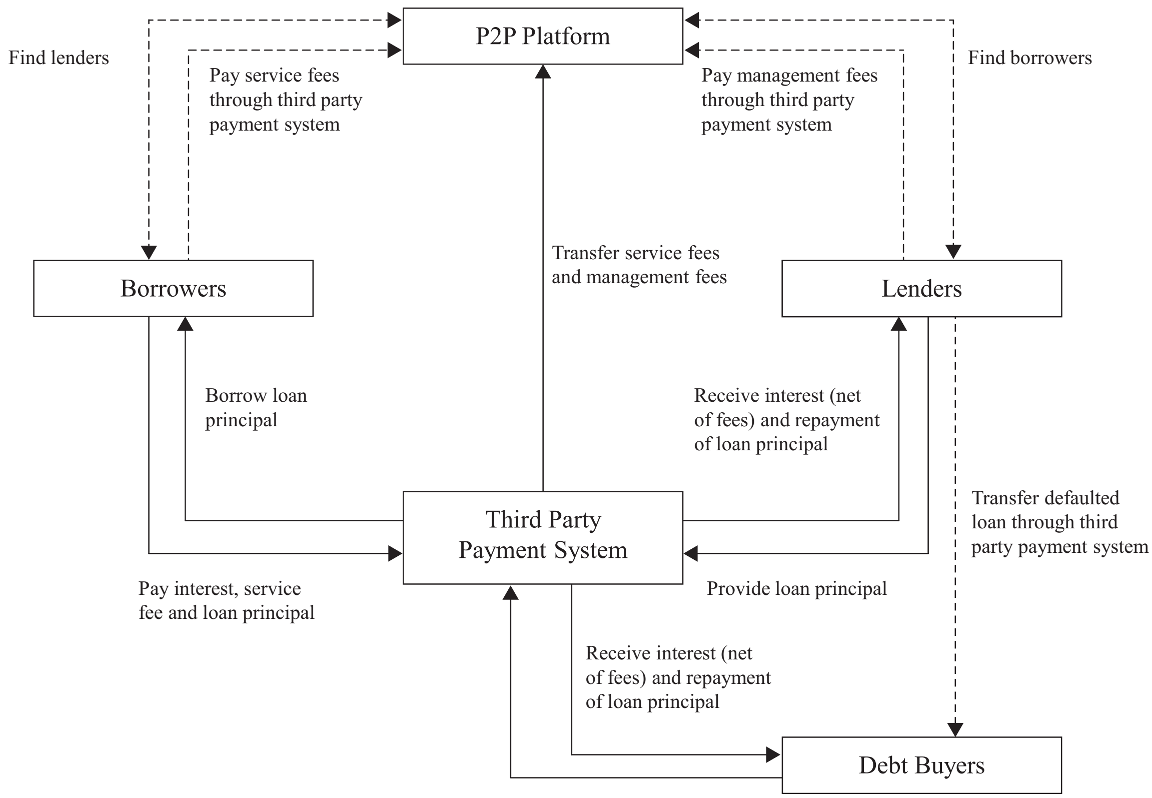
After twelve months, the P2P Platform and the lender's total net cash inflow (taking into account successful re-investment) is RMB31,650, which includes the interest payment of RMB15,650 for the lender and the service fee of RMB16,000 for the P2P Platform. Among the interest payment of RMB15,650, the P2P Platform will pay RMB12,000 (which is equal to fixed interest rate of 12% of loan principal of RMB100,000) to the lender, and the difference of RMB3,650 as management fee (which is around 4% of loan principal of RMB100,000). Therefore, the total amount that the P2P Platform will receive from a 12-month loan of RMB100,000 with an annual interest of 18% will be the service fee of RMB16,000 and the management fee of RMB3,650.

As confirmed by the P2P Platform, all loan agreements currently transacted on it have an interest rate of 18% per annum. As advised by the PRC Legal Adviser, according to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的規定), where the agreed annual interest rate between the borrower and the lender does not exceed 24% (calculated based on annual interest expense divided by loan principals), the People's Court should support the demand of repayments by the lenders from the borrowers. As such, the loan agreements transacted on the P2P Platform are in compliance with the relevant laws and regulations.

Where the interest rate agreed on by the borrower and the lender does not exceed 24% of the annual interest rate, and the lender requests the borrower to pay the interest based on the agreed interest rate, the people's court shall support such request. Where the interest rate agreed on by the borrower and the lender exceeds 36% of the annual interest rate, the agreement on the excess part of the interest shall be invalid. Where the borrower requests the lender to return the part of interest exceeding 36% of the annual interest that has been paid, the people's court shall support such request.

As advised by the PRC Legal Adviser, having reviewed the terms of the agreements entered into among the Target Group, the borrowers and the lenders with respect to the loans (the "**Loan Agreements**"), the service fees charged by the Target Group shall be excluded from the calculation of the annual interest rate specified in the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases. Up to the Latest Practicable Date, the PRC Legal Adviser confirmed that none of the applicable PRC Laws, regulations provides the standard of the service fee charged and therefore the service fees charged by the Target Group on the Loan Agreements did not violate any PRC laws and regulations. Accordingly, the Directors are of the view that the Loan Agreements have complied with and are enforceable under the relevant PRC laws and regulations. To the best of the Directors' knowledge, the Directors understand that the rate of the abovementioned service fees charged by the Target Group is in line with market practice and such service fees are excluded from calculation of the annual interest rate.

Set out below is a diagram showing the relationship and business flow between the P2P Platform, borrowers, lenders and payment system.



Services of the Target Group

The services of the Target Group can be classified into two categories: (i) services for lenders; and (ii) services for borrowers.

Services for lenders

The P2P Platform targets individuals in the PRC who wish to earn higher interest return than depositing with banks while having the flexibilities to optimize the amount and term of their investments. The lenders on the P2P Platform can choose to participate in the "Youtoubao" scheme or to manually select which loan project they wish to lend money to.

- *"Youtoubao" scheme:* the P2P Platform automatically assists subscribers to reinvest lenders' loan principals and interest during a fixed period (e.g. three months, six months, and/or twelve months) and gives priority to its subscribers to successfully lend money in the event that there are not enough loan applications on the P2P Platform. Due to limited availability and the inconvenience of reviewing loan projects, a lender who does not participate in the "Youtoubao" scheme usually invest in one or two loan projects, in which case the default risk of such projects can be significant for that particular lender. However, as the P2P Platform automatically splits the "Youtoubao" scheme participants' money into smaller amount and invests in multiple projects, their exposure to the default risk of one particular project is smaller and diversified among all lenders thereof. More than 90% of the money lent through the P2P Platform belongs to the "Youtoubao" scheme.

- *Manual selection:* lenders manually choose desired loan amount and loan term using the shortlist provided by the web filter. Lenders are also able to see the purpose of the loans and their current status, such as whether or not the loan request has been fulfilled before entering into the loan transaction.

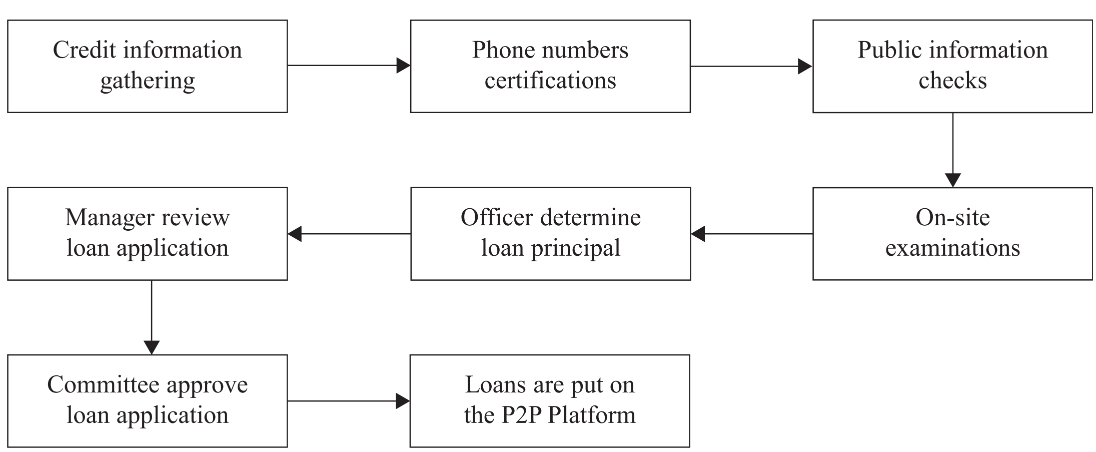
Services for borrowers

The P2P Platform targets borrowers (which include both individuals or corporations) in the PRC who have small to medium scale financial needs and can demonstrate that they are capable of repaying. Purposes of the loans from each borrower will be clearly explained in the website for possible lenders to select and in general, the purposes of the loans include business expansion, procurement of goods, refurbishment of property and general working capital. The borrowers can choose how much money they would like to borrow and duration of the loan term. The risk management team of the Target Group will then review the loan application and the information provided by the borrowers on a case-by-case basis and then assess their credibility. Generally, borrowers need to demonstrate credibility through assets proof (e.g. ownerships of houses or cars) and/or income proof (e.g. salary or profit) and returning borrowers will also need to provide updated information and go through the credit assessment again. Once their credibility has been approved by the risk management team, the loan will then be put on the website for matching.

To the best knowledge, information and belief and having made all reasonable enquiry, the Directors confirm that the customers of the P2P Platform contributed over 10% of the total revenue of the Target Group during the recent financial years were Independent Third Parties. Details of which has been set out on page IIA-21 of this circular.

Credit Assessment Procedure

Each loan to be put on P2P Platform goes through the credit assessment procedure within five business days, which is illustrated in the diagram below:



Credit information gathering

Detailed information regarding the credibility of the borrowers such as credit reports, identity cards, contact persons, income proofs (six months of bank statements), work certifications or business licenses, utility/water bills, lease agreements and purchase agreements are gathered and must be signed and confirmed by the borrowers.

Phone numbers certifications

At least three contact persons are called to verify that their phone numbers are true and valid.

Public information checks

Publicly available information regarding the borrowers, including but not limited to any bankruptcy records, criminal records and law suits are searched.

On-site examinations

The residential locations or business premises of the borrowers are visited and photographed for record.

Officers, managers, and committees' approval

Each loan application is reviewed by officers and managers who are professional in credit assessments, the loan is finally approved by the credit committee before it is put on the P2P Platform for matching. The credit committee includes the general manager from the Shenyang, Chengdu, and Chongqing branch of the Target Group.

Loan Procedure

Once a loan application is approved and put on the P2P Platform for matching, it will be listed on the website as a "project" available for investment along with other successful applications. Lenders, after logging into their user's account on the P2P Platform, can then select to invest on the project they have chosen. Each project is created by only one borrower but can be fulfilled by multiple lenders, and once the required loan principal is reached, the website will automatically generate a multi-parties loan agreement to be entered into among the borrower, the lender(s) and Beijing Huiju Management.

After a loan agreement is digitally signed by all relevant parties, the loan transaction will be handled by the third party payment system operated by Union Mobile Pay Co., Ltd. ("**UMP**"), which was jointly established by China Mobile and China Unionpay in August 2003. Loan principal and interest payments will be automatically transacted between the lender's and the borrower's UMP account and handled by UMP according to the relevant terms of the loan agreements.

Competition

Paired with enormous demands, the competition landscape in personal and small business lending market is intense and evolving. The Target Group competes with financial products and companies that attract borrowers, investors or both. With respect to borrowers, the Target Group primarily competes with traditional financial institutions, such as banks, credit unions, credit card issuers and other consumer finance companies. With respect to lenders, the Target Group primarily compete with other investment vehicles and asset classes, such as equities, bonds and short-term fixed income securities. The Target Group also competes with other online credit marketplaces. Some of the other popular P2P platforms include "Lufax" ("陸金所"), "renrendai" ("人人貸"), yirendai ("宜人貸"), ppdai ("拍拍貸"), and touna ("投哪網").

Many of the Target Group's competitors, operate with different business models, have different cost structures or participate selectively in different market segments. The Target Group may have the competitive advantage of being more cost-efficient and having more flexibility in granting loans as compared to its competitors such as banks.

Management Team of the Target Group

There are five senior management personnels of the Target Group whose role and qualifications are set out as follows:

Yu Jingshu *(Chief Executive Officer)*

Ms. Yu Jingshu, the current chief executive officer, is responsible for making decisions on all material matters related to the Company's operation such as business scope, operating approach and financial position, and its day-to-day operation management. Ms. Yu Jingshu graduated from the University of Cambridge, the United Kingdom and holds a master's degree in Management.

Wang Li *(Chief Operating Officer)*

Ms. Wang Li, the current chief operating officer, is responsible for the Target Group's personnel management, corporate structure development as well as day-to-day operation management of the Target Group. Ms. Wang Li has 13 years of practical experience in IT sector, including 11 years of experience in payment industry, serving well-known mobile payment enterprises in China for years. She has served at various management positions with roles related to sales, marketing, product lines and operation, and has sophisticated management experience in developing internal corporate operating system and profound understanding of online financial business. Ms. Wang Li graduated from Peking University and holds a bachelor's degree in Computer Software and Application.

Chen Hanliu *(Chief Technology Officer)*

Mr. Chen Hanliu, the current chief technology officer, is responsible for the Target Group's corporate structure development and process management, formulating strategic plans for all the technology products of the research and development center, as well as managing and overseeing the selection of technology types and structure development of the website. Mr.

Chen Hanliu has extensive practical experience in IT and internet technology related areas, and has served engineering technology and management positions at a number of global 500 IT enterprises and internet enterprises with years of experience in applications, data, systems and network technology areas and profound understanding of technology development, process planning and team building in the internet industry. Mr. Chen Hanliu graduated from the University of Ottawa, Canada and holds a master's degree in Electronic Engineering.

Peng Zaitian *(Director of the Credit Management Center)*

Mr. Peng Zaitian is the current director of the credit management center of the Target Group. Since 1988, Mr. Peng Zaitian worked at well-known financial enterprises such as CTBC Bank Taiwan (臺灣中國信託商業銀行), Chung Shing Bank (中興銀行) and Taishin International Bank (台新銀行) and has accumulated over 26 years of practical experience. Mr. Peng Zaitian served as a consultant at the respective credit card center of the Beijing branch of China Construction Bank (北京建設銀行) and Shenzhen Development Bank. From September 2009 to May 2013, he served at the Hong Kong office of United Asia Finance Limited, as well as worked as the general manager at both its Tianjin and Harbin offices, and also was the general manager of the Shenyang office of Caijia company (財加瀋陽公司). Mr. Peng Zaitian graduated from Yuan Ze University, Taiwan and obtained a master's degree in corporate management.

Cai Yaqun *(Director for Debt Collection of the Credit Management Center)*

Mr. Cai Yaqun is the current director for debt collection of the credit management center of the Target Group. Since 1990, Mr. Cai Yaqun worked at well-known financial enterprises such as Taiwan Overseas Chinese Trust and Investment Company (臺灣華僑信託投資公司), JihSun Bank, EnTie Bank and Yufeng Assets Management Company (debt collection) and has accumulated over 25 years of practical experience. He has extensive experience in debt collection with risk control of credit cards, micro-finance and secured loan assets. Mr. Cai Yaqun graduated from Department of Economics, Fu Jen Catholic University, Taiwan.

The Target Group has three main operating subsidiaries namely, Shenyang Subang, Chongqing KDA and Chengdu Subang and manages nine operating branches covering major cities in the PRC such as Chengdu, Chongqing, Shenyang, Dalian and Wuhan with a total number of around 1,150 employees. The branches are information centers and responsible for (i) promotion and introduction of the P2P Platform; (ii) provision of guidance and assistance for the use of the P2P Platform; and (iii) performing risks assessments on potential borrowers prior to application to the P2P Platform. In order to expand its business network into different regions across the country and to reduce the set up costs of branches in new regions, the Target Group has entered into three separate sale and purchase agreements in May 2015 with the relevant owners of three operating companies, namely Kunming Subang Enterprise Management Co. Limited# (昆明速幫企業管理有限公司), Shenzhen Subang Management Consulting Co. Limited# (深圳速幫管理諮詢有限公司) and Wuxi Subang Management Consulting Co. Limited# (無錫速幫管理諮詢有限公司) (collectively referred as the "**Acquiring Companies**"), which commenced business operations in 2014. The aggregate considerations for the Acquiring Companies were approximately HK$13,701,000 and were arrived at based on the latest net assets of the relevant Acquiring Companies and have been satisfied by internal resources of the Target Group. Pursuant to the Sale and Purchase Agreement, the Vendor has undertaken to procure the completion of the said acquisitions prior to Completion and the said acquisitions were completed in July 2015.

Based on the operational statistics as provided by the Vendor, the Target Group has commenced business operations in 2013 and has processed and reviewed over 66,000 potential loan transactions and out of which about 19,500 loan applications have been approved and placed on the P2P Platform for matching. Up to the Latest Practicable Date, loan transactions in the total principal amounts of around RMB2.0 billion were successfully matched on the P2P Platform with each loan transactions size of RMB100,000 on average.

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

Business Plan on the Target Group

The business development plan illustrated below is based on the information provided by the Target Group and has been reviewed and adopted by the Company as the Target Group's business development plan.

At present, the P2P Platform mainly operates its sales and marketing team at 16 major cities in the PRC as listed below:

Beijing	Shenyang	Dalian	Anshan
Dandong	Tiexi	Chengdu	Mianyang
Yibin	Deyang	Chongqing	Wanzhou
Wuhan	Wuxi	Kunming	Shenzhen

As the historical financial performance of the Target Group indicates a strong demand in the peer-to-peer financial products, the Target Group intends to further expand to more second-tier and third-tier cities in the PRC and recruit local sales and marketing team at these cities to promote the P2P Platform.

As long as permitted by relevant laws and regulations, the Target Group will also study the possibility of widening and optimizing its product mix to better balance the needs from both the borrowers and the lenders on the P2P Platform; these options may include providing more options of loan period, loan amount, floating interest rate, and repayment methods. All of these options will be evaluated based on factors such as the legality, administration cost, and expected return before being carried out.

Financial information of the Target Group

Set out below is the audited consolidated financial information of the Target Group as extracted from Appendix IIA to this circular:

The Target Group

	For the year ended 31 December 2013 (audited) *HK$*	**For the year ended 31 December 2014** (audited) *HK$*	**For the four months ended 30 April 2015** (audited) *HK$*
Revenue	8,314,246	136,659,331	97,931,656
(Loss)/profit before taxation	(7,076,046)	19,913,783	39,522,974
(Loss)/profit after taxation	(7,328,297)	11,019,442	26,726,784

	As at 31 December 2013 (audited) *HK$*	**As at 31 December 2014** (audited) *HK$*	**As at 30 April 2015** (audited) *HK$*
Net assets	3,378,530	39,586,485	79,321,966

Set out below is the audited financial information of the Acquiring Companies as extracted from Appendix IIA to this circular:

Kunming Subang Enterprise Management Co. Limited

	For the year ended 31 December 2014 (audited) *HK$*	**For the four months ended 30 April 2015** (audited) *HK$*
Revenue	1,434,330	2,420,986
Loss before taxation	(4,238,784)	(2,769,400)
Loss after taxation	(4,238,784)	(2,769,400)

	As at 31 December 2014 (audited) *HK$*	**As at 30 April 2015** (audited) *HK$*
Net assets	552,139	571,200

Shenzhen Subang Management Consulting Co. Limited

	For the year ended 31 December 2014 (audited) *HK$*	For the four months ended 30 April 2015 (audited) *HK$*
Revenue	893,127	1,309,377
Loss before taxation	(3,337,082)	(2,940,324)
Loss after taxation	(3,337,082)	(2,940,324)

	As at 31 December 2014 (audited) *HK$*	As at 30 April 2015 (audited) *HK$*
Net assets	2,715,569	6,351,178

Wuxi Subang Management Consulting Co. Limited

	For the year ended 31 December 2014 (audited) *HK$*	For the four months ended 30 April 2015 (audited) *HK$*
Revenue	605,092	959,836
Loss before taxation	(2,151,220)	(1,702,888)
Loss after taxation	(2,151,220)	(1,702,888)

	As at 31 December 2014 (audited) *HK$*	As at 30 April 2015 (audited) *HK$*
Net assets	748,746	3,722,634

Upon Completion, the Target Company will be owned as to 96% by the Company and will therefore become a non-wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Company.

Information on the Registered Shareholder

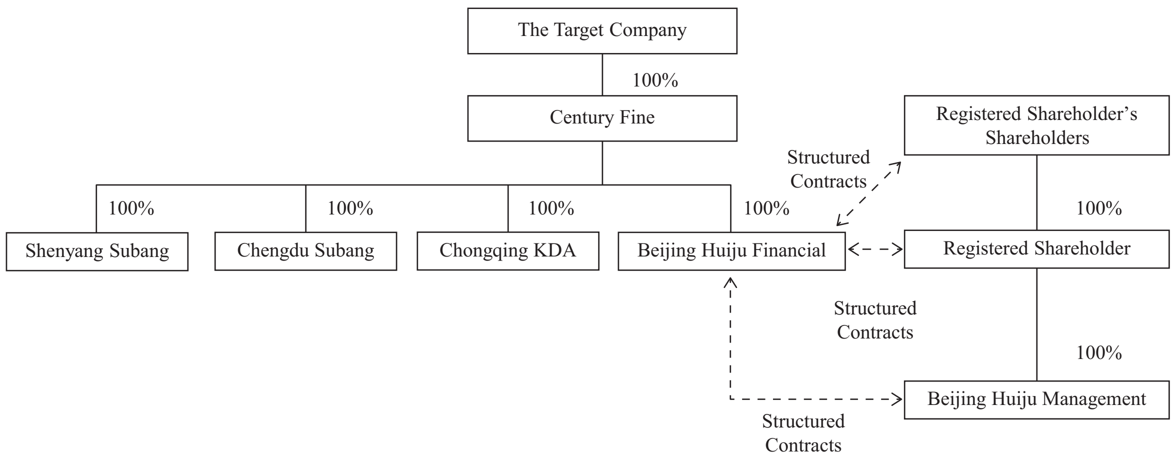
The Registered Shareholder is a company established in the PRC with limited liability on 21 February 2008 and wholly-owns Beijing Huiju Management. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Registered Shareholder and its ultimate beneficial owners is a third party independent of the Company and is not a connected person of the Company. Pursuant to the Sale and Purchase Agreement, the Vendor shall procure the change of the Registered Shareholder to any nominees as designated by the Company and upon completion of such transfer, the new shareholder of Beijing Huiju Management, Beijing Huiju Management and Beijing Huiju Financial shall enter into a new sets of Structured Contracts to enable the financial results, the entire economic benefits and risks of the businesses of Beijing Huiju Management to flow onto Beijing Huiju Financial and to enable the Target Group to gain the controlling right of Beijing Huiju Management. The Company will arrange registration with the Administration of Industry and Commerce of the PRC within three months after the Completion to change the Registered Shareholder of Beijing Huiju Management. As at the Latest Practicable Date, the Company proposed to change the Registered Shareholder to Mr. Guo Junfeng, being the General Manager of Beijing Huiju Financial and an Independent Third Party, after completion of the Acquisition and the Company will comply with the requirement under paragraph 16(b) of HKEx-GL77-14 after the Registered Shareholder has been changed by way of an announcement. As advised by the PRC Legal Adviser, appropriate arrangements (which will also be detailed in the announcement) have been made to protect the Beijing Huiju Management's interests in the event of bankruptcy, or any circumstance that affects the Registered Shareholder's exercising of the rights related to equity interest of the Beijing Huiju Management. Each of the Structured Contracts contains a provision which sets out that the respective agreement shall be legally binding on the legal assignees or successors of the parties thereto.

Information on the Structured Contracts

Pursuant to the applicable PRC laws, the value-added telecommunications business of Beijing Huiju Management is subject to restriction on foreign investment. As such, Beijing Huiju Financial, Beijing Huiju Management and the Registered Shareholder entered into the Structured Contracts to enable the financial results, the entire economic benefits and risks of the businesses of Beijing Huiju Management to flow onto Beijing Huiju Financial and to enable Beijing Huiju Financial to gain the controlling right of Beijing Huiju Management. In the event it is permissible under the relevant PRC laws, rules and regulations for Beijing Huiju Financial to engage in the value-added telecommunications business in the future, Beijing Huiju Financial shall exercise the options under the Exclusive Option Agreement as soon as practicable and the relevant Structured Contracts shall be terminated.

Shareholding structure of the Target Group

Set out below is a simplified shareholding structure of the Target Group as at the Latest Practicable Date:



The Structured Contracts

(1) Exclusive Option Agreement

Date: 2 September 2013

Parties: The Registered Shareholder

Beijing Huiju Financial

Beijing Huiju Management

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

(2) Exclusive Business Cooperation Agreement

Date: 2 September 2013

Parties: Beijing Huiju Financial

Beijing Huiju Management

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

(3) Equity Pledge Agreement

Date: 2 September 2013

Parties: The Registered Shareholder

Beijing Huiju Financial

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

(4) Authorisation and Entrustment Agreement

Date: 2 September 2013

Parties: The Registered Shareholder

Beijing Huiju Financial

Beijing Huiju Management

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

(5) Pledge Agreement

Date: 1 April 2015

Parties: Beijing Huiju Financial (the "**Pledgee**")

The Registered Shareholder's shareholders (the "**Pledgor**")

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

Compliance of Structured Contracts with PRC laws, rules and regulations

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

Settlement of potential dispute arising from the Structured Contracts

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

(ii) provide the courts of competent jurisdictions (including the PRC, Hong Kong and Bermuda) with the power to grant interim remedies in support of the arbitration pending formation of the arbitration panel.

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

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

Internal control measures

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

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

- requiring Beijing Huiju Management to make available monthly management accounts and submit key operating data and bank statements after each month-end and provide explanations on any material fluctuations to Beijing Huiju Financial;
- requiring Beijing Huiju Management to assist and facilitate Beijing Huiju Financial to conduct quarterly onsite internal audit on Beijing Huiju Management; and

- if required, engaging legal advisers and or other professionals to deal with specific issues arising from the Structured Contracts and ensure that the operation of Beijing Huiju Management will from time to time comply with applicable laws and regulations.

Unwinding the Structured Contracts

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

Insurance to cover the risks relating to the Structured Contracts

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

Potential exposure of the Company to losses

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

Reasons for adopting the Structured Contracts

Paragraph 16(a)(i) of the Guidance Letter GL77–14 published by the Stock Exchange in May 2014 in relation to listed issuers using contractual arrangements for their businesses (the "Guidance Letter") requires that structured contracts shall be narrowly tailored to achieve the issuer's business purpose and minimise the potential for conflict with relevant PRC laws and regulations. As advised by the PRC Legal Adviser, current PRC laws and regulations place certain restrictions on foreign ownership of companies that engage in value-added telecommunications business, including ICP services. Specifically, foreign ownership of value-added telecommunications services providers, including Internet content providers, may not exceed 50%. Beijing Huiju Management's online P2P business is regarded as internet content provision business. The Target Company is a British Virgin Islands incorporated company and its wholly-owned subsidiary in the PRC, Beijing Huiju Financial, may not operate Internet content provision services in the PRC under current PRC law. As a result, the Group will have to conduct its online P2P operations in the PRC through the Structured Contracts. The Circular on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Services issued by the Ministry of Industry and Information Technology of the People's Republic China (the "**MIIT**") on 13 July 2006 (the "**MIIT Circular**") provides that a domestic company that holds an ICP licence is prohibited from leasing, transferring or selling the licence to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors to provide ICP services illegally in the PRC. Due to a lack of interpretative materials from the authorities, the Group cannot assure that the MIIT will not consider the Target Group's corporate structure and contractual arrangements upon Completion as a kind of foreign investment in telecommunication services, in which case the Target Group may be found in violation of the MIIT Circular and as a result may be subject to various penalties, including fines and the discontinuation of or restrictions on the Target Group's operations. In addition, according to the Regulations for the Administration of Foreign-invested Telecommunications Enterprises promulgated by the State Council on 11 December 2001, which were subsequently amended on 10 September 2008 (the "**FITE Regulations**"), a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications business and a proven track record of business operations overseas (the "**Qualification Requirement**"). Currently none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirement. However, to the best knowledge of the Company and the PRC Legal Adviser, if a foreign-owned enterprise like Beijing Huiju Financial applies for an ICP licence, Beijing Huiju Financial's foreign investor must possess the Qualification Requirement. However, as confirmed by Beijing Huiju Financial's foreign investor, neither does it have any prior experience in operating value-added telecommunications business, nor has it obtained qualification for operate value-added telecommunications business in its registration area.

Due to the lack of clear guidance or interpretation on the Qualification Requirement, a new foreign-invested company like Beijing Huiju Financial has difficulty and uncertainty to apply for an ICP license for providing value-added telecommunications services to the PRC or its local counterparts (the "**Relevant Authority**"), and hence there will be a prolonged process of application with uncertain results. Hence, there exists great difficulty and uncertainty for the foreign-owned enterprises to apply for an ICP licence from the Relevant Authority in the PRC.

Taking into account the abovementioned reasons, in order not to interrupt the daily operations of Beijing Huiju Management, the Target Group has to adopt the Structured Contracts to own the entire equity interests of Beijing Huiju Management.

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

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

- the Company will engage external legal advisers or professional advisers, if necessary, to pay close attention to the update status of relevant laws and regulations, and to assist the Board to review the implementation of the Structured

Contracts, review the legal compliance of Beijing Huiju Financial and Beijing Huiju Management to deal with specific issues or matters arising from the Structured Contracts.

- major issues arising from the implementation and compliance with the Structured Contracts or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis.
- the Board will review the overall performance of and compliance with the Structured Contracts at least once a year; the Company will disclose the overall performance and compliance with the Structured Contracts in its annual/interim report to update the Shareholders and potential investors.

Controlling Shareholder's Undertaking

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

A. Mr. Su Weibiao ("**Mr. Su**") has executed the following undertaking:

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

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

In case Mr. Su's Undertaking is breached, the Company shall consider the then circumstances to see whether to mediate with Mr. Su or commence legal actions against Mr. Su for breach of undertaking and sue for damages, and if circumstances allow, for specific performance to enforce Mr. Su's undertaking. Further, after Completion, as a continuing alternative, the Company shall, within 3 months after Completion, look for acquisition opportunities of foreign companies principally engaged in e-commerce related business with track records such that after such potential acquisition. If the Group is able to identify and complete such acquisition, the Group can immediately obtain sufficient foreign experiences to achieve the Qualification Requirement and then initiate the process of acquiring the entire equity interest in Beijing Huiju Management. The Group will, with the assistance of the PRC Legal Adviser, to negotiate with the relevant government authorities (including the Ministry of Commerce and the Ministry of Industry and Information Technology). 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 Target Group such that reliance on the P2P Platform is reduced and expanding the businesses outside of the PRC. The Group can continue its businesses (without having the websites in the PRC and/or using the P2P Platform to be set up in Hong Kong or other regions as replacement and/or cooperates with other third parties web-sites in the PRC for marketing to obtain borrowers and/or lenders online) for providing matching services offline in the future. As advised by the PRC Legal Adviser, the abovementioned revised business model (without operating the websites in the PRC) no longer requires the Structured Contracts and in addition, the matching services offline which are not involving in the value-added telecommunications services continue to comply with the relevant rules and regulations in the PRC.

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

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

REASONS FOR AND THE BENEFITS OF THE PROPOSED ACQUISITION

The Company is an investment holding company, and through its subsidiaries, is principally engaged in the business of money lending and provision of credits, securities investments, provision of corporate secretarial and consultancy services and forestry business.

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

Solid Historical Financial Performance

Having just commenced its business in May 2013, the Target Group recorded profit after tax of HK$11.02 million in 2014 after only one year of operation and recorded a profit after tax of approximately HK$26.73 million for the four months ended 30 April 2015. Up to the Latest Practicable Date, the Target Group has already achieved a total loan transactions in the principal amounts of around RMB2.0 billion with an average size of approximately RMB100,000 for each loan transaction. The drastic growth of the P2P Platform was mainly due to strong demand of online financial products and the successful sales and marketing strategies carried out by the Target Group (e.g. the large sales force and the introduction of celebrity shareholders such as Mr. Huang Xiaoming and Mr. Ren Zhenquan). The Directors therefore expect that the Target Group will generate positive cash flow to the Group after the Acquisition is completed.

Promising Future Growth

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

Favorable Terms in the Sale and Purchase Agreement

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

Reasonable Price-to-Earnings Multiple

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

Based on the aforementioned, the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole and in line with the business objectives of the Group. As at the Latest Practicable Date, the Company did not enter or propose to enter, into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, and negotiation (whether concluded or not) with an intention to dispose of or down-size the existing businesses of the Group.

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

Possible Financial Effects of the Acquisition

Immediately after the Completion, the Target Company will become a direct non-wholly-owned subsidiary of the Company. The financial results of the Target Group and Beijing Huiju Management will thereafter be consolidated into the financial statements of the Group.

Assets

According to the 2015 interim report of the Company, as at 30 June 2015, the unaudited consolidated total assets of the Group amounted to approximately HK$2,946,226,000.

As set out in Appendix III to this circular, assuming the Completion had taken place on 30 June 2015, the unaudited pro forma consolidated total assets of the Group would be approximately HK$5,590,936,000, representing an increase in the total assets by approximately HK$2,644,710,000.

Liabilities

As at 30 June 2015, the unaudited consolidated total liabilities of the Group amounted to approximately HK$9,811,000.

As set out in Appendix III to this circular, assuming the Completion had taken place on 30 June 2015, the unaudited pro forma consolidated total liabilities of the Group would be approximately HK$56,850,000, representing an increase in the total liabilities by approximately HK$47,039,000.

Earnings

In light of the potential future prospects of the Target Group and the P2P Platform, the Directors are of the view that the Acquisition would have a positive impact on the future earnings of the Enlarged Group.

Working capital

As at 30 June 2015, the bank balances and cash of the Group amounted to approximately HK$75,220,000. As mentioned in earlier section of this letter, the Consideration shall be satisfied by the issue of the Convertible Notes which will be mandatorily converted at its maturity, no material impact will be caused to the cash position of the Group upon Completion as a result of the Acquisition.

It should be noted that the aforementioned estimations are for illustrative purpose only and do not purport to represent how the financial position of the Enlarged Group will be upon Completion.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the relevant percentage ratios applicable to the Company exceeds 100%, he entering into of the Sale and Purchase Agreement constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. As at the Latest Practicable Date, the Vendor is the controlling Shareholder interested in 1,621,219,755 Shares, representing approximately 58.27% of the issued share capital of the Company. The Vendor is therefore a connected person of the Company pursuant to the Listing Rules. Accordingly, the Vendor is a connected person of the Company and the Acquisition and the transactions contemplated thereunder constitute a connected transaction of the Company pursuant to the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As no Director has material interest in the Acquisition, none of the Directors was required to abstain from voting in the board resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

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

SGM

A notice convening the SGM to be held at Units 3301–3303, 33/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong on Friday, 16 October 2015 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the special general meeting of the Company. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) should you so wish.

GENERAL

An Independent Board Committee comprising Mr. Wong Chun Hung, Mr. Zheng Zhen, and Mr. To Langa Samuelson (all being independent non-executive Directors) has been established to advise the Independent Shareholders (i) as to whether the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the Acquisition is in the interests of the Company and the Shareholders as a whole; and (ii) on how to vote in respect of the Acquisition after taking into account the recommendation of Gram Capital.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 57 of this circular which contains its recommendation to the Independent Shareholders, and the letter from Gram Capital set out on pages 59 to 76 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

Having discussed with Gram Capital and reviewed the principal factors and reasons as set out in the letter from Gram Capital, the Independent Board Committee considers that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolution(s) approving Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

The Directors consider that the Acquisition is fair and reasonable and in the interests of the Group and the Shareholders as a whole, therefore, the Directors recommend the Independent Shareholders to vote in favour of the proposed resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

You should carefully consider all of the information in this circular, including the risks and uncertainties described below, before making voting decision(s) at the SGM. You should pay particular attention to the fact that the business of the Target Group and Beijing Huiju Management are located exclusively in the PRC and the Target Group and Beijing Huiju Management are governed by a legal and regulatory environment that differs in certain respects from that which prevails in other countries. The business, financial condition or results of operations of the Enlarged Group could be materially and adversely affected by any of the risks described below.

RISK RELATING TO THE P2P PLATFORM BUSINESS

The Target Group's business depends on the market recognition of its "Caijia" ("財加") brand.

The Board believes that the market awareness and reputation of the Target Group's "Caijia" ("財加") has contributed significantly to the success and growth of it business. The Board also believes that maintaining and enhancing the "Caijia" brand is critical to maintaining its competitive advantage. The ability to maintain its brand reputation depends on a number of factors, some of which are beyond the Group's control. As the Target Group continue to grow in size, expand its programs, services and products and extend its geographic reach, it may become difficult to maintain quality and consistency in its marketing efforts, which may lead to diminishing confidence in the brand name.

Numerous factors can potentially impact the reputation of the "Caijia" brand, including but not limited to borrower and lender satisfaction with the P2P Platform's product, lawsuits, web server's stability and web interface quality, timely repayments by the borrowers. If the brand is tarnished, borrowers' and lenders' interest in the P2P Platform may decrease and the Target Group's business could be materially and adversely affected.

The Target Group has developed its customers base primarily by advertisements, word-of-mouth referrals, and celebrity spokesperson campaigns and has incurred limited brand promotion expenses to date. However, the Target Group cannot assure that its marketing efforts will be successful or sufficient in further promoting its brand or in helping to remain competitive. If the Target Group is unable to further enhance its brand recognition and increase market awareness of its services, or if it is required to incur excessive marketing and promotional expenses in order to remain competitive, its business, financial condition and results of operations may be materially and adversely affected. If it is unable to maintain or sustain its brand reputation and recognition, it may also be unable to maintain or increase its peer-to-peer transactions conducted through the P2P Platform, which may cause material adverse effects on its business, financial condition and results of operations.

Breach of Controlling Shareholder's Undertaking

In case Mr. Su's Undertaking is breached, the Company shall consider the then circumstances to see whether to mediate with Mr. Su or commence legal actions against Mr. Su for breach of undertaking and sue for damages, and if circumstances allow, for specific performance to enforce Mr. Su's undertaking. Further, after Completion, as a continuing alternative, the Company shall, within 3 months after Completion, look for acquisition opportunities of foreign companies principally engaged in e-commerce related business with track records such that after such potential acquisition. If the Group is able to identify and complete such acquisition, the Group can immediately obtain sufficient foreign experiences to achieve the Qualification Requirement and then initiate the process of acquiring the entire equity interest in Beijing Huiju Management. The Group will, with the assistance of the PRC Legal Adviser, to negotiate with the relevant government authorities (including the Ministry of Commerce and the Ministry of Industry and Information Technology). 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 Target Group such that reliance on the P2P Platform is reduced and expanding the businesses outside of the PRC. The Group can continue its businesses (without having the websites in the PRC and/or using the P2P Platform to be set up in Hong Kong or other regions as replacement and/or cooperates with other third parties web-sites in the PRC for marketing to obtain borrowers and/or lenders online) for providing matching services offline in the future. As advised by the PRC Legal Adviser, the abovementioned revised business model (without operating the websites in the PRC) no longer requires the Structured Contracts and in addition, the matching services offline which are not involving in the value-added telecommunications services continue to comply with the relevant rules and regulations in the PRC.

The proper functioning of Beijing Huiju Management's computer network infrastructure and centralized information technology systems is essential to its business operation, and any technological failure, security breach or other challenges may significantly disrupt its business.

Beijing Huiju Management's computer network infrastructure and information technology systems helps it to operate and monitor the operational performance of the money lending transactions and maintain customers' personal data and records. Beijing Huiju Management regularly maintains, upgrades and enhances the capabilities of its information systems to meet operational needs. Any technical failures associated with its information technology systems, including those caused by power loss, natural disasters, computer viruses or hackers, network failures or other unauthorized tampering, may cause interruptions in its ability to provide services to its customers, keep accurate records and maintain proper business operations. In particular, if the information technology systems were to malfunction and lose related records, Beijing Huiju Management may be subject to liability as a result of any theft or misuse of personal information stored on its systems due to willful misconduct or gross negligence.

Competition in the peer-to-peer platform industry sectors that the Target Group serves could lead to pricing pressures, reduced operating margins, loss of market share, departure of key employees and increased capital expenditures.

The peer-to-peer platform sector in China is rapidly evolving, highly fragmented and competitive, and the Company expects competition in this sector to persist and intensify. As the peer-to-peer platforms are operated on the internet, the P2P Platform has to compete with virtually all similar peer-to-peer platforms across the PRC. In particular, the P2P Platform faces significant competition from various peer-to-peer platforms that offer similar financial products, web designs, technical supports and marketing approaches, with different pricing and service packages that may have greater appeal than the Target Group's offerings.

In addition, some of the Target Group's competitors may have more resources than it and may be able to devote greater resources than the Target Group can to the development and promotion of their peer-to-peer platform and respond more quickly than the Target Group can to changes in borrowers'/lenders' demands, repayment methods, composition of financial products, market needs or new technology. As such, the Target Group may be required to reduce the handling fees or service charges or increase spending in response to competition in order to retain or attract borrowers and lenders or pursue new market opportunities. If the Target Group are unable to successfully compete for new borrowers and lenders, maintain or increase its income level, attract and retain competent salespersons or other key personnel, enhance the quality of its web services or control competition costs, its business and results of operations may be materially and adversely affected.

The Target Group faces default risks to the overdue management fee charged by the P2P Platform to the borrowers if a loan is defaulted.

If a borrower defaults on his/her loan transacted on the P2P Platform, the P2P Platform is entitled to receive an overdue management fee of 0.06% of unsettled principal per day. However, there is no guarantee that the defaulted borrower will repay such amount to the P2P Platform, resulting in potential decrease in revenue. In this event, Beijing Huiju Management will, on a best effort basis, collect these charges through legal procedures and debt collecting agents. Up to the Latest Practicable Date and as confirmed by the Target Group, the default rate of the borrowers was approximately 6.6%; therefore, the impact of the default risk to the overdue management fee is not expected to be material to the financial performance of the Target Group.

The Target Group faces new risks as it expands its business to provide other financial products or new services through the P2P Platform.

As part of the Target Group's business strategy to continue expanding its business into regions in the PRC, the Target Group plans to provide additional varieties in its financial products and provide new services to its customers. Once the Target Group has confirmed with its legal advisers that these products are permissible under the relevant PRC laws, the Target Group will study the possibility of adding such products/services to the P2P Platform. However, as the Target Group has no experience in providing such products/services and such strategy may not be successfully executed and is subject to numerous factors including the following:

- the availability of adequate management and financial resources;
- the ability to hire, train and retain skilled personnel to market these new products/services; and
- the adaptation of its operational and management systems to an expanded service network.

The execution of the Target Group's integration strategy may be expensive, time consuming and may strain its financial and managerial resources. Consequently, it may not achieve the anticipated benefits and its business, financial condition and results of operations may be materially and adversely affected.

RISK RELATING TO THE STRUCTURED CONTRACTS

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

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

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

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

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

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

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

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

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

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

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

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

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

The Structured Contracts may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed on Beijing Huiju Financial. Beijing Huiju Financial may face adverse tax consequences if the PRC tax authorities determine that the Structured Contracts were not entered into based on arm's length negotiations. If the PRC tax authorities determine that the Structured Contracts were not entered into on an arm's length basis, they may adjust the income and expenses of Beijing Huiju Financial for the PRC tax purposes, which could result in higher tax liabilities on Beijing Huiju Financial. The operation results of Beijing Huiju Financial may be materially and adversely affected if the tax liabilities of Beijing Huiju Management or those of Beijing Huiju Financial increase significantly or if they are required to pay interest on late payments. The Board will closely monitor any laws, regulations or rules changes in the PRC in relation to tax imposed on Structured Contracts and upon receiving any such information, it shall discuss with the PRC Legal Adviser to evaluate the impact on the business and operation of the Target Group and potential resolutions. As at the Latest Practicable Date, the Target Group is only subject to normal tax liabilities in the PRC such as the Enterprise Income Tax and the Value Added Tax.

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

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

RISK RELATING TO THE ACQUISITION

There will be substantial dilution of the shareholding interests of the existing Shareholders in the Company immediately following the conversion of the Convertible Notes in full prior to its maturity.

Pursuant to the Sale and Purchase Agreement, the Convertible Notes, if converted in full, shall be converted into a total of up to 12,000,000,000 new Shares (subject to adjustments). The Conversion Shares shall represent approximately 81.18% of the enlarged issued share capital of the Company after allotment and issue upon full conversion. Pursuant to the terms of the Convertible Notes, the Convertible Notes cannot be converted into Shares if such conversion causes (i) the Shares held in public hands being less than the minimum public float required under the Listing Rules (i.e. 25% of the issued share capital of the Company); or (ii) the holder(s) of the Convertible Notes and its respective parties acting in concert to make a mandatory offer under Rule 26 of the Takeovers Code on the part of the holder of the Convertible Notes. Further details are set out in the sub-section headed "Shareholding structure of the Target Group" in the "Letter from the Board" of this circular. Any improvement in the value of the Shares resulting from the Acquisition may not necessarily be reflected in their market price and may not offset the dilution effect to the existing Shareholders.

Completion of the Acquisition is subject to the fulfillment or waiver (as the case may be) of the conditions precedent as set out in the Sale and Purchase Agreement and there is no assurance that all of the conditions precedent will be fulfilled or waived (as the case may be).

Completion of the Acquisition is conditional upon fulfillment (or waiver as the case maybe) of the conditions precedent, details of which are set out in the paragraph headed "Conditions precedent" of this letter. Certain conditions precedent involve decisions of third parties, and the fulfillment of which is not under the control of the parties to the Acquisition.

Such conditions precedent include, among other things, obtaining all necessary consents, licenses and approvals required to be obtained on the part of the Vendor, obtaining approval from the Shareholders at the SGM, obtaining approval from the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. Since fulfillment of such conditions precedent is beyond the control of the parties involved in the Acquisition, there is no assurance that the Acquisition will be completed as intended.

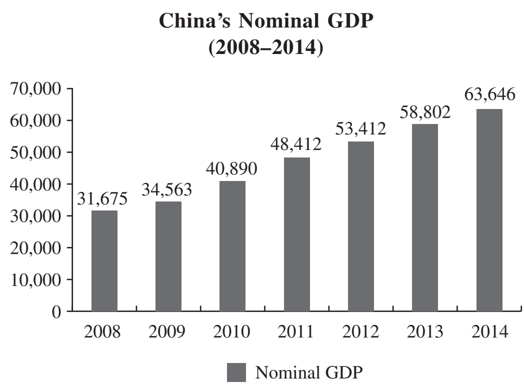
Acts of God, acts of war, epidemics, such as Middle East Respiratory Syndrome (MERS), H5N1 avian flu or H1N1 influenza, and other disasters may affect the Target Group's business.

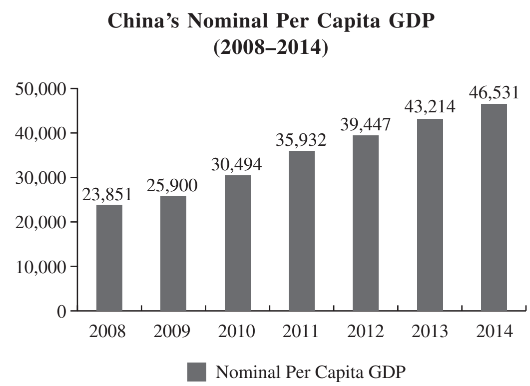
The business of the Target Group is subject to general and social conditions in the PRC. Natural disasters, epidemics, acts of God and other disasters that are beyond the control of the Target Group and may materially and adversely affect the economy, infrastructure and livelihood of the people of the PRC. Some cities in the PRC are under the threat of flood, earthquake, rainstorm, typhoon, sandstorm or drought. The business, financial condition and operating results of the Target Group may be materially and adversely affected if any of these natural disasters occurs in the areas in which we operate. Epidemics threaten people's lives and may materially and adversely affect their livelihoods as well as living and consumption patterns. The occurrence of an epidemic is beyond our control and there is no assurance that the outbreak of MERS, H5N1 avian flu or H1N1 influenza will not happen again. Any epidemic occurring in areas in which the Target Group operates, or even in areas in which the Target Group does not operate, may materially and adversely affect its business, financial condition and operating results. Acts of war and terrorist attacks may cause damage or disruption to the Target Group, the occurrence of any of which may materially and adversely affect the business, revenue, cost of sales, financial condition and operating results of the Target Group.

As the principal operation of the Target Group is the provision of online matching services between loan lenders and borrowers, its business performance is highly related to the performance of money lending industry of the PRC.

MACRO ENVIRONMENT IN THE PRC

According to the National Bureau of Statistics, China's nominal GDP increased from RMB31,675.2 billion for the year ended 31 December 2008 to RMB63,646.3 billion for the year ended 31 December 2014, representing a CAGR of 12.33%. During this period, China's nominal per capita GDP rose from RMB23,851 for the year ended 31 December 2008 to RMB46,531 for the year ended 31 December 2014, representing a CAGR of 11.78%. In 2010, China surpassed Japan to become the world's second-largest economy behind the United States.





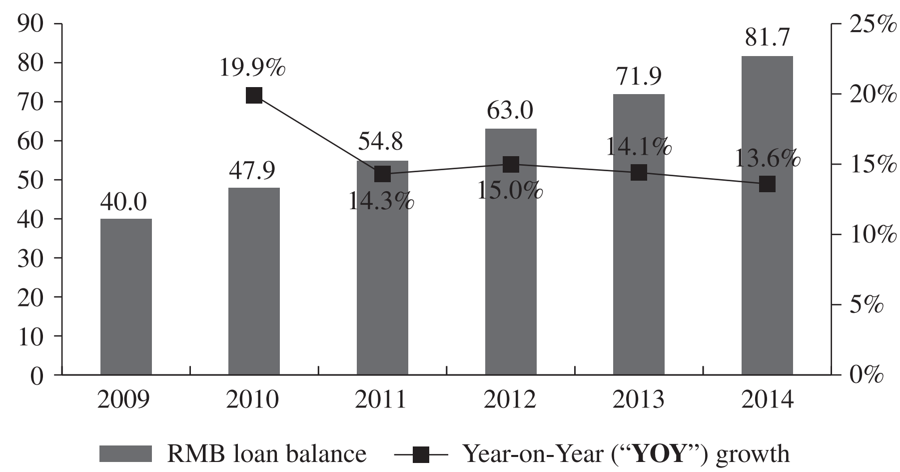
Source: the National Bureau of Statistics

FINANCING AND BANKING ENVIRONMENT IN THE PRC

The PRC's financing industry has experienced robust growth in the last decade along with China's overall economic growth. While the banking industry remains the backbone of the PRC's financing industry, some non-banking institutions, including microfinance companies, guarantee companies, pawnshops and online financial platforms have also achieved rapid growth and are able to offer flexible, expedient and diversified financial services to SMEs and/or individuals to meet their financing needs.

According to the People's Bank of China ("**PBOC**"), the total RMB loan balance of banking institutions increased from RMB40.0 trillion as of 31 December 2009 to RMB81.7 trillion as of 31 December 2014, representing a CAGR of 15.37%. During the period from 2009 to 2014, the total RMB loan balance of China's banking institutions experienced the fastest growth between 2009 and 2010 with a YoY growth rate of 19.9%. The following chart illustrates the total RMB loan balance of banking institutions from 2009 to 2014:

Total RMB Loan Balance of Banking Institutions (2009–2014)



Source: the PBOC

CHINA'S SME AND MICROENTERPRISE SECTOR

SMEs and microenterprises have become the most vibrant force in China's market economy, greatly contributing to job creation and economic growth in China. The continuous, healthy development of the SME and microenterprise sector is vital to China's continued social and economic development.

Notwithstanding the importance of SMEs and microenterprises to China's social and economic growth, the financing needs of SMEs and microenterprises have been largely underserved by traditional financial institutions, which refer to the institutions under the supervisions of CBRC, CSRC or the China Insurance Regulatory Commission (中國保險監督管理委員會) and subject to banking laws, securities laws or insurance laws, mainly due to their lack of bank credit ratings and collateral acceptable to traditional financial institutions.

To support the development of micro and small enterprises, in 2013, the PRC Government issued Opinions of the General Office of the State Council on the Implementation of Financial Support for the Development of Micro and Small Enterprises (國務院辦公廳關於金融支持小微企業發展的實施意見) and Guiding Opinions of the China Banking Regulatory Commission on Better Servicing the Financial Needs of Micro and Small Enterprises (中國銀監會關於進一步做好小微企業金融服務工作的指導意見), to ensure that the growth rate for loans granted to micro and small enterprises be not lower than the average growth rate of all types of loans and the increase in loan amount for micro and small enterprises be not lower than that of the previous year.

REGULATIONS FOR THE P2P PLATFORM IN THE PRC

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

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

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

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

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

Impact of Qualification Requirement and Contingency Plan

In order to meet the Qualification Requirement, the Company has added some ecommerce elements in the existing finance business of the Group by setting up a website for Joy Wealth Finance Limited ("**Joy Wealth**"), a wholly-owned subsidiary of the Company in Hong Kong at www.joywealth.com.hk, and through such website, Joy Wealth will commence business to accept applications from borrowers online and after the website is officially launched, Joy Wealth will start online marketing and promotion. All the loan applications and approval procedures will be conducted online to speed up the application process. Through the aforementioned, the Company wishes to gradually increase the proportion of loan transactions from online and such that the Group will be able to meet the Qualification Requirement in the future.

Meanwhile, 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 as at the Latest Practicable Date. The Group will, within 3 months after Completion, look for acquisition opportunities of these businesses to be identified by the Group with track records such that after such potential acquisition, if the Group is able to complete such acquisition, the Group can immediately obtain sufficient foreign experiences to achieve the Qualification Requirement and then initiate the process of acquiring the entire equity interest in Beijing Huiju Management. The Group will, with the assistance of the PRC Legal Adviser, to negotiate with the relevant government authorities (including the Ministry of Commerce and the Ministry of Industry and Information Technology). As discussed with the PRC Legal Adviser, as there is no guideline clearly demonstrated the definition of sufficient foreign experiences and the Legal Adviser consider that the Group could try to submit the relevant ownership transfer documents for the relevant government authorities for approval once the Group obtained at least 2 years of e-commerce relevant experiences shown on its financial statements. As such, the Directors consider that the expected completion time for meeting the Qualification Requirement is not expected to be longer than three years after Completion. The PRC Legal Adviser confirmed that once the Group has obtained sufficient foreign experiences according to its plan as set out above, no legal obstacle is expected for the process of logging the relevant ownership transfer documents for the relevant government authorities for approval.

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 Target Group such that reliance on the P2P Platform is reduced and expanding the businesses outside of the PRC. The Group can continue its businesses (without having the websites in the PRC and/or using the P2P Platform to be set up in Hong Kong or other regions as replacement and/or cooperates with other third parties web-sites in the PRC for marketing to obtain borrowers and/or lenders online) for providing matching services offline in the future. As advised by the PRC Legal Adviser, the abovementioned revised business model (without operating the websites in the PRC) no longer requires the Structured Contracts and in addition, the matching services offline which are not involving in the value-added telecommunications services continue to comply with the relevant rules and regulations in the PRC.

Furthermore, the Company will:

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

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

Information on Draft Law Regarding Foreign Investment in the PRC

Summary

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

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

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

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

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

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

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

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

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

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

Potential Impact of the Draft Law on the Acquisition

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

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

Implication under the Revised Catalogue of Industries for Guiding Foreign Investments

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

PACIFIC PLYWOOD HOLDINGS LIMITED
太平洋實業控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 767)

29 September 2015

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular of the Company dated 29 September 2015 (the "**Circular**") despatched to the Shareholders, of which this letter forms part. Unless the context otherwise requires, terms and expressions defined in the Circular shall have the same meanings herein.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to, the Acquisition, the issue of the Convertible Notes and the allotment and issue of the Conversion Shares, are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to (i) the letter from the Board set out on pages 6 to 40 of the Circular; (ii) the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice regarding the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to, the Acquisition, the issue of the Convertible Notes and the allotment and issue of the Conversion Shares as set out on pages 59 to 76 of the Circular; and (iii) the additional information as set out in the appendix to the Circular.

Having considered the terms and conditions of the Sale and Purchase Agreement, the reasons for the Acquisition as stated in the Letter from the Board in the Circular and having taking into account the advice given by the Independent Financial Adviser and, in particular,

* *For identification purposes only*

the factors, reasons and recommendations as set out in the letter from Gram Capital on pages 59 to 76 of the Circular, we are of the opinion that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to, the Acquisition, the issue of the Convertible Notes and the allotment and issue of the Conversion Shares, are on normal commercial terms, and although it is not in the ordinary and usual course of business of the Group, it is fair and reasonable and in the interests of the Company and the Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully

Mr. Wong Chun Hung **Mr. Zheng Zhen** **Mr. To Langa Samuelson**

Independent non-executive Directors

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition for the purpose of inclusion in this circular.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

29 September 2015

To: The independent board committee and the independent shareholders of Pacific Plywood Holdings Limited

Dear Sirs,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 29 September 2015 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 20 May 2015 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the Sale and Purchase Agreement (as supplemented by a supplemental agreement dated 10 July 2015) pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares, representing 96% of the issued share capital of the Target Company and the Sale Loans at the initial total consideration of HK$2,400 million, to be satisfied by way of issue of the non-redeemable Convertible Notes in the principal amount of HK$2,400 million, which is subject to adjustment.

With reference to the Board Letter, the Acquisition constitutes a very substantial acquisition and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules respectively. The Acquisition is therefore, subject to the approval by the Independent Shareholders at the SGM.

The Independent Board Committee comprising Mr. Wong Chun Hung, Mr. Zheng Zhen and Mr. To Langa Samuelson (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Acquisition is in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Sale and Purchase Agreement and the respective transactions contemplated thereunder at the SGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/ arrangements or implied understanding with anyone concerning the Acquisition. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Vendor, the Target Group, the Acquiring Companies, the Registered Shareholder, the Previous Vendor or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Acquisition

Business overview of the Group

According to the Board Letter, the Company is an investment holding company, and through its subsidiaries, is principally engaged in the business of money lending and provision of credits, securities investments, provision of corporate secretarial and consultancy services and forestry business.

Set out below are the audited consolidated financial information of the Group for the two years ended 31 December 2014 as extracted from the Company's annual report for the year ended 31 December 2014 (the "**2014 Annual Report**"):

	For the year ended 31 December 2014	For the year ended 31 December 2013	Change from 2013 to 2014
	HK$'000	*HK$'000*	*%*
Revenue	65,165	44,782	45.52
— Money lending	*63,327*	*19,955*	*217.35*
— Consultancy services	*1,838*	*7,657*	*(76.00)*
— Securities Investments	*—*	*17,170*	*(100.00)*
— Forestry business	*—*	*—*	*N/A*
(Loss)/profit for the year	(26,921)	74,507	N/A

	As at 31 December 2014	As at 31 December 2013	Change from 2013 to 2014
	HK$'000	*HK$'000*	*%*
Bank balances and cash	67,734	248,757	(72.77)
Total equity	1,512,308	991,927	52.46

According to the above table, the Group recorded a substantial increase of approximately 45.52% in revenue for the year ended 31 December 2014 as compared to the previous year, which was mainly due to the substantial increase of the revenue derived from money lending business of the Group. Despite the substantial increase in the revenue of the Group, the Group recorded loss of approximately HK$26.92 million for the year ended 31 December 2014 as compared to profit of approximately HK$74.51 million for the year ended 31 December 2013. As advised by the Directors, the aforesaid loss was mainly driven by (i) the absence of gain on disposal of and positive change in fair value of convertible instruments designated as financial assets at fair value through profit or loss; and (ii) the impairment loss recognised in respect of (a) the goodwill of the Group's forestry business; and (b) available-for-sale financial assets, for the year ended 31 December 2014.

With reference to the 2014 Annual Report and as confirmed by the Directors, the Group will further develop money lending and provision of credit business segment, diversify the customer portfolio, seek opportunity to cooperate with its business partners and is actively looking for new business opportunities in the PRC to extend the money lending platform of the Group.

Information on the Target Group

With reference to the Board Letter, the Target Company is an investment holding company incorporated on 1 July 2010 in the British Virgin Islands, which through its wholly-owned subsidiaries and the Structured Contracts, is principally engaged in the operation of the P2P Platform under the "Caijia" ("財加") brand, which is conducted via the website (www.91caijia.com) (previously known as "Subangloan" ("速幫貸") and conducted via the website (www.subangloan.com)).

With reference to the Board Letter, as advised by the PRC Legal Adviser, having reviewed the terms of the agreements entered into among the Target Group, the borrowers and the lenders with respect to the loans (the "**Loan Agreements**"), the service fees charged by the Target Group shall be excluded from the calculation of the annual interest rate specified in the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases. Up to the Latest Practicable Date, the PRC Legal Adviser confirmed that none of the applicable PRC Laws, regulations provides the standard of the service fee charged and therefore the service fees charged by the Target Group on the Loan Agreements did not violate any PRC laws and regulations. Accordingly, the Directors are of the view that the Loan Agreements have complied with and are enforceable under the relevant PRC laws and regulations.

The Target Group has three main operating subsidiaries namely, Shenyang Subang, Chongqing KDA and Chengdu Subang and manages nine operating branches covering major cities in the PRC such as Chengdu, Chongqing, Shenyang, Dalian and Wuhan with a total number of around 1,150 employees. The branches are information centers and responsible for (i) promotion and introduction of the P2P Platform; (ii) provision of guidance and assistance for the use of the P2P Platform; and (iii) performing risks assessments on potential borrowers prior to application to the P2P Platform.

In order to expand its business network into different regions across the country and to reduce the set up costs of branches in new regions, the Target Group has entered into three separate sale and purchase agreements in May 2015 with the relevant owners of the three Acquiring Companies, which commenced business operations in 2014.

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

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

With reference to the Board Letter, after discussion with the PRC Legal Adviser, the Directors confirm that the Target Group's current structured contracts arrangement is in full compliance with the Guidance Letter HKEx-GL77–14 and Listing Decision HKEx-LD43–3 of the Stock Exchange, where applicable. In addition to the internal control measures as provided in the Structured Contracts, following Completion, the Company intends to implement, through Beijing Huiju Financial, additional internal control measures on Beijing Huiju Management with reference to the internal control measures adopted by the Group from time to time. Following the Acquisition, the Company will also implement the measures to maintain the control over Beijing Huiju Management through the Structured Contracts arrangement and the Company's compliance with the Structured Contracts, such as (i) the engagement of external legal advisers or professional advisers to pay close attention to the update status of relevant laws and regulations, and to assist the Board to review the implementation of the Structured Contracts, review the legal compliance of Beijing Huiju Financial and Beijing Huiju Management to deal with specific issues or matters arising from the Structured Contracts; (ii) submission of major issues arising from the implementation and compliance with the Structured Contracts or any regulatory enquiries from government authorities, to the Board, if necessary, for review and discussion on an occurrence basis; and (iii) the Board's review on the overall performance of and compliance with the Structured Contracts at least once a year.

Set out below is the consolidated financial information of the Target Group for the two years ended 31 December 2014 and the four months ended 30 April 2015 as extracted from Appendix IIA to the Circular:

	For the four months ended 30 April 2015	For the year ended 31 December 2014	For the year ended 31 December 2013	Change from 2013 to 2014
	HK$	*HK$*	*HK$*	*%*
Revenue	97,931,656	136,659,331	8,314,246	1,543.68
Profit/(loss) before taxation	39,522,974	19,913,783	(7,076,046)	N/A
Profit/(loss) after taxation	26,726,784	11,019,442	(7,328,297)	N/A

	As at 30 April 2015	As at 31 December 2014	As at 31 December 2013	Change from 2013 to 2014
	HK$	*HK$*	*HK$*	*%*
Net assets	79,321,966	39,586,485	3,378,530	1,071.71

As depicted by the above table, the Target Group recorded substantial increase in revenue for the year ended 31 December 2014 as compared to the prior year. The Target Group also recorded profit after tax for the year ended 31 December 2014 as compared to a loss making position for the year ended 31 December 2013. As advised by the Directors, such increase in revenue and turnaround of loss making position was mainly attributable to the increase in the number of loan transactions on the P2P Platform. For the four months ended 30 April 2015, the Target Group recorded profit after tax of approximately HK$26.73 million, representing approximately 242.54% of the profit after tax for the year ended 31 December 2014.

Further information of the Target Group is set out under the Board Letter.

Reasons for and the benefits of the Acquisition

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

With reference to the statistics of National Bureau of Statistics of China, from 2010 to 2014, the PRC's gross domestic product ("**GDP**") increased at a compound annual growth rate ("**CAGR**") of approximately 11.70% and reached approximately RMB63,646 billion in 2014. The PRC also experienced substantial growth in GDP per capita with a CAGR of approximately 11.13% from 2010 to 2014 and reached approximately RMB46,629 in 2014. Domestic short-term loans has increased at a CAGR of approximately 18.39% from 2010 to 2014 and reached approximately RMB33,637 billion in 2014 while domestic medium and long-term loans has increased at a CAGR of approximately 11.51% from 2010 to 2014 and reached approximately RMB47,182 billion in 2014.

According to the website of The Central People's Government of the PRC, the transaction amount of peer-to-peer financing increased by approximately 268.83% in 2014 as compared to the prior year and reached approximately RMB329.19 billion.

According to a report published on 14 September 2015 by 第一網貸 ("**P2P001**") (website: www.p2p001.com) controlled by 深圳市錢誠電子商務有限公司 (Shenzhen Qiancheng Electronic Commerce Company Limited#, which is a member of Payment & Clearing Association of China), the transaction amount of peer-to-peer financing was approximately RMB96.25 billion in August 2015, representing an increase of approximately 212.11% and 12.72% as compared to the amount in August 2014 and July 2015 respectively. According to another report published by the P2P001 on 1 September 2015, number of daily participants on peer-to-peer financing platform was approximately 278,100 in August 2015, representing an increase of approximately 237.09% as compared to the number in August 2014.

According to the statistics published on the website of 網貸之家 (P2P Finance Home#, which is a statistics provider for peer-to-peer financing industry) (www.wangdaizhijia.com), in August 2015, (i) number of peer-to-peer financing platform investors (i.e. lender) was approximately 2.0 million, representing an increase of approximately 13.92% as compared to July 2015; whereas number of peer-to-peer financing platform borrower was approximately 550,000, representing an increase of approximately 24.50% as compared to July 2015; and (ii) outstanding loan amount of the peer-to-peer financing platform was approximately RMB276.98 billion, representing more than four times of the amount in August 2014.

Having considered the above reasons and potential benefits of the Acquisition and the favourable outlook of the peer-to-peer online credit platform in the PRC, we are of the view that the Acquisition is in the interest of the Company and the Shareholders as a whole.

2. Principal terms of the Sale and Purchase Agreement

On 20 May 2015 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the Sale and Purchase Agreement (as supplemented by a supplemental agreement dated 10 July 2015), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares, representing 96% of the issued share capital of the Target Company and the Sale Loans at the initial total consideration of HK$2,400 million, to be satisfied by way of issue of the non-redeemable Convertible Notes in the principal amount of HK$2,400 million, which is subject to adjustment.

Assets to be acquired

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

Consideration

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

With reference to the Board Letter, the Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to, among others, (i) the business prospects of the Target Group; (ii) the increasing trend of loan amounts transacted at the P2P Platform; (iii) the existing sales networks of the Target Group; (iv) the Profit Guarantee and the related adjustment and retention mechanism to the Consideration; and (v) the implied price-to-earnings ratio on the Target Group of approximately 7.14 as indicated by the maximum HK$350 million Profit Guarantee, being a satisfactory multiple.

Profit Guarantee and adjustment to Consideration

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

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

If the aggregate actual audited consolidated profit before tax of the Target Group (excluding any extraordinary items) for any of the Guaranteed Period shall be less than the relevant Guaranteed Profit, the Consideration shall be reduced according to the mechanism as set out under the section headed "Profit Guarantee and adjustment to Consideration" of the Board Letter.

Given that the total maximum amount of the Reduction Amount shall be the Consideration, we are of the view that the Company's interest shall be safeguard against of the potential risk of unsatisfactory financial performance of the Target Group during the Guaranteed Period.

Comparison with other acquisitions of online credit platform

To assess the fairness and reasonableness of Consideration, we have searched over the internet for acquisitions of peer-to-peer financing in 2015 by listed companies in Hong Kong and only identified, to the best of our knowledge and endeavour, the below acquisitions for comparison.

The CC Acquisition

As announced by Credit China Holdings Limited (Stock code: 8207) ("**Credit China**") on 12 January 2015 (the "**CC Announcement**"), a wholly-owned subsidiary of Credit China, namely, Ever Step Holdings Limited ("**Ever Step**") entered into an agreement (the "**CC Acquisition Agreement**") dated 12 January 2015 for the acquisition of 10% equity interest in First P2P Limited ("**First P2P Co**") (the "**CC Acquisition**").

As per the CC Announcement, First P2P Co is an investment holding company. UCF Huarong Investment (HK) Co., Limited (the "**HK Co**") is an investment holding company and is a wholly-owned subsidiary of First P2P Co. 北京華融聚輝投資咨詢有限公司 (the "**PRC Co**") is principally engaged in providing the service of investment consulting or business consulting and a wholly-owned subsidiary of the HK Co. The PRC Co, 北京東方聯合投資管理有限公司 (the "**First P2P OPCO**") and the registered shareholders of the First P2P OPCO entered into a series of structured contracts to enable the financial results, the entire economic benefits and risks of the businesses of the First P2P OPCO to flow onto First P2P Group (which is defined as, collectively, the First P2P Co, the HK Co, the PRC Co and the First P2P OPCO) and to enable First P2P Group gain the controlling right of the First P2P OPCO. 北京東方聯合投資管理有限公司 (the "**First P2P OPCO**") is principally engaged in the operation of the internet peer-to-peer financing platform conducted via multiple channels, including First P2P/網信理財's website and mobile application. The unaudited consolidated net profits after taxation of First P2P Co for the financial year ended 31 December 2014 was HK$71,699,716 (the "**First P2P 2014 Profit**").

Pursuant to the CC Acquisition Agreement, the consideration for acquisition of 10% equity interest in the First P2P Co was RMB50,000,000 (the "**CC Consideration**"). Based on the CC Consideration and the First P2P 2014 Profit, the implied price-to-earnings ratio of the CC Acquisition was approximately 8.72 times.

The GC Acquisition

As announced by Greater China Holdings Limited (Stock code: 431) ("**Greater China**") on 15 April 2015 and 25 June 2015 respectively (the "**GC Announcements**"), Greater China entered into a sale and purchase agreement (the "**GC SPA**") dated 15 April 2015 (as supplemented by two supplemental agreements dated 10 June 2015 and 25 June 2015 respectively) for the acquisition of interest in Intraday Financial Information Service Limited ("**Intraday**").

As per the GC Announcements, Intraday is an investment holding company and owns the entire issued share capital of aBCD Enterprise Limited, which is an investment holding company holding the entire interests of Dingtai Runhe Investment Consulting (Shanghai) Co., Ltd. (the "**WFOE**"). The WFOE has an approved business scope of the provision of investment consulting services. The WFOE has entered into a series of variable interest entity agreements (the "**VIE Contracts**") with the registered shareholders of 上海當天金融信息服務有限公司 (the "**Intraday OPCO**") and Intraday OPCO which is principally engaged in the operation of an internet finance platform in the PRC called "當天金融在線" (www.dtd365.com). Pursuant to the VIE Contracts, the WFOE is able to gain control over the finance and business operations of the Intraday OPCO, and is entitled to the economic interest and benefits of the Intraday OPCO. According to the unaudited combined financial information of Intraday as set out in the GC Announcements, Intraday recorded loss before taxation for the period from 7 May 2014 (the date of incorporation of the Intraday OPCO) to 31 December 2014 and the three months ended 31 March 2015.

Pursuant to the second supplemental agreement dated 25 June 2015 to the GC SPA, Greater China has conditionally agreed to acquired 45% of the issued shares of Intraday at a consideration (the "**GC Consideration**") of HK$272.84 million (the "**GC Acquisition**"). Performance targets were jointly and severally warranted by the vendor and the vendor's guarantor under the GC Acquisition. Such performance targets include: (i) the audited consolidated net profit after tax of Intraday Group (which is defined as Intraday and its subsidiaries (and, for this purpose, include the Intraday OPCO) pursuant to the VIE Contracts) for the period from 1 July 2015 to 31 December 2015 shall not be less than RMB10,000,000; and (ii) the audited consolidated net profit after tax of Intraday Group for the financial year ending 31 December 2016 shall not be less than RMB40,000,000 (the "**GC 2016 Performance Target**").

Based on the GC Consideration and the GC 2016 Performance Target, the implied price-to-earnings ratio of the GC Acquisition was approximately 12.13 times.

Other acquisitions

As announced by Zebra Strategic Holdings Limited (Stock code: 8260) ("**Zebra**") on 8 June 2015 (the "**Zebra Announcement**"), a wholly-owned subsidiary of Zebra entered into a sale and purchase agreement dated 8 June 2015 for the acquisition of the entire issued share capital of Radiant Expert Global Limited ("**Radiant**"). As per the Zebra Announcement, Radiant would hold the entire equity interest in Hong Kong Youhe Limited ("**HK Youhe**") and HK Youhe would hold the entire equity interest in Guangzhou Shun Xin Dai Hu Lian Wang Internet Financial Information Services Limited ("**GZ Shun Xin Dai**") after a reorganization. GZ Shun Xin Dai is principally engaged in the provision of internet financing services through an online platform named Shunxindai (順心貸). Shunxindai is a peer-to-peer online credit marketplace information platform providing loan products information to borrowers and lenders.

With reference to the Zebra Announcement, (i) Radiant made loss for the period from 2 September 2014 (its date of incorporation) to 31 December 2014 and the three months ended 31 March 2015; (ii) HK Youhe made loss for the year ended 31 December 2014 and made nil profit/loss for the three months ended 31 March 2015; and (iii) GZ Shun Xin Dai made loss for the period from 6 August 2014 (its date of incorporation) to 31 December 2014 and the three months ended 31 March 2015. Accordingly, we could not conduct a price-to-earnings ratio analysis on this acquisition.

As announced by North Mining Shares Company Limited (Stock code: 433) ("**North Mining**") on 24 July 2015 (the "**NM Announcement**"), the Company entered into an acquisition agreement dated 24 July 2015 for the acquisition of 65% equity interests of 上海華豚金融資訊服務有限公司 (Shanghai Hua Tun Financial Information Service Company Limited#) ("**SH Hua Tun**"). As per the NM Announcement, SH Hua Tun operates projects including a "peer-to-peer" lending platform of "Wang Qian Wang (網錢網)", a micro-financial self-service platform of "Wang Qian Wang — Qian Bao Bao (錢保寶)" and a fast settlement business for merchant sales proceeds of "Wealth Management for Wang Qian Merchants (網錢商戶財富管理)" and a mobile e-commerce transaction platform of BUYFTZ.COM (網錢 — 買手).

With reference to the NM Announcement, SH Hua Tun made loss for the six months ended 31 December 2014 (since SH Hua Tun was incorporated in May 2014, there is only the financial information for the period during June 2014 to December 2014 in its previous financial year) and the six months ended 30 June 2015. Accordingly, we could not conduct a price-to-earnings ratio analysis on this acquisition.

Comparison with the Acquisition

Based on the Consideration of HK$2,400 million and the Guaranteed Profit of HK$350 million for the year ending 31 December 2016, the implied price-to-earnings ratio of the Acquisition is approximately 7.14 times, which is lower than each of the implied price-to-earnings ratios of the CC Acquisition and the GC Acquisition.

Having considered the above comparison, we are of the view that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that the sizes, businesses, operations and prospects of the target companies under the CC Acquisition and the GC Acquisition are not exactly the same as the Target Group. Nevertheless, the CC Acquisition and the GC Acquisition can still provide objective figures for comparison analysis.

In addition, as advised by the Directors, the Target Company and its subsidiaries are not asset-based companies. Accordingly, we consider the price-to-book ratio analysis to be inapplicable. On the other hand, given that discounted cash flow analysis involves certain subjective assumptions and forecast on the future cash flow of the Target Group while we are not expert in performing such valuation, we have not considered such valuation for accessing the fairness and reasonableness of the Consideration.

The Convertible Notes

Pursuant to the Sale and Purchase Agreement, the Company will issue to the Vendor or its nominee(s) the Convertible Notes in the principal amount of up to HK$2,400 million (subject to adjustment) as the settlement of the Consideration. The Convertible Bonds will not bear any interest and the initial Conversion Price is HK$0.20 per Conversion Share. The maturity date of the Convertible Bonds is 60 months from the date of issuance of the Convertible Notes.

Analysis on the Conversion Price

As confirmed by the Directors, the Conversion Price was determined after arm's length negotiation between the Company and the Vendor with reference to the prevailing market price of the Shares (in particular during period prior to the release of the First Announcement).

The initial Conversion Price of HK$0.20 per Conversion Share represents:

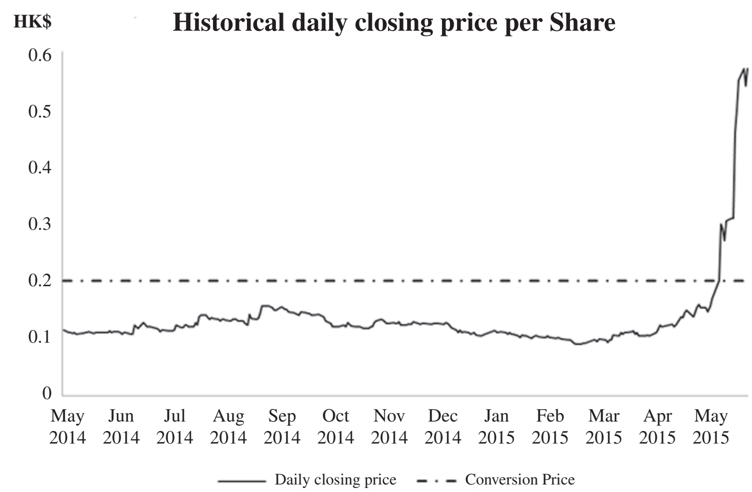
(a) a discount of approximately 33.33% to the closing price of the Shares of HK$0.300 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) a discount of approximately 0.50% to the closing price of HK$0.201 per Share as quoted on the Stock Exchange on 4 May 2015 (the "**First Announcement Discount**"), being the last trading day prior to the release of the First Announcement;

(c) a discount of approximately 64.91% to the closing price of HK$0.57 per Share as quoted on the Stock Exchange on 20 May 2015 (the "**S&P Discount**"), being the date of the Sale and Purchase Agreement ("**Agreement Date**"); and

(d) a discount of approximately 61.83% to the average closing price of HK$0.524 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Sale and Purchase Agreement.

Set out below is a chart showing the movement of the daily closing price of the Shares as quoted on the Stock Exchange from 2 May 2014 up to and including the Agreement Date (the "**Review Period**"):



Source: Bloomberg

Note: Trading in the Shares on the Stock Exchange has been halted with effect from 10:34 a.m. to 4:00 p.m. on 4 May 2015.

During the period between 2 May 2014 and 3 May 2015 (the "**1st Review Period**"), the daily closing prices of the Share had been relatively stable. The lowest and highest closing prices of the Shares during the 1st Review Period as quoted on the Stock Exchange were HK$0.090 per Share recorded on 13 February 2015 and 16 February 2015 respectively and HK$0.169 per Share recorded on 30 April 2015. The initial Conversion Price of HK$0.20 is above the historical price range and represents a premium of 18.34% over the highest closing price of the Shares during the 1st Review Period.

On 4 May 2015, trading in the Shares on the Stock Exchange was halted with effect from 10:34 a.m. to 4:00 p.m. and the Company published the First Announcement after trading hours on the same date. The closing prices of the Shares then surged substantially from 5 May 2015 and reached HK$0.57 as at the Agreement Date.

The initial Conversion Price was above the daily closing prices of the Shares on 249 trading days out of the total 262 trading days during the Review Period.

In order to further assess the fairness and reasonableness of the Conversion Price, we have identified, to the best of our knowledge and as far as we are aware of, 12 notifiable transactions in relation to acquisition by listed companies in Hong Kong involving the issue of convertible notes/bonds as all or part of the consideration, from 1 March 2015 to the Last Trading Day (the "**CB Comparables**"). Shareholders should note that the business, operations and prospect of the Company are not the same as the subject companies of the CB Comparables and thus the CB Comparables are only used to provide a general reference for the recent common market practice of Hong Kong listed companies in the issue of convertible notes/bonds as all or part of the consideration for acquisition. The table below summarises our relevant findings:

Company name	**Stock code**	**Date of announcement**	**Premium/(Discount) of the conversion price over/(to) closing price per share on the last trading day prior to/the date of announcement/ agreement in relation to the respective acquisition**
Madex International (Holdings) Limited	231	10 March 2015	(9.91)
Larry Jewelry International Company Limited	8351	11 March 2015	(82.35)
China Precious Metal Resources Holdings Company Limited	1194	1 April 2015	26.67
Greater China Holdings Limited	431	15 April 2015	(20.15)
Alibaba Health Information Technology Limited	241	15 April 2015	(14.30)
SMI Culture Group Holdings Limited	2366	17 April 2015	1.69
CIAM Group Limited	378	20 April 2015	16.44
Chinese Food and Beverage Group Limited	8272	30 April 2015	(43.14)
China City Infrastructure Group Limited	2349	4 May 2015	50.00
Universe International Holdings Limited	1046	7 May 2015	7.14
Pizu Group Holdings Limited	8053	11 May 2015	5.88
E Lighting Group Holdings Limited	8222	13 May 2015	(5.40)
Range of (discount)/premium			(82.35) to 50.00
Average			(5.62)
The Company			
— The First Announcement Discount			(0.50)
— The S&P Discount			(64.91)

As shown by the above table, the conversion price of the convertible notes/ bonds of the CB Comparables ranged from a discount of approximately 82.35% to a premium of approximately 50.00% to/over the respective closing price per share on the last trading days prior to/on the date of the announcement/agreement in relation to the respective acquisition. The First Announcement Discount and the S&P Discount are within the aforementioned market range.

We noted that the S&P Discount is substantially deeper than the average discount of the CB Comparables and close to the low-end of the market range. Nevertheless, having taken into account that (i) the initial Conversion Price HK$0.20 is above the historical price range and represents a premium of 18.34% over the highest closing price of the Shares during the 1st Review Period; (ii) the initial Conversion Price was above the daily closing prices of the Shares on 249 full trading days out of the total 262 trading days during the Review Period; and (iii) the First Announcement Discount and the S&P Discount are within the market range of the CB Comparables, we consider that the initial Conversion Price is fair and reasonable so far as the Independent Shareholders are concerned.

Analysis on the interest rate of the Convertible Notes

Since the Convertible Bonds will not bear any interest, we are of the view that it is favourable to the Company.

Having considered the foregoing principal terms of the Sale and Purchase Agreement, we consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Possible dilution effect on the shareholding interests of the public Shareholders

For illustration purpose only, the following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes:

	As at the Latest Practicable Date		**Immediately after allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes**	
	Number of Shares	*Approximate % of total Shares in issue*	*Number of Shares*	*Approximate % of total Shares in issue*
Allied Summit Inc. *(Note 1)*	1,621,219,755	58.27	13,621,219,755	92.15
Public Shareholders	1,160,882,895	41.73	1,160,882,895	7.85
Total	**2,782,102,650**	**100**	**14,782,102,650**	**100**

Notes:

1. Allied Summit Inc. is owned as to 80% by the Guarantor and as to remaining 20% by Mr. Ng.

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

As depicted by the above table, the shareholding interests of the public Shareholders in the Company would be diluted by approximately 33.88 percent point as a result of the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes. In this regard, taking into account (i) the reasons for and possible benefits of the Acquisition; (ii) the terms of the Sale and Purchase Agreement being fair and reasonable; and (iii) the issue of the Convertible Notes to settle the Consideration would enable the Group to preserve its internal resources for future business development, we are of the view that the said level of dilution to the shareholding interests of the public Shareholders as a result of the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes is acceptable.

4. Possible financial effects of the Acquisition

We were advised by the Directors that upon Completion, the Target Company and its subsidiaries will become non wholly-owned subsidiaries of the Company and the financial results, assets and liabilities of the Target Group will be consolidated into the financial statements of the Group.

The unaudited pro-forma financial information of the Enlarged Group (the "**Pro-forma Information**") is included in Appendix III to the Circular.

Effect on net asset value

As extracted from the 2015 Interim Results Announcement, the unaudited consolidated net asset value of the Group was approximately HK$2,936.42 million as at 30 June 2015. According to the Pro-forma Information, the unaudited consolidated net asset value of the Enlarged Group would be approximately HK$5,534.09 million assuming the Completion had taken place as at 30 June 2015.

Effect on earnings

As extracted from the 2014 Annual Report, the audited loss for the year of the Group was approximately HK$26.92 million for the year ended 31 December 2014. According to the Pro-forma Information, the Enlarged Group would record loss of approximately HK$25.63 million for the year ended 31 December 2014 assuming the Completion had taken place as at 1 January 2014.

Effect on gearing and working capital

The Group's gearing ratio (expressed as net debt to total capital) was approximately negative 2.6% as at 30 June 2015. From the Pro-forma Information, the net debt and total capital (being the sum of total equity and net debt) of the Enlarged Group would become approximately negative HK$81.48 million and HK$5,452.61 million respectively. Consequently, the gearing ratio of the Enlarged Group would be approximately negative 1.5% assuming the Completion had taken place as at 31 December 2014.

The Group's working capital (as by current assets minus current liabilities) was approximately HK$496.23 million as at 30 June 2015. From the Pro-forma Information, the current assets and current liabilities of the Enlarged Group would become approximately HK$643.52 million and HK$56.85 million respectively. Consequently, the working capital of the Enlarged Group would be approximately HK$586.67 million assuming the Completion had taken place as at 31 December 2014.

It should be noted that the aforementioned analysis is for illustrative purposes only and does not purport to represent how the financial position of the Group will be upon Completion.

5. Risk factors

We noted that there are certain risks relating to the Acquisition, the P2P Platform business and the Structured Contracts as set out under the section headed "Risk factors" in the Circular. While we are unable to assess the likelihood of occurrence of those adverse situations, we noted that the Company has planned certain contingent actions to mitigate/cover the aforesaid risks relating to the P2P Platform business and the Structured Contracts. In addition, as mentioned under the section headed "Profit Guarantee and adjustment to Consideration" of this letter, given that the total maximum amount of the Reduction Amount shall be the Consideration, we are of the view that the Company's interest shall be safeguard against of the potential risk of unsatisfactory financial performance of the Target Group during the Guaranteed Period.

We would recommend the Independent Shareholders to read through the section headed "Risk factors" in the Circular thoroughly. Moreover, Independent Shareholders may wish to bear in mind those risk factors as highlighted under the aforesaid section in the Circular when considering the Acquisition based on their own subjective risk preference and risk tolerance level. Despite of the aforesaid risk factors, the Acquisition of the Target Group has a number of benefits (as detailed in the section headed "Reasons for and the benefits of the proposed Acquisition" of the Board Letter) that can bring the Group a step further in the money lending industry.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group (i) for the six months ended 30 June 2015 has been disclosed in the interim results announcement of the Company dated 28 August 2015; (ii) for the year ended 31 December 2014 has been disclosed on pages 41 to 144 of the annual report of the Company for the year ended 31 December 2014; (iii) for the year ended 31 December 2013 has been disclosed on pages 44 to 152 of the annual report of the Company for the year ended 31 December 2013; and (iv) for the year ended 31 December 2012 has been disclosed on pages 44 to 156 of the annual report of the Company for the year ended 31 December 2012. All the above reports of the Company have been published on the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (http://www.irasia.com/listco/hk/pphl/index.htm).

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE GROUP

Set out below are the management discussion and analysis of the Company mainly extracted from the interim results announcement of the Company dated 28 August 2015 for the six months ended 30 June 2015 and from the respective annual report for each of the three years ended 31 December 2014, 2013 and 2012. Terms used in this section below shall have the same meanings as those defined in the aforesaid reports.

For the six months ended 30 June 2015

Business Review

Money Lending and Provision of Credit Business

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

Securities Investments Business

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

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

Provision of Corporate Secretarial and Consultancy Services Business

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

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

Forestry Business

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

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

Outlook

Money Lending and Provision of Credit Business

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

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

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

Securities Investments Business

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

Provision of Corporate Secretarial and Consultancy Services Business

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

Forestry Business

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

Financial Review

Liquidity and Financial Resources

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

Capital Structure

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

Significant Investment, Acquisition and Disposal

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

Employees

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

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

Details of Charges on Assets

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

Future Plans for Material Investment or Capital Assets

As at the date of this announcement, the Company is holding 90 redeemable convertible Preference Shares in the aggregate amount of HK$90,000,000. The Company has from time to time reviewed the business and financial performance of such investment.

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

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

Treasury Policy

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

Gearing Ratio

The gearing ratios of the Group as at 30 June 2015 and 31 December 2014 were (2.6)% and (4.7)% respectively.

Foreign Exchange Exposures

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

Capital Commitment

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

Contingent Liability

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

For the year ended 31 December 2014

Business Review

Money Lending and Provision of Credit Business

Since obtaining the Money Lenders License under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) in 2011, Joy Wealth Finance Limited, a wholly-owned subsidiary of the Company, has provided a wide variety of loans with an accumulated amount of approximately HK$1,156 million. Interest rates ranged from 10%-48% per annum during the current year. For the year ended 31 December 2014, the interest income was HK$63,327,000 (2013: HK$19,955,000), and there was no impairment loss (2013: Nil) whereas there was a reversal of impairment loss of HK$8,076,000 on the loan and interest receivables (2013: HK$5,000,000).

Securities Investments Business

As at 31 December 2013, the Company through Best Harvest Asia Limited ("**Best Harvest**"), a wholly-owned subsidiary of the Company, held 6,275,000 shares of Simsen International Corporation Limited (a company whose shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with Stock Code: 993) ("**Simsen**"), representing approximately 9.87% of the then issued share capital of Simsen. Details have been disclosed in the announcements of the Company dated 15 April 2013 and 22 July 2013 respectively.

On 9 April 2014, Simsen issued and allotted bonus shares to its qualifying shareholders on the basis of 9 bonus shares for every 1 existing share held. Thereafter and as at 31 December 2014, the Group's interest in Simsen through Best Harvest increased to 62,750,000 shares.

On 2 September 2014, Best Harvest received a HK$0.15 special dividend on each ordinary share of Simsen held, the Group thus recorded an other income of approximately HK$9,413,000 during the current year.

The Group is holding 90 redeemable convertible preference shares of a company with money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the "**Preference Sharesmed**") in the aggregate amount of HK$90,000,000, which brought a dividend income of approximately HK$9,984,000 during the current year.

In sum, during the current year, the investment in the shares of Simsen and the Preference Shares brought about other income of approximately HK$19,397,000 (2013: HK$9,076,000) and the investment in listed securities led to a net fair value gain being recognised as a comprehensive income in an amount of approximately HK$531,502,000 (2013: HK$28,462,000).

Provision of Corporate Secretarial and Consultancy Services Business

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

During the year ended 31 December 2014, a segment revenue of approximately HK$1,838,000 and a segment loss of approximately HK$4,080,000 had been recorded (31 December 2013: segment revenue approximately HK$7,657,000 and segment profit of approximately HK$245,000 respectively).

Forestry Business

On 12 April 2012, the Group completed the acquisition (the "**Acquisition**") of 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 PNG. The total consideration for the Acquisition of HK$310,000,000. Details of the Acquisition have been disclosed in the circular of the Company dated 29 February 2012. Upon the completion of the Acquisition, a goodwill amounted to approximately HK$306,019,000 (the "**Goodwill**") was recorded. As at 31 December 2014, the recoverable amount of the Goodwill which was determined with reference to the valuation report issued by the independent valuer, Roma Appraisals Limited, was approximately HK$239,000,000. Hence, an impairment loss on the Goodwill in an amount of approximately HK$67,019,000 was recognised during the current year.

As a condition of the Acquisition, the Group, respective vendors and the guarantor entered into an option deed pursuant to which the vendors have granted to the Group an option to purchase the option shares representing 70% of the entire issued share capital of Profit Grand (the "**Option**") and the Option may be exercised at the sole discretion of the Group according to the terms and conditions therein at any time during the period commencing the 13th month after the date of completion and expiring the 12th month thereafter, which is 11 May 2014 (or such later date as may be agreed by both the Group and the vendors). As the parties thereto have not extended the option period, such period lapsed and the Option has expired on 11 May 2014 accordingly. Details have been disclosed in the announcement of the Company dated 12 May 2014.

The Group was informed by the vendors, their representatives and the landowners that they are following up with the Department of Environment and Conservation and other government authorities in the PNG regarding the outstanding necessary approvals, licenses, registrations, confirmations and/or permits as may be required to conduct forestry related business and to enjoy logging concession right under the laws and regulations in the PNG (the "**Official Approvals**") continuously. As at 31 December 2014 and the date of this report, there was no material progress in these regards that may unveil the uncertainty in relation to the grant of the Official Approvals within the time frame as previously expected. Against such circumstances, a more conservative approach in valuing the Goodwill for reflecting such possible risks and uncertainties is adopted (i.e. the discount rate is higher for addressing the underlying uncertainty and the inflow of revenue is deferred for addressing the delay, ceterus paribus). Accordingly, the recoverable amount of the Goodwill is declined and thus the impairment loss is triggered. Whilst the assumptions in relation to the Goodwill as considered and disclosed since in the circular of the Company dated 29 February 2012 and up to the annual report 2013 of the Company dated 25 March 2014 are reasonable, they are inherently subject to economic and competitive uncertainties and contingencies that are beyond the control of the Company and the parties thereto. Despite of the slow progress for the Official Approvals, as previously advised by the PNG legal adviser, the Environment Permit could be granted after the Approval In Principle has been issued under the Law of the PNG in the absence of any irregularities and on the assumption that the application for the Clearance Authority are in order and in the absence of any unforeseen circumstances. There is no conclusive evidence that comes to the attention of the Company that there is material legal impediment to obtain the Clearance Authority as at the date of this report. The Group shall continue to follow up with the vendors, the relevant government authorities and professionals regarding the Official Approvals, the development of the forestry business and its valuation and shall comply with all relevant requirements, and where necessary, make further announcement(s) in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"). More details have been disclosed in the announcements of the Company dated 12 May 2014 and 6 August 2014 respectively.

Outlook

Money Lending and Provision of Credit Business

Money lending and provision of credit business will continue to be the major business segment of the Group and contribute stable interest income to the Group. The Group will further develop this business segment, diversify the customer portfolio, seek opportunity to cooperate with its business partners and is actively looking for new business opportunities in the People's Republic of China (the "**PRC**") to extend the money lending platform of the Group.

Securities Investments Business

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

Provision of Corporate Secretarial and Consultancy Services Business

Pacific Vision will continue identifying listed and corporate clients and delivering on-going corporate secretarial and consultancy services in different aspects of due diligence, financial analysis, and valuation analysis to listed companies in Hong Kong.

Forestry Business

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

Financial Review

Liquidity and Financial Resources

As at 31 December 2014, the Group had recorded net current assets of approximately HK$473,863,000 (31 December 2013: HK$420,107,000); bank balances and cash of approximately HK$67,734,000 (31 December 2013: HK$248,757,000); and no borrowing (31 December 2013: unguaranteed and unsecured borrowings denominated in HK$ with fixed interest rate of approximately HK$65,000,000). The Group did not enter into financial instruments for hedging purpose. A tax provision in an amount of approximately HK$6,899,000 was made for the current year (2013: Nil).

Capital Structure

There was no change to the authorised and issued share capital of the Company for the year ended 31 December 2014. As at 31 December 2014, the total number of the issued ordinary shares with the par value of HK$0.001 each was 2,782,102,650 (31 December 2013: 2,782,102,650).

Significant Investment, Acquisition and Disposals

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 2014. 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.

Employees

As at 31 December 2014, 18 staff members have been employed. In-house training programs were provided for the staff to enhance their skills and job knowledge. The management of the Company would continue to foster close co-operation among the staff. 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 and mandatory provident funds. Share options and bonuses are also available to employees of the Group at the discretion of 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 2014, 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 2013: Nil).

Future Plans for Material Investment or Capital Assets

As at the date of this report, the Company is holding 90 redeemable convertible Preference Shares in the aggregate amount of HK$90,000,000. The Company will from time to time review the business and financial performance of such investment.

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, in particular new business opportunities in the PRC to extend its money lending platform, 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 report, the Company had not entered into any agreement, arrangement, understanding, intention or negotiation that should be disclosed pursuant to the Listing Rules and the SFO.

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).

Gearing Ratio

The gearing ratios of the Group as at 31 December 2014 and 2013 were (4.7)% and (22.7)% respectively.

Foreign Exchange Exposure

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

Capital Commitment

As at 31 December 2014, the Group had no material capital commitment (31 December 2013: Nil).

Contingent liabilities

As at 31 December 2014, the Group had no material contingent liabilities (31 December 2013: Nil).

For the year ended 31 December 2013

Business Review

Money Lending and Provision of Credit Business

Since obtaining the Money Lenders License under the Money Lenders Ordinance (Cap.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$790 million. Interest rates ranged from 10% to 48% per annum during the current year. For the year ended 31 December 2013, the interest income was approximately HK$19,955,000 (2012: HK$29,981,000), and there was no impairment loss (2012: HK$18,294,000) whereas there's a reversal of impairment loss of HK$5,000,000 on the loan and interest receivables was noted (2012: HK$83,717,000).

Securities Investments Business

On 26 April 2013, Best Harvest Asia Limited ("**Best Harvest**"), a wholly-owned subsidiary of the Company, acquired 126,000,000 shares of Simsen International Corporation Limited (a company whose shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with Stock Code: 993) ("**Simsen**") by fully accepting its provisional allotment under the Simsen rights issue at a consideration of approximately HK$11,970,000. On 22 July 2013, further 83,000,000 shares of Simsen were acquired at a consideration of approximately HK$9,380,000. Details have been disclosed in the announcement of the Company dated 15 April 2013 and 22 July 2013 respectively.

Subsequent to 11 October 2013 when the share consolidation of Simsen became effective and as at the date of this report, the Group was interested in 6,275,000 shares of Simsen, representing approximately 9.87% of the issued share capital of Simsen.

Upon completion of a subscription on redeemable convertible preference shares on 30 November 2012 and as at the date of this report, Perpetual Master Limited ("**Perpetual Master**"), a wholly-owned subsidiary of the Company, is holding 90 redeemable convertible preference shares of Million Wealth Capital Investment Limited ("**Million Wealth**") of HK$1,000,000 each (the "**Preference Shares**"). By holding such Preference Shares, the Group will earn a dividend at a rate of 10% per annum, compounded annually, and will have an additional money lending platform to further promote and develop its money lending and provision of credit business. Perpetual Master is entitled the rights to convert the Preference Shares into ordinary shares as and when appropriate.

On 12 October 2012, the Company completed the investment in the convertible notes with an interest of 8% per annum issued by China Environmental Energy Investment Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 986) ("**China Environmental**") (the "**Convertible Notes**") in aggregate principal amount of HK$95,000,000. In order for the Company to enjoy more flexibility in capturing the possible capital gains, the Company entered into a call option deed with an optionholder on 12 October 2012, pursuant to which the Company had agreed to grant and the optionholder had agreed to obtain a call option at a premium of HK$4,800,000 under which the optionholder can purchase from the Company the Convertible Notes with principal amount of up to HK$60,000,000 at the price equivalent to 120% of the principal amount of such Convertible Notes. During the year ended 31 December 2013, the optionholder exercised the said call option and acquired the Convertible Notes in aggregate principal amount of HK$60,000,000 at total consideration of HK$72,000,000 (which was settled in current year). The option premium of HK$4,800,000 was paid in full by current year. Moreover, on 5 November 2013, the Company entered into a placing agreement with a placing agent to procure placee(s) to purchase the Convertible Notes in an aggregate principal amount of up to HK$35,000,000 at 280% of the principal amount of the Convertible Notes (the "**Placing**"). The Placing was completed on 20 December 2013 whereby the Convertible Notes in an aggregate principal amount of HK$35,000,000 have been successfully placed by the placing agent at an aggregate consideration of HK$98,000,000. A net proceeds of approximately HK$95,550,000 was received. In aggregate, a net proceeds of approximately HK$172,350,000 was received and a surplus of approximately HK$77,350,000 over the investment cost of HK$95,000,000 was recorded.

During the current year, the Group disposed in the open market, (i) 594,000 shares of Huili Resources (Group) Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 1303) ("**HRGL**") with aggregate gross sale proceeds (excluding transaction costs) of approximately HK$1,461,000; (ii) 5,000,000 HRGL shares with aggregate gross sale proceeds (excluding transaction costs) of approximately HK$12,250,000; and (iii) 1,406,000 HRGL shares with aggregate gross sale proceeds (excluding transaction costs) of approximately HK$3,459,000 respectively (collectively the "**Disposals**"). After the Disposals, the Group does not hold any HRGL shares. In aggregate, a net proceeds of approximately HK$17,131,000 was received and a surplus of approximately HK$5,111,000 over the investment cost of HK$12,020,000 was recorded.

Additionally, during the year ended 31 December 2013, the Group has also invested in First Natural Foods Holdings Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 1076) ("**First Natural**") and Renhe Commercial Holdings Company Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 1387) ("**Renhe**") with a view that the investments were prospective. Details have been disclosed in the announcement of the Company dated 29 November 2013 and 31 December 2013 respectively.

In sum, during the current year, the investment in the shares of Simsen, First Natural and Renhe led to a net fair value gain being recognized as a comprehensive income approximates to HK$28,462,000. The investments in the Preference Shares brought an other income approximates to HK$9,076,000. The disposals of HRGL shares and the Convertible Notes (including the change in fair value) contributed to the net profit for the current year by approximately HK$2,081,000 and HK$62,838,000 respectively.

Provision of Corporate Secretarial and Consultancy Services Business

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

During the current year, a segment revenue of approximately HK$7,657,000 and a segment gain of HK$245,000 had been recorded (31 December 2012: HK$5,211,000 and a segment loss of HK$564,000 respectively).

Forestry Business

On 12 April 2012, the Group completed the acquisition (the "**Acquisition**") of 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 Independent State of Papua New Guinea ("**PNG**"). The total consideration for the Acquisition of HK$310,000,000 was satisfied as to (i) HK$33,000,000 by the issue of the convertible bonds in a principal amount of HK$33,000,000 with conversion price of HK$0.087; (ii) HK$82,000,000 in cash; and (iii) HK$195,000,000 by the issue of a 10% promissory note in aggregate principal sum of HK$195,000,000. Details of the Acquisition have been disclosed in the circular of the Company dated 29 February 2012. For the year ended 31 December 2012 and 2013, goodwill amounted to approximately HK$306,019,000 was recorded as a result of the

Acquisition. As the recoverable amount which was determined with reference to the valuation report issued by an independent valuer, Roma Appraisals Limited, is higher than the carrying amount for the year ended 31 December 2012 and 2013, no impairment on goodwill is noted. Details of the goodwill are set out in Note 19 to the consolidated financial statements.

The Group has from time to time been following up with the relevant government authorities and professionals regarding the outstanding necessary licenses and approvals required for the commencement of the forestry logging and harvesting in the PNG. The Company was advised by the PNG legal adviser that the outstanding necessary licenses and approvals namely the environment permit and clearance authority, are possible to be obtained in 2014 but are more likely to be obtained in 2015. With regards to the progress on the application of the environment permit, the environment impact statement has been submitted to the Department of Environment and Conservation, accepted by the Environment Council and recommended to the Minister to issue the Approval in Principle which is pending to date as at the date of this report.

With regards to the progress on the application of the clearance authority, the submission of the clearance authority had been delayed due to the Commission of Enquiry into the Special Agricultural Business Lease system. Currently, the clearance authority was in preparation for submission. The PNG legal adviser has confirmed that such enquiry is not a legal impediment as the Law of the PNG is clear that if the clearance authority application is in order, then the Forestry Authority must consider the application. As further advised by the PNG legal adviser, on the assumption that the application for the clearance authority is in order and in the absence of any unforeseen circumstances, it is expected that there is no material legal impediment to obtain the clearance authority.

Outlook

Money Lending and Provision of Credit Business

Money lending and provision of credit business has continued to be the major business segment of the Group and contributed stable interest income to the Group. The Group will further develop this business segment, diversify the customer portfolio and seek opportunity to cooperate with both Simsen and Million Wealth, whose respective principal businesses involve, among other things, money lending which may bring a synergy effect.

Securities Investments Business

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

Provision of Corporate Secretarial and Consultancy Services Business

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

Forestry Business

The management of the Group is following up closely with the vendors, the relevant government authorities and professionals regarding the outstanding the necessary approvals, licenses, registrations, confirmation and/or permits as may be required to conduct forestry related business and to enjoy and exploit the logging concession under the laws and regulations in the PNG. Further updates will be announced as and when appropriate.

Financial Review

Liquidity and financial resources

As at 31 December 2013, the Group had recorded net current assets of approximately HK$420,107,000 (31 December 2012: HK$180,590,000); bank balances and cash of approximately HK$248,757,000 (31 December 2012: HK$44,477,000) and unguaranteed and unsecured borrowings of approximately HK$65,000,000 (31 December 2012: nil). The Group did not enter into any financial instruments for hedging purpose. No tax is payable on the profit for the year arising since the assessable profit is wholly absorbed by the tax losses brought forward.

Capital structure

On 14 August 2013, the shareholders of the Company (the "**Shareholders**") approved the relevant resolutions in relation to the proposed capital reorganization at a special general meeting of the Company, pursuant to which with effect from 15 August 2013, the number of authorised shares of the Company was increased from 5,000,000,000 shares of HK$0.08 each to 400,000,000,000 shares of HK$0.001 each, and the amount of issued share capital of the Company on 15 August 2013 was reduced to HK$556,420.53 divided into 556,420,530 new shares with par value of HK$0.001 each. Details of the capital reorganization have been set out in the circular of the Company dated 22 July 2013. The number of shares to be issued upon the full exercise of the Longjiang Option (as defined in the circular of the Company dated 29 February 2012) was adjusted from 12,936,318 shares to 3,234,079 shares while the subscription price of each of the shares under the Longjiang Option adjusted from HK$2.00 per share to HK$8.00 per share.

On 20 August 2013, the Company announced to raise not less than approximately HK$200.31 million and not more than approximately HK$201.48 million, before expenses, by issuing not less than 1,112,841,060 rights shares and not more than 1,119,309,218 rights shares to the qualifying shareholders by way of the rights issue at the subscription price of HK$0.18 per rights share on the basis of two rights shares for every one share held on the record date (the "**Rights Issue**"). Subject to the satisfaction of the conditions of the Rights Issue, bonus shares will be issued to the first registered holders of the rights shares on the basis of one bonus share for every one rights share taken up under the Rights Issue. On the basis of not less than 1,112,841,060 rights shares and not more than 1,119,309,218 rights shares to be issued under the Rights Issue, not less than 1,112,841,060 bonus shares and not more than 1,119,309,218 bonus shares will be issued (the "**Bonus Issue**"). Details of the Rights Issue (with the Bonus Issue) have been disclosed in the circular of the Company dated 16 September 2013.

On 4 November 2013, upon the Rights Issue (with the Bonus Issue) had become unconditional, the total number of issued ordinary shares of the Company became 2,782,102,650 with the par value of HK$0.001 each. The number of shares to be issued upon the full exercise of the Longjiang Option (as defined in the circular of the Company dated 29 February 2012) was adjusted from 3,234,079 shares to 6,287,049 shares while the subscription price of each share under the Longjiang Option shall be HK$8.00 per share as certified by financial adviser of the Company. A net proceeds of approximately HK$194 million was raised from the Rights Issue (with the Bonus Issue) and of which, approximately HK$142 million was used for the money lending and provision of credit business as intended as announced on 25 November 2013 and remaining of approximately HK$52 million was yet to be utilized as at the date of this report.

Significant Investment, Acquisition and Disposals

As aforesaid, all the shares of HRGL and the Convertible Notes were disposed during the current year which contributed to the net profit for the current year by approximately HK$2,081,000 and HK$62,838,000 (including the change in fair value) respectively and a net cash of approximately HK$189,481,000 was received in aggregate.

On 26 April 2013 and 22 July 2013, Best Harvest further acquired the shares of Simsen at a consideration of approximately HK$11,970,000 and HK$9,380,000 respectively. The equity interest held by Best Harvest in Simsen increased from 6.61% to 9.87% during the current year and as at the date of this report.

On 23 July 2013, Alpha Riches Limited ("**Alpha Riches**"), a wholly-owned subsidiary of the Company entered into a framework agreement in relation to a possible acquisition of a parcel of land in Beijing, the People's Republic of China, details of which were disclosed in the Company's announcement dated 23 July 2013. However, parties to the framework agreement have not concluded and entered into the formal agreement for the proposed acquisition during the exclusivity period as Alpha Riches is not satisfied with the outstanding legal issues on the project site and the target group as advised by legal adviser. The framework agreement has lapsed and terminated on 23 November 2013.

Furthermore, the Group sought for prospective investment opportunities and accordingly, during the current year, the Group has acquired 17,000,000 First Natural shares at a consideration of approximately HK$76,500,000 and has acquired 80,000,000 Renhe shares at a consideration of approximately HK$41,620,000. Details were disclosed in the announcement of the Company dated 29 November 2013 and 31 December 2013 respectively. As at the date of this report, these two investments were still being held.

Save for disclosed herein, there was no other significant investment, acquisition or disposal that should be notified to the Shareholders for the year ended 31 December 2013.

Employees

As at 31 December 2013, 16 staff members have been employed. In-house training programs were provided for the staff to enhance their skills and job knowledge. The management of the Company would continue to foster close co-operation among the staff.

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

Details of Charges on Assets

As at 31 December 2013, 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 2012: nil).

Future Plans for Material Investment or Capital Assets

As at the date of this report, the Company is holding 90 redeemable convertible Preference Shares of HK$1,000,000 each. The Company has from time to time reviewed the business and financial performance of Million Wealth. The Group will consider the redemption of the Preference Shares or to convert the Preference Shares into ordinary shares of Million Wealth as and when appropriate.

It is the Group's corporate mission to continue to explore ways to improve its financial performance, to diversify its operations into new and more profitable businesses and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing in or changing to other profitable business as long as it is in the interest of the Company and the Shareholders as a whole. Also, as part of its routine exercise, the Company reviews the performance of its existing investment portfolio and evaluating the investment potentials of other investment opportunities available to the Company from time to time. Subject to the result of such review, the Company may make suitable investment decisions 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 realizing and/or optimizing the expected return and minimizing 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 report, the Company had not entered into any agreement, arrangement, understanding, intention or negotiation that should be disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange and the Securities and Futures Ordinance.

Treasury 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).

Gearing Ratio

The gearing ratios of the Group as at 31 December 2013 and 2012 were (23)% and (5)% respectively.

Foreign exchange exposure

Some transactions, financial assets and financial liabilities of the Group are denominated in Renminbi, United States dollar and PNG Kina. During the current year, as the exchange rate of Renminbi and Kina to Hong Kong dollars fluctuated, the Group was exposed to foreign currency exchange rate risk. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out and the management will consider hedging the foreign exchange exposure if it has material impact on the Group.

Contingent liabilities

As at 31 December 2013, the Group had no material contingent liabilities (31 December 2012: nil).

For the year ended 31 December 2012

Business Review

The Company is an investment holding company, and through its subsidiaries, is principally engaged in the business of money lending and provision of credits, securities investments, provision of corporate secretarial and consultancy services and forestry business. During the year, the Group has undergone several significant investments aiming at improving the financial performance and position of the Group, including (i) the completion of acquisition of interests in a forest in the Independent State of Papua New Guinea (the "**PNG**") as announced by the Company on 12 April 2012; (ii) the subscription of 8% coupon convertible notes (the "**Convertible Notes**") issued by China Environmental Energy Investment Limited (Stock Code: 986) ("**China Environmental**") with an aggregate principal amount of HK$95,000,000 as announced by the Company on 26 June 2012 and the conversion price of which was fixed at HK$0.592 upon its completion as announced by the Company on 12 October 2012; and (iii) the subscription of 90 redeemable convertible preference shares of Million Wealth Capital Investment Limited ("**Million Wealth**") at the subscription price of HK$90,000,000 by Perpetual Master Limited ("**Perpetual Master**"), a wholly-owned subsidiary of the Company as announced by the Company on 11 October 2012.

Money Lending and Provision of Credits Business

Since obtaining the Money Lenders License under the Money Lenders Ordinance (Cap.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$665,000,000 with interest rates ranging from 8% to 48% per annum. For the year ended 31 December 2012, the interest income was approximately HK$29,981,000 (2011: HK$52,958,000).

During the year ended 31 December 2012, a reversal of impairment loss of HK$83,717,000 had been recognised as an income in the consolidated income statement after the repayment of principal and interest from a loan debtor. Such recovered and reversed amount was included in the impairment loss in respect of loan and interest receivables which was made as at 31 December 2011 as an utmost prudence approach and strict compliance with the applicable accounting standards in accordance with the procedure manual for credit facilities reviewed by a Big 4 Accounting Firm. An amount of approximately HK$18,294,000 has been provided as an impairment loss in the current year as prudent and consistent as last year.

Securities Investments Business

As at the date of this report, the Group had invested in Simsen International Corporation Limited, a company whose shares are listed on the main board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (Stock Code: 993) ("**Simsen International**") as a strategic investment with the intention to promote the finance business of Joy Wealth through the retail platform provided by Simsen International as the subsidiaries of Simsen International have a broad customer base and distribution channels for its businesses such as securities business, insurance products, money lending and provision of credits etc.

As at the date of this report, the shares of Simsen International are yet to be disposed of because they are regarded as a long term strategic investment for the sake of the development of the key business of money lending of the Group.

On 26 June 2012, the Company entered into a subscription agreement with China Environmental, a company whose shares are listed on the main board of the Stock Exchange, to subscribe for the Convertible Notes (the "**CN Subscription**"). The CN Subscription was completed on 12 October 2012. In order for the Company to enjoy more flexibility in capturing the possible capital gains, the Company entered into a call option deed with an optionholder on 12 October 2012, pursuant to which the Company had agreed to grant and the optionholder had agreed to obtain a call option at the premium of HK$4,800,000 under which the optionholder can purchase from the Company the Convertible Notes with principal amount of up to HK$60,000,000 at the price equivalent to 120% of the principal amount of these Convertible Notes.

On 11 October 2012, Perpetual Master entered into a subscription agreement with Million Wealth (as issuer) and Mr. Fok Ho Yin, Thomas (as guarantor) ("**Mr. Fok**") pursuant to which Perpetual Master had conditionally agreed to subscribe for and Million Wealth had conditionally agreed to issue and allot 90 redeemable convertible preference shares (the "**Preference Shares**") at the subscription price of HK$90,000,000 (the "**Preference Share Subscription**"). Through the Preference Share Subscription, which was completed on 30 November 2012, the Group will earn a dividend at a rate of 10% per annum, compounded annually, and will have an additional money lending platform to further promote and develop its money lending and provision of credits business. Perpetual Master is entitled the rights to convert the Preference Shares into ordinary shares as and when appropriate.

Subsequent to 31 December 2012, the Group has disposed all the investment in Huili Resources (Group) Limited (Stock Code: 1303) and made a gain of approximately HK$5,170,000.

Provision of Corporate Secretarial and Consultancy Services Business

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

During the current year, a segment revenue of approximately HK$5,211,000 and a segment loss of HK$564,000 had been recorded (31 December 2011: HK$411,000 and a segment profit of HK$407,000 respectively).

Forestry Business

On 12 April 2012, the Group completed the acquisition (the "**Acquisition**") of 30% of the entire issued share capital of Profit Grand Enterprises Limited ("**Profit Grand**"), which through its subsidiary has the harvesting rights within a forest sized approximately 65,800 hectares in the PNG. The total consideration for the Acquisition of HK$310,000,000 was satisfied as to (i) HK$33,000,000 by the issue of the convertible bonds in a principal amount of HK$33,000,000 with conversion price of HK$0.087; (ii) HK$82,000,000 in cash; and (iii) HK$195,000,000 by the issue of a 10% promissory note in aggregate principal sum of HK$195,000,000. Details of the Acquisition have been disclosed in the circular of the Company dated 29 February 2012 (the "**Acquisition Circular**"). The Group has from time to time been following up with the relevant government authorities regarding the outstanding necessary licenses and approvals required for the commencement of the forestry logging and harvesting in the PNG. Nevertheless, the Company was recently informed by the PNG legal adviser that the outstanding necessary licenses and approvals are more likely to be obtained in year 2014. Up to the date of this report, the Group has been successfully granted the foreign enterprise certificate while other remaining necessary approvals and licenses, namely, the Environment Impact Statement and the Forestry Clearance Authority which were originally expected to be obtained in early 2013, are in application progress and are more likely to be completed and obtained in year 2014. Such unexpected delay, as advised by the PNG legal adviser, was due to the Commission of Enquiry into the Special Agricultural Business Lease system. The PNG legal adviser has confirmed that such enquiry is not a legal impediment as the Law of the PNG is clear that if the Forestry Clearance Authority application is in order, then the Forestry Authority must consider the application. As further advised by the PNG legal adviser, on the assumption that the applications for the Forestry Clearance Authority are in order and in the absence of any unforeseen circumstances, it is expected that there is no material legal impediment for the Group to obtain the Forestry Clearance Authority.

Outlook

Money Lending and Provision of Credits Business

Since money lending and provision of credits business constitutes the current major business segment of the Group, the Group will further develop this business segment, diversify the customer portfolio and seek opportunity to cooperate with both Simsen International and Million Wealth, whose respective principal businesses involve, among other things, money lending which may bring a synergy effect.

To mitigate the inherent credit risk of this business segment and for the sake of efficiency, the Group may consider employing independent debt collecting specialists/agents or factorising/assigning receivables as and when appropriate.

Securities Investments Business

Under the recent volatile and fragile global stock markets, the Board is of the opinion that the Group shall prioritise in long-term or strategic investment rather than short-term trading investment. The Group also aims at being flexible every now and then in managing the investment portfolio and applying the investment strategy under the then market situation and amid the fluctuating financial market.

Provision of Corporate Secretarial and Consultancy Services Business

Although this industry is flourishing gradually, due to keen competition, the Group is struggling to identify sufficient new clients and will keep exploring business opportunities and a way out for this segment.

Forestry Business

With wood being one of the most essential materials in the world, the Board considers that the potential investment opportunity to be derived from the forestry industry is immense.

According to long-run historical data collected from the International Tropical Timber Organisation and price information available in the PNG, the prices for tropical hardwood logs in general have been escalating over the last decade. The price trends of major species of tropical wood were positive and stable in recent years. According to the statistics published by the PNG Forest Authority, the weighted average price has recently climbed up.

The management of the Company has been actively communicating with the government bodies of the PNG and the vendors of the Acquisition, who are holding 70% of the issued share capital of Profit Grand. The Board is optimistic that once the required licenses and approvals are obtained, the Group will enjoy the returns from the price appreciation trend of wood which is anticipated to continue in the near term in light of the sustainable strong demand.

The Group will carry on to explore and analyse potential projects with promising prospects in the future and to hunt for opportunities and ways to strengthen the businesses and to enhance the financial performance of the Group.

Financial Review

Liquidity and financial resources

As at 31 December 2012, the Group had recorded net current assets of approximately HK$180,590,000 (31 December 2011: HK$364,738,000); bank balances and cash of approximately HK$44,477,000 (31 December 2011: HK$78,781,000) and no unguaranteed and unsecured borrowings (31 December 2011: HK$10,000,000). All borrowings as at 31 December 2011 were made in HK$ and the Group did not enter into any financial instruments for hedging purpose.

Capital structure

On 19 March 2012, the shareholders of the Company (the "**Shareholders**") approved the relevant resolutions in relation to the proposed capital reorganisation at a special general meeting of the Company, pursuant to which with effect from 20 March 2012, the authorised share capital of the Company was increased to 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 reduced to HK$9,903,401.93 divided into 990,340,193 new shares with par value of HK$0.01 each. Details of the capital reorganisation have been set out in the circular of the Company dated 23 February 2012.

On 12 April 2012, the Group issued a convertible note with a principal amount of HK$33,000,000 upon the completion of the Acquisition as part of the consideration as mentioned above which was fully converted into 379,310,344 issued ordinary shares of the Company on 12 April 2012.

On 10 August 2012, the Company proposed to revise and implement the share consolidation on the basis that every eight issued and unissued shares of HK$0.01 each to be consolidated into one issued and unissued consolidated share of HK$0.08 each (the "**Share Consolidation**").

Meanwhile, the Company had also proposed to raise not less than approximately HK$191,750,000 and not more than approximately HK$243,970,000, before expenses, by issuing not less than 342,412,634 rights shares and not more than 435,653,664 rights shares to the qualifying Shareholders by way of rights issue at the subscription price of HK$0.56 per rights share on the basis of two rights shares for every one consolidated share held on the record date. On the basis of not less than 342,412,634 rights shares and not more than 435,653,664 rights shares to be issued under the rights issue, not less than 1,712,063,170 bonus shares and not more than 2,178,268,320 bonus shares will be issued (the "**Rights Issue (with the Bonus Issue)**"). Details of the Rights Issue (with the Bonus Issue) have been disclosed in the circular of the Company dated 14 August 2012.

On 10 September 2012, upon the completion of the Share Consolidation, the total number of issued ordinary shares of the Company was consolidated from 1,369,650,537 with the par value of HK$0.01 each to 171,206,317 with the par value of HK$0.08 each. As a result of the Share Consolidation, the number of exercisable shares of each of the Agent Option and the Longjiang Option (as defined in the Acquisition Circular) changed from 49,517,009 shares to 6,189,626 consolidated shares, and the maximum and the minimum subscription price of each of the Agent Option and the Longjiang Option changed from HK$0.50 per share and HK$0.25 per share to HK$4.00 per consolidated share and HK$2.00 per consolidated share respectively.

On 11 October 2012, the Rights Issue (with the Bonus Issue) became unconditional, 342,412,634 new rights shares and 1,712,063,170 new bonus shares were issued and allotted. The total number of issued ordinary shares with the par value of HK$0.08 each of the Company became 2,225,682,121. The number of shares to be issued upon the exercise of each of the Agent Option and the Longjiang Option were 12,936,318 shares, and the maximum and the minimum subscription price of each of the shares under the Agent Option and the Longjiang Option were adjusted from HK$4.00 per share and HK$2.00 per share respectively to HK$2.00 per share and HK$2.00 per share respectively.

As at the date of this report, the Agent Option has expired.

Significant Investment, Acquisition and Disposal

On 12 April 2012, the Group completed the Acquisition (the "**Completion**"). Upon the Completion, by virtue of the terms of the shareholders' agreement entered into between the Group and the vendors, the Group has gained control over the board of directors of Profit Grand and its subsidiary and 51% of the total voting rights in the general meetings of Profit Grand and its subsidiary. In this regard, Profit Grand and its subsidiary shall be treated as indirect subsidiaries of the Company and their financial performance shall be consolidated into the financial accounts of the Company upon the Completion.

On 12 October 2012, the Company completed the CN Subscription. The Board considers that the CN Subscription enables the Group to participate in the development of China Environmental and provides the Group with an opportunity to share the returns generated from the business of China Environmental, which will allow the Company to tap into the recycling industry and to enjoy the potential upside of the share price performance of the shares of China Environmental through the possible conversion of part or whole of the Convertible Notes. The Board also considers the CN Subscription a good opportunity to further develop its finance business with an option for the Company to invest in a certain stake of China Environmental which is a listed company in Hong Kong. If the Convertible Notes are not converted, the Group shall receive satisfactory and stable interest income from the Convertible Notes.

On 30 November 2012, the Preference Shares Subscription was completed. The Board considers that, through the Preference Share Subscription, the Group will have an additional money lending platform to further promote and develop the money lending business and will also be able to broaden the existing customers base through the cooperation with Mr. Fok. In addition, the Preference Share Subscription will bring to the Group a cumulative dividend at rate of 10% per annum, compounded annually. In the event that Million Wealth does not have the required financial resources to make available loans to all potential customers, it could refer such potential customers to Joy Wealth.

Save for disclosed above, there was no significant investment, acquisition or disposal that should be notified to the Shareholders for the year ended 31 December 2012.

Employees

As at 31 December 2012, 14 staff members were being employed. In-house training programs were provided for the staff to enhance their skills and job knowledge. The management of the Company would continue to foster close co-operation among the staff.

The Group will review the 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 2012, 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 2011: nil).

Future Plans for Material Investment or Capital Assets

As aforementioned, the CN Subscription was completed on 12 October 2012. The Company has from time to time monitored and reviewed the business and financial performance of China Environmental. The Group will consider to convert the Convertible Notes into shares as and when appropriate. It is the Group's intention to exercise the option to further acquire the remaining 70% of the equity interest in Profit Grand (the "**Option**") at the option price of HK$700,000,000 or 70% of the second valuation on the value of Profit Grand and its subsidiary, whichever is lower, (the "**Option Price**") after the relevant required licenses and approvals are granted. The Board expects to satisfy the Option Price as to not more than 20% in cash (which will be about HK$140,000,000) and not less than 80% by procuring the Company to issue a promissory note, subject to negotiations between the Company and the vendors of the Acquisition in the future.

In order to shorten the payback period of the investment and to generate income to the Group, the Company intends to incur early stage capital expenditure as soon as possible after exercising the Option. As illustrated in the Acquisition Circular, early stage expenditure on plant and machinery necessary for commencement of the logging business was estimated at approximately US$7,000,000 (equivalent to approximately HK$54,320,000), which shall be financed by the Company by means of internal resources and any shortfall thereof by appropriate debt/equity financing.

Save for the above-mentioned, as at the date of this report, the Company had not entered into any agreement, arrangement, understanding, intention or negotiation about acquiring of any new business.

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. Hence, the Company does not rule out 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.

Treasury 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).

Gearing Ratio

The gearing ratios of the Group as at 31 December 2012 and 2011 were (5)% and (20)% respectively.

Foreign exchange exposure

The Group mainly earns revenue and incurs cost in HK$ and is not subject to material foreign exchange risk. In addition, the Group had no related hedges as at 31 December 2012.

Contingent liabilities

As at 31 December 2012, the Group had no material contingent liabilities.

3. INDEBTEDNESS STATEMENT

Borrowings

The Group

At the close of business on 31 July 2015, being the latest practicable date prior to the printing of this circular for the purpose of this indebtedness statement, the Group did not have any borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments (whether guaranteed, unguaranteed, secured or unsecured borrowings and debt).

The Target Group

At the close of business on 31 July 2015, being the latest practicable date prior to the printing of this circular for the purpose of this indebtedness statement, the Target Group had a borrowing of HK$24,365,720 due to its shareholder which is also the Sale Loan.

Contingent liabilities

As at the close of business on 31 July 2015. the Enlarged Group did not have any contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Enlarged Group did not have outstanding at the close of business on 31 July 2015 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

Foreign currency amounts have been translated at the approximate exchange rates prevailing as at the close of business on 31 July 2015.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 July 2015.

4. WORKING CAPITAL

After taking into account the available internal resources and the fact that the Acquisition does not involve any cash consideration, the Directors are of opinion that the Enlarged Group, upon completion of the Acquisition, will have sufficient working capital for its present requirements, which is for at least twelve months from the date of this circular, in the absence of unforeseen circumstances.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 December 2014, the date to which the latest published audited financial statements of the Group were made up.

6. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

Upon Completion of the Acquisition, the Enlarged Group will have a more broadened source of income generated by the service fee and management fee charged on the users of the P2P Platform as compared to the existing Group, which is mainly generating its profit from its securities investment and money lending businesses. The Enlarged Group is expected to have a higher gearing ratio and liabilities level than the existing Group which is arisen from the liabilities of the Target Group (i.e. the issue of the Convertible Notes).

The Board expects the results from the Group's existing money lending business in Hong Kong to remain neutral or positive because it is in the Board's view that the demands for loan financing can be sustained even in economic downturns due to more people needing financial aids in difficult times. Given the same reason and the fact that peer-to-peer financing is a relatively new industry in its growing stage, the Board is optimistic that the P2P Platform will bring in diversified revenue and be a solid source of income to the Group.

The Enlarged Group will continue to review and monitor any market changes and adjust its business strategies accordingly to cope with changes in the economic environment.

(I) ACCOUNTANT'S REPORT OF THE TARGET GROUP

The following is the text of a report on the Target Group received from the Company's reporting accountant, CCTH CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

CCTH CPA LIMITED
中正天恆會計師有限公司

29 September 2015

The Directors
Pacific Plywood Holdings Limited
Units 3301–3303, 33rd Floor,
West Tower, Shun Tak Centre,
168–200 Connaught Road Central,
Sheung Wan, Hong Kong

Dear Sirs,

We set out below our report on the financial information regarding Katar Global Limited (the "**Target Company**") and its subsidiaries (hereinafter collectively referred to as the "**Target Group**") which comprises the consolidated statements of financial position of the Target Group as at 31 December 2012, 2013 and 2014 and 30 April 2015, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2012, 2013 and 2014 and the period from 1 January 2015 to 30 April 2015 (the "**Relevant Periods**"), together with the notes thereto (the "**Financial Information**"), for inclusion in the circular of Pacific Plywood Holdings Limited (the "**Company**") to its shareholders dated 29 September 2015 in connection with the acquisition by the Company of 96% of the issued share capital of the Target Company and the loans due from the Target Company and its subsidiary, Century Fine Limited, to the Vendor (the "**Circular**").

The Target Company was incorporated in the British Virgin Islands ("**BVI**") with limited liability on 1 July 2010 and is principally engaged in investment holding. The Target Group is principally engaged in the operation of an internet financing platform under the "Caijia" (財加) brand. The Target Company and its subsidiaries adopted 31 December as its financial year end date.

No audited statutory financial statements of the Target Company have been prepared since its date of incorporation as it was incorporated in the BVI where there is no statutory audit requirement.

No audited statutory financial statements of Century Fine Limited, the Company's direct subsidiary incorporated in Hong Kong, since its date of incorporation has been prepared.

The audited statutory financial statements of the Company's indirect subsidiaries, which were established in the People's Republic of China ("**PRC**"), for the period from their respective date of establishment to 31 December 2014 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance in the PRC.

The Target Company has equity interests in the following subsidiaries at the end of each of the reporting periods and at date of this report:

Name of subsidiary	Place and date of establishment and operation	Issued and fully paid/ registered capital at the date of this report	Percentage of attributable equity interests held by the Target Company					Principal activities	Auditor
			31 December 2012	2013	2014	30 April 2015	At date of this report		
Direct subsidiary									
Century Fine Limited	Hong Kong 9 August 2010	Hong Kong Dollars ("**HK$**") 1	100%	100%	100%	100%	100%	Investment holding	Not yet appointed
Indirect subsidiaries									
Beijing Huiju Financial Consulting Co. Limited [1, 2] (北京滙聚融通財務顧問有限公司) ("**Beijing Huiju Financial**")	PRC 3 June 2013	United States Dollars ("**USD**") 100,000	—	100%	100%	100%	100%	Inactive	Beijing Zhongcheng Hengping Certified Public Accountants Co., Ltd.
Beijing Huiju Wealth Management Consulting Co. Limited [1, 3] (北京滙聚財富管理諮詢有限公司) ("**Beijing Huiju Management**")	PRC 13 December 2012	Renminbi ("**RMB**") 50,000,000	—	100%	100%	100%	100%	Operation of an internet financing platform	Beijing Dongsheng Dingli International Certified Public Accountants Co., Ltd.
Beijing Huiju Yitong Financial Consulting Co. Limited [1, 2] (北京滙聚壹通財務諮詢有限公司)	PRC 28 May 2014	USD—	—	—	100%	100%	100%	Inactive	Beijing Zhongcheng Hengping Certified Public Accountants Co., Ltd.
Beijing Huiju Ertong Financial Consulting Co. Limited [1, 2] (北京滙聚貳通財務諮詢有限公司)	PRC 29 May 2014	USD—	—	—	100%	100%	100%	Inactive	Beijing Zhongcheng Hengping Certified Public Accountants Co., Ltd.
Chongqing KangDingAo Financial Consulting Co. Limited [1, 2] (重慶康鼎澳財務諮詢有限公司) ("**Chongqing KDA**")	PRC 27 September 2013	USD1,000,000	—	100%	100%	100%	100%	Provision of services in relation to the promotion and application of the internet financing platform	Chongqing Zhongding Certified Public Accountants
Chengdu Subang Management Consulting Co. Limited [1, 2] (成都速幫管理諮詢有限公司) ("**Chengdu Subang**")	PRC 11 September 2013	USD1,000,000	—	100%	100%	100%	100%	Provision of services in relation to the promotion and application of the internet financing platform	Sichuan Yongli Certified Public Accountants Co., Ltd.
Shenyang Subang Management Consulting Co. Limited [1, 2] (沈陽速幫管理諮詢有限公司) ("**Shenyang Subang**")	PRC 30 May 2013	USD1,000,000	—	100%	100%	100%	100%	Provision of services in relation to the promotion and application of the internet financing platform	Dalian Sanmai Union Certified Public Accountants
Kunming Subang Enterprise Management Co. Limited [1, 3] (昆明速幫企業管理有限公司) ("**Kunming Subang**")	PRC 10 June 2014	RMB6,000,000	—	—	—	—	100%	Provision of services in relation to the promotion and application of the internet financing platform	Shinewing Certified Public Accountants (Special General Partnership) Kunming Branch
Shenzhen Subang Management Consulting Co. Limited [1, 3] (深圳速幫管理諮詢有限公司) ("**Shenzhen Subang**")	PRC 21 July 2014	RMB10,000,000	—	—	—	—	100%	Provision of services in relation to the promotion and application of the internet financing platform	Shenzhen Chenghua Certified Public Accountants Co., Ltd.

Name of subsidiary	Place and date of establishment and operation	Issued and fully paid/ registered capital at the date of this report	Percentage of attributable equity interests held by the Target Company					Principal activities	Auditor
			31 December 2012	31 December 2013	31 December 2014	30 April 2015	At date of this report		
Wuxi Subang Management Consulting Co. Limited [1, 3] (無錫速幫管理諮詢有限公司) ("**Wuxi Subang**")	PRC 1 August 2014	RMB6,000,000	–	–	–	–	100%	Provision of services in relation to the promotion and application of the internet financing platform	Jiangsu Anxin Certified Public Accountants Co., Ltd.

1 The English name is for identification purpose only.
2 These entities are registered as wholly-owned foreign enterprises under the PRC.
3 These entities are registered as limited liability enterprises under the PRC.

On 2 September 2013, Beijing Huiju Financial entered into certain agreements (collectively the "**Structured Contracts**") with Beijing Huiju Management and Beijing KangDingAo Hospital Investment Management Company Limited (北京康鼎澳醫院投資管理有限公司) (the "**Registered Shareholder**") regarding Beijing Huiju Management, comprising (i) Exclusive Option Agreement; (ii) Exclusive Business Cooperation Agreement; (iii) Equity Pledge Agreement; (iv) Authorisation and Entrustment Agreement; and (v) Pledge Agreement under the Structured Contracts. Pursuant of the Structured Contracts, the director of the Target Company is of the view that the risks of and rewards from the business undertaken by Beijing Huiju Management are substantially passed to Beijing Huiju Financial and Beijing Huiju Financial also gains control over Beijing Huiju Management.

Having sought independent legal advice, the director of the Target Company is of the opinion that Beijing Huiju Management has become a subsidiary of Beijing Huiju Financial, a subsidiary of the Target Company, as from 2 September 2013, being the date on which the Structured Contracts were executed.

For the purpose of this report, the director of the Target Company has prepared the consolidated financial statements of the Target Group for the Relevant Periods (the "**Underlying Financial Statements**") in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

We have undertaken an independent audit of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments were considered necessary to adjust the Underlying Financial Statements in preparing our report for inclusion in the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The Underlying Financial Statements are the responsibility of the director of the Target Company who approved the issue. The directors of the Company are responsible for the contents of the Circular in which this report is included.

It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion, based on our examination and review, on the financial information, and to report our opinion to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

We have examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Group as at 31 December 2012, 2013 and 2014 and 30 April 2015 and of the results and cash flows of the Target Group for the Relevant Periods.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Target Group comprising the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four months ended 30 April 2014, together with the explanatory information thereon (the "**Corresponding Financial Information**"), for which the director of the Target Company is responsible, in accordance with Hong Kong Standard on Review Engagement 2400 (Revised) "Engagements to Review Historical Financial Statements" issued by the HKICPA.

The director of the Target Company is responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Underlying Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as test of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Underlying Financial Information.

I. FINANCIAL INFORMATION OF THE TARGET GROUP

The following is the Financial Information of the Target Group for each of the Relevant Periods:

Consolidated Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 December			Four months ended 30 April	
		2012	**2013**	**2014**	**2014**	**2015**
	Notes	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
					(Unaudited)	
Revenue	*5*	—	8,314,246	136,659,331	21,494,874	97,931,656
Cost of sales		—	(189,504)	(5,021,583)	(376,091)	(5,897,576)
Gross profit		—	8,124,742	131,637,748	21,118,783	92,034,080
Investments and other income	*7*	—	14,176	158,250	45,811	53,756
Other gains or losses	*8*	197	—	(126,140)	(198,014)	127,894
Selling and distribution costs		—	(6,854,007)	(58,002,432)	(7,714,215)	(24,070,235)
Administrative expenses		(13,512)	(8,360,955)	(53,753,643)	(9,823,511)	(28,622,521)
Finance costs	*9*	(4)	(2)	—	—	—
(Loss)/profit before tax	*10*	(13,319)	(7,076,046)	19,913,783	3,428,854	39,522,974
Income tax expense	*11*	—	(252,251)	(8,894,341)	(3,009,462)	(12,796,190)
(Loss)/profit for the year/period		(13,319)	(7,328,297)	11,019,442	419,392	26,726,784
Other comprehensive (expense)/ income						
Items that may be subsequently reclassified to profit to loss:						
Exchange difference arising from translation		(197)	3,518	60,413	16,294	338,305
Total comprehensive (expense)/ income for the year/period		(13,516)	(7,324,779)	11,079,855	435,686	27,065,089

Consolidated Statements of Financial Position

		At 31 December			At 30 April
		2012	2013	2014	2015
	Notes	*HK$*	*HK$*	*HK$*	*HK$*
Non-current Assets					
Property, plant and equipment	*15*	—	5,789,998	15,895,832	14,464,025
Current Assets					
Trade and other receivables	*16*	—	4,384,036	67,246,646	116,757,780
Bank balances and cash	*17*	4,588	11,969,911	14,815,337	12,988,291
		4,588	16,353,947	82,061,983	129,746,071
Current Liabilities					
Trade payables	*18*	—	—	1,761,104	2,126,589
Other payables and accruals	*19*	—	5,804,618	23,773,392	17,158,438
Amount due to a shareholder	*20*	55,047	12,705,160	24,365,512	24,360,720
Income tax payable		—	255,637	8,471,322	21,242,383
		55,047	18,765,415	58,371,330	64,888,130
Net Current (Liabilities)/ Assets		(50,459)	(2,411,468)	23,690,653	64,857,941
		(50,459)	3,378,530	39,586,485	79,321,966
Capital and Reserves					
Share capital	*21*	8	8	8	7,800
Reserves		(50,467)	3,378,522	39,586,477	79,314,166
		(50,459)	3,378,530	39,586,485	79,321,966

Consolidated Statements of Changes in Equity

	Share capital *HK$*	Statutory reserve *HK$* *(Note 22)*	Exchange reserve *HK$*	Other reserves *HK$* *(Note 23)*	(Accumulated losses)/ retained profits *HK$*	Total *HK$*
At 1 January 2012	8	—	—	—	(36,951)	(36,943)
Loss for the year	—	—	—	—	(13,319)	(13,319)
Other comprehensive expense for the year						
Exchange difference arising from translation	—	—	(197)	—	—	(197)
Total comprehensive expense for the year	—	—	(197)	—	(13,319)	(13,516)
At 31 December 2012 and 1 January 2013	8	—	(197)	—	(50,270)	(50,459)
Loss for the year	—	—	—	—	(7,328,297)	(7,328,297)
Other comprehensive income for the year						
Exchange difference arising from translation	—	—	3,518	—	—	3,518
Total comprehensive expense for the year	—	—	3,518	—	(7,328,297)	(7,324,779)
Surplus on acquisition of a subsidiary	—	—	—	10,753,768	—	10,753,768
At 31 December 2013 and 1 January 2014	8	—	3,321	10,753,768	(7,378,567)	3,378,530
Profit for the year	—	—	—	—	11,019,442	11,019,442
Other comprehensive income for the year						
Exchange difference arising from translation	—	—	60,413	—	—	60,413
Total comprehensive income for the year	—	—	60,413	—	11,019,442	11,079,855
Paid-in capital of a subsidiary contributed by the Registered Shareholder	—	—	—	25,128,100	—	25,128,100
Transfer from retained profits to statutory reserve	—	200,395	—	—	(200,395)	—

	Share capital *HK$*	Statutory reserve *HK$* *(Note 22)*	Exchange reserve *HK$*	Other reserves *HK$* *(Note 23)*	(Accumulated losses)/ retained profits *HK$*	Total *HK$*
At 31 December 2014 and 1 January 2015	8	200,395	63,734	35,881,868	3,440,480	39,586,485
Profit for the period	—	—	—	—	26,726,784	26,726,784
Other comprehensive income for the period						
Exchange difference arising from translation	—	—	338,305	—	—	338,305
Total comprehensive income for the period	—	—	338,305	—	26,726,784	27,065,089
Transfer from retained profits to statutory reserve	—	20,515	—	—	(20,515)	—
Paid-in capital of a subsidiary contributed by the Registered Shareholder	—	—	—	12,662,600	—	12,662,600
Shares issued by the Target Company	7,792	—	—	—	—	7,792
At 30 April 2015	7,800	220,910	402,039	48,544,468	30,146,749	79,321,966
Four months ended 30 April 2014 **(unaudited)**						
At 1 January 2014	8	—	3,321	10,753,768	(7,378,567)	3,378,530
Profit for the period	—	—	—	—	419,392	419,392
Other comprehensive income for the period						
Exchange difference arising from translation	—	—	16,294	—	—	16,294
Total comprehensive income for the year	—	—	16,294	—	419,392	435,686
Paid-in capital of a subsidiary contributed by the Registered Shareholder	—	—	—	12,553,400	—	12,553,400
At 30 April 2014 (Unaudited)	8	—	19,615	23,307,168	(6,959,175)	16,367,616

Consolidated Statements of Cash Flows

		Year ended 31 December			Four months ended 30 April	
		2012	2013	2014	2014	2015
	Notes	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
					(Unaudited)	
Operating activities						
(Loss)/profit before tax		(13,319)	(7,076,046)	19,913,783	3,428,854	39,522,974
Adjustments for:						
Depreciation of property, plant and equipment		—	355,013	3,386,642	630,747	1,910,156
Finance costs		4	2	—	—	—
Bank interest income		—	(9,402)	(68,530)	(10,658)	(35,617)
Exchange (gains)/losses		(197)	(206,313)	169,794	285,722	(162,881)
Operating cash flows before movements in working capital		(13,512)	(6,936,746)	23,401,689	4,334,665	41,234,632
Increase in trade and other receivables		—	(1,698,609)	(62,918,811)	(17,619,541)	(48,940,444)
Increase in trade payables		—	—	1,761,942	—	354,580
Increase/(decrease) in other payables and accruals		—	5,724,224	18,012,125	(1,819,705)	(6,712,043)
Increase/(decrease) in amount due to a shareholder		16,313	12,650,113	11,660,352	11,660,352	(4,792)
Cash generated from/(used in) operations		2,801	9,738,982	(8,082,703)	(3,444,229)	(14,068,067)
Income tax paid		—	—	(664,621)	(161,389)	(133,973)
Net cash generated from/(used in) operating activities		2,801	9,738,982	(8,747,324)	(3,605,618)	(14,202,040)

		Year ended 31 December			Four months ended 30 April	
		2012	2013	2014	2014	2015
	Notes	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
					(Unaudited)	
Investing activities						
Acquisition of a subsidiary	*24*	—	8,001,005	—	—	—
Acquisition of property, plant and equipment		—	(5,939,886)	(13,531,995)	(1,458,280)	(400,452)
Interest received		—	9,402	68,530	10,658	35,617
Net cash generated from/ (used in) investing activities		—	2,070,521	(13,463,465)	(1,447,622)	(364,835)
Financing activities						
Paid-in capital of a subsidiary contributed		—	—	25,128,100	12,553,400	12,662,600
Proceeds of issue of shares		—	—	—	—	7,792
Interest paid		(4)	(2)	—	—	—
Net cash (used in)/generated from financing activities		(4)	(2)	25,128,100	12,553,400	12,670,392
Net increase/(decrease) in cash and cash equivalents		2,797	11,809,501	2,917,311	7,500,160	(1,896,483)
Cash and cash equivalents at beginning of the year/ period		1,791	4,588	11,969,911	11,969,911	14,815,337
Effect on foreign exchange rate changes		—	155,822	(71,885)	(138,966)	69,437
Cash and cash equivalents at end of the year/period		4,588	11,969,911	14,815,337	19,331,105	12,988,291
Analysis of cash and cash equivalents						
Bank balances and cash		4,588	11,969,911	14,815,337	19,331,105	12,988,291

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company was incorporated and registered as a limited liability company in the BVI on 1 July 2010. The addresses of the registered office and principal place of business of the Target Company are Palm Grove House, P.O. Box 438, Road Town, Tortola, the BVI and Room 708, Fosun International Center, 237 Chaoyang North Road, Chaoyang District, Beijing respectively.

The Target Group is principally engaged in the operation of an internet financing platform under the "Caijia" brand (the "**P2P Platform**").

The functional currency of the Target Company is RMB and the Financial Information and the Corresponding Financial Information is presented in HK$ for the purpose of this report.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Target Group has consistently applied all of the HKFRSs issued by the HKICPA which are effective for the Target Group's accounting periods beginning on 1 January 2015 throughout the Relevant Periods.

At the date of this report, the Target Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective in respect of the accounting period beginning on 1 January 2015:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[2]
HKFRS 9	Financial instruments[4]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate of Joint Venture[2]
Amendments to HKFRS 10 and HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

1 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application is permitted
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("**FVTOCI**") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset and give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting 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.

- With regard to the measurement of financial liabilities designed as at fair value through profit or loss, HKFRS 9 requires that 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 an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types or transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The director of the Target Company anticipates that the adoption of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Target Group's financial assets and financial liabilities. Regarding the Target Group's financial assets and liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The director of the Target Company anticipates that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Target Group's consolidated financial information. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Target Group performs a detailed review.

Other new and revised HKFRSs not effective

The director of the Target Company anticipates that the application of other new and revised HKFRSs not yet effective will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. These policies have been consistently applied throughout the Relevant Periods. In addition, the Financial Information includes all applicable disclosures required by the Rules Governing The Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance which for the Relevant Periods continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

Basis of preparation

The Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted by the Target Group are as follows:

Basis of consolidation

The Financial Information incorporate the financial information of the Target Company and entities (including structured entities) controlled by the Target Company and its subsidiaries. Control is achieved when the Target Company:

— has power over the investee;

— is exposed, or has rights, to variable returns from its involvement with the investee; and

— has the ability to use its power to affect its returns.

The Target 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 listed above.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Changes in the Target Group's ownership interests in existing subsidiaries

Changes in the Target Group's ownership interests in existing subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Target Company.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

— deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

— liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Target Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and

— assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Investments in subsidiaries

Investments in subsidiaries are included in the Target Company's statement of financial position at cost less any identified impairment loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Revenue from the provision of services in relation to the operation of P2P Platform is recognised when the relevant services have been rendered by the Company.

Interest income from a financial asset is recognised on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Target Group as lessee under operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the Financial Information of the Target Group, transactions in currencies other than the functional currency of the Target Group (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which The Target Group operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each of the Relevant Periods, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of the Target Group are translated into its presentation currency (i.e. HK$) at the rates of exchange prevailing at the end of each of the Relevant Periods, and their income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The liability for current tax of the Target Group is calculated using tax rates that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of each of the Relevant Periods, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each of the Relevant Periods, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment losses on tangible assets

At the end of each of Relevant Periods, the Target Group reviews the carrying amounts of its tangible assets with finite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the Target Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets of the Target Group comprise of loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each of the Relevant Periods. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For the loans and receivables, objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty; or

— default or delinquency in interest or principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of an impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, the shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade payable, other payables and accruals and amount due to a shareholder) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Target Group derecognised financial liabilities when, and only when the Target Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in Note 3, the director of the Target Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the director of the Target Company has made in the process of applying the Target Group's accounting policies and that have the most significant effect on the amounts recognised in the Underlying Financial Information.

Control over Beijing Huiju Management

On 2 September 2013, a subsidiary of the Target Company, Beijing Huiju Financial, entered into the Structured Contracts with Beijing Huiju Management and the Registered Shareholder under which all the risks of and rewards from the business undertaken by Beijing Huiju Management are substantially passed to Beijing Huiju Financial and Beijing Huiju Financial gains control over Beijing Huiju Management.

The director of the Target Company considers that the entire equity interests in Beijing Huiju Management was effectively acquired by Beijing Huiju Financial on 2 September 2013, the date on which Beijing Huiju Management is regarded a wholly-owned subsidiary of the Target Company. The results, assets and liabilities of Beijing Huiju Management are accounted for and consolidated in the Financial Information as from 2 September 2013, the date on which the Target Group obtained control over Beijing Huiju Management.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

Useful life of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. If the actual or expected useful lives of property, plant and equipment is less than the original estimated useful lives or there is revision of estimated useful lives due to the change of commercial and technological environment, such difference will impact the depreciation charges for the remaining periods.

Impairment of assets

Property, plant and equipment are assessed annually to determine for any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions regarding applicable discount rates, future capital requirements and cash flows from future business operations and underlying operating circumstances. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Impairment allowances on debtors' balances

When there is objective evidence of impairment loss, the Target Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between asset's carrying amount and the present value of estimate future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

No impairment loss in respect of trade and other receivables was recognised in the consolidated statement of profit or loss and other comprehensive income for each of the Relevant Periods.

5. REVENUE

Revenue represents gross proceeds received and receivable from the provision of services on the online financing platform.

6. SEGMENT REPORTING

Segment information

The Target Group is principally engaged in the operation of an internet financing platform under the "Caijia" brand during the Relevant Periods. Management considers that it is not meaningful to prepare segment information regarding the Target Group for the purpose of its resource allocation and performance assessment. Information reported to the management of the Target Group, who are identified as its chief operating decision maker (the "**CODM**"), in order to allocate resources and to assess performance, focuses on the operating results of the Target Group as a whole as the Target Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

All of the Target Group's operations are located in the PRC. The Target Group's revenue from external customers and all of its non-current assets are located in the PRC based on geographical location of assets.

Information about major customers

Revenues from customers contributing over 10% of the total revenue of the Target Group are as follows:

	Year ended 31 December			Four months ended 30 April	
	2012	**2013**	**2014**	**2014**	**2015**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Customer A	—	1,522,095	34,648,110	6,272,370	26,006,062
Customer B	—	—	—	—	14,881,530

The above customers are individuals in the PRC who repeatedly used the P2P Platform to lend out money. Management of the Target Group is of the view that these customers has no relationship with the Target Group.

7. INVESTMENTS AND OTHER INCOME

	Year ended 31 December			Four months ended 30 April	
	2012	**2013**	**2014**	**2014**	**2015**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Bank interest income	—	9,402	68,530	10,658	35,617
Other income	—	4,774	89,720	35,153	18,139
	—	14,176	158,250	45,811	53,756

8. OTHER GAINS AND LOSSES

	Year ended 31 December			Four months ended 30 April	
	2012	2013	2014	2014	2015
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Exchange gains/(losses), net	197	—	(126,140)	(198,014)	127,894

9. FINANCE COSTS

	Year ended 31 December			Four months ended 30 April	
	2012	2013	2014	2014	2015
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Interest on bank overdraft	4	2	—	—	—

10. (LOSS)/PROFIT BEFORE TAX

	Year ended 31 December			Four months ended 30 April	
	2012	2013	2014	2014	2015
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
(Loss)/profit before tax is arrived at after charging:					
Staff costs:					
Salaries and other benefits	—	10,543,909	79,978,376	11,724,631	31,657,209
Retirement benefits scheme contributions	—	905,438	8,410,210	1,612,292	4,848,769
Total staff costs	—	11,449,347	88,388,586	13,336,923	36,505,978
Auditor's remuneration	—	—	10,721	6,956	3,786
Depreciation of property, plant and equipment	—	355,013	3,386,642	630,747	1,910,156
Operating lease rentals in respect of rented premises	—	1,128,478	8,304,308	1,622,058	4,395,984

11. INCOME TAX EXPENSE

	Year ended 31 December			Four months ended 30 April	
	2012	2013	2014	2014	2015
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
PRC Enterprise Income Tax	—	252,251	8,894,341	3,009,462	12,796,190

No provision for Hong Kong Profits Tax has been made in the Financial Information as the Target Group has no assessable profits derived from Hong Kong for each of the Relevant Periods.

Pursuant to the law and regulations of the BVI, the Target Group is not subject to any income tax in the BVI.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for each of the Relevant Periods.

The income tax expense for each of the Relevant Periods can be reconciled to (loss)/profit before tax per the consolidated statements of profits or loss and other comprehensive income as follows:

	Year ended 31 December			Four months ended 30 April	
	2012	2013	2014	2014	2015
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
(Loss)/profit before tax	(13,319)	(7,076,046)	19,913,783	3,428,854	39,522,974
Tax at the applicable income tax rate	(3,330)	(1,769,012)	4,978,446	857,212	9,880,743
Tax effect of income not taxable for tax purpose	(49)	(290)	—	—	(31,970)
Tax effect of expenses not deductible for tax purpose	3,379	9,673	41,287	55,380	600
Tax effect of tax loss and deductible temporary difference not recognised	—	2,011,880	3,874,608	2,096,870	2,946,817
Income tax expense	—	252,251	8,894,341	3,009,462	12,796,190

At 31 December 2013 and 2014 and 30 April 2014 and 2015, the Target Group had unused tax losses of HK$7,908,488, HK$22,598,081, HK$16,240,546 and HK$33,990,731 respectively. No deferred tax asset has been recognised in respect of such losses due to unpredictability of profit streams. Such tax losses will expire within five years.

12. DIRECTOR'S EMOLUMENTS

No director of the Target Company received any fees or emoluments in respect of their services rendered to the Target Group during the Relevant Periods.

13. EMPLOYEES' EMOLUMENTS

The five employees of the Target Group with the highest emoluments for the Relevant Periods are as follows.

	Year ended 31 December			Period ended 30 April	
	2012	**2013**	**2014**	**2014**	**2015**
	HK$	*HK$*	*HK$*	*HK$* (Unaudited)	*HK$*
Salaries and benefits-in-kind	—	1,044,686	2,862,149	717,148	966,263
Contribution to retirement benefits scheme	—	95,503	154,434	52,768	61,488
	—	1,140,189	3,016,583	769,916	1,027,751

14. EARNING/(LOSS) PER SHARE

No earning/(loss) per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement *HK$*	Furniture, fittings and equipment *HK$*	Total *HK$*
Cost			
At 1 January 2012 and 31 December 2012	—	—	—
Additions	3,260,158	2,679,728	5,939,886
Acquired on acquisition of a subsidiary	—	128,913	128,913
Exchange realignment	43,763	37,215	80,978
At 31 December 2013	3,303,921	2,845,856	6,149,777
Additions	7,108,535	6,423,460	13,531,995
Exchange realignment	(23,178)	(20,108)	(43,286)
At 31 December 2014	10,389,278	9,249,208	19,638,486
Additions	—	400,452	400,452
Exchange realignment	55,213	50,899	106,112
At 30 April 2015	10,444,491	9,700,559	20,145,050
Accumulated depreciation			
At 1 January 2012 and 31 December 2012	—	—	—
Charge for the year	224,661	130,352	355,013
Exchange realignment	3,016	1,750	4,766
At 31 December 2013	227,677	132,102	359,779
Charge for the year	2,234,182	1,152,460	3,386,642
Exchange realignment	(2,427)	(1,340)	(3,767)
At 31 December 2014	2,459,432	1,283,222	3,742,654
Charge for the period	1,278,995	631,161	1,910,156
Exchange realignment	18,645	9,570	28,215
At 30 April 2015	3,757,072	1,923,953	5,681,025
Carrying amount			
As at 31 December 2012	—	—	—
As at 31 December 2013	3,076,244	2,713,754	5,789,998
As at 31 December 2014	7,929,846	7,965,986	15,895,832
As at 30 April 2015	6,687,419	7,776,606	14,464,025

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvement	Over the shorter of expected useful life and period of the lease
Furniture, fittings and equipment	20%

16. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 30 April
	2012	2013	2014	2015
	HK$	*HK$*	*HK$*	*HK$*
Trade receivables	—	1,635,079	38,599,875	71,681,813
Other receivables	—	1,540,435	11,090,278	5,063,023
Advances to other parties	—	—	12,062,472	30,757,753
	—	3,175,514	61,752,625	107,502,589
Deposits paid	—	354,339	2,266,045	2,617,865
Prepayments	—	854,183	3,227,976	6,637,326
	—	4,384,036	67,246,646	116,757,780

The Target Group has granted a credit period ranged from 30 to 90 days to its customers.

An aged analysis of the trade receivables at end of each Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 April
	2012	2013	2014	2015
	HK$	*HK$*	*HK$*	*HK$*
Within 30 days	—	1,536,785	16,424,898	35,050,511
31 to 90 days	—	98,294	6,846,616	14,384,323
More than 90 days	—	—	15,328,361	22,246,979
	—	1,635,079	38,599,875	71,681,813

Trade and other receivables as at end of each of the Relevant Periods were substantially denominated in the functional currency of the relevant companies in the Target Group.

The advances made to certain parties, which have no relationship with the Target Group, are unsecured, interest free and repayable within one year from each of Relevant Periods.

17. BANK BALANCES AND CASH

Cash at bank earns interest at floating daily bank deposit rates. At 31 December 2013 and 31 December 2014, bank balances to the extent of HK$1,667,481 and HK$793 respectively were not denominated in functional currencies of the relevant companies in the Target Group.

18. TRADE PAYABLES

An aged analysis of the trade payables based on invoice date is as follows:

	As at 31 December			As at 30 April
	2012	2013	2014	2015
	HK$	*HK$*	*HK$*	*HK$*
Within 30 days	—	—	1,761,104	2,126,589

The credit period on settlements is 30 days.

Trade payables as at end of each of the Relevant Periods were substantially denominated in the functional currency of the Target Group.

19. OTHER PAYABLES AND ACCRUALS

	As at 31 December			As at 30 April
	2012	2013	2014	2015
	HK$	*HK$*	*HK$*	*HK$*
Other payables	—	1,878,417	8,269,107	9,247,164
Accrued charges	—	3,926,201	15,504,285	7,911,274
	—	5,804,618	23,773,392	17,158,438

20. AMOUNT DUE TO A SHAREHOLDER

The amount due to the shareholder is unsecured, interest free and repayable on demand.

At 31 December 2012, 2013, 2014 and 30 April 2015, the amount due to a shareholder were denominated in HK$, which is not the functional currency of the relevant companies in the Target Group.

21. SHARE CAPITAL

		Equivalent to
	US$	*HK$*
Authorised:		
At 1 January 2012, 31 December 2012, 2013, 2014 and 30 April 2015		
50,000 ordinary shares of US$1 each	50,000	390,000

		Equivalent to
	US$	*HK$*
Issued and fully paid:		
At 1 January 2012, 31 December 2012, 2013 and 2014		
1 ordinary share of US$1 each	1	8
Issue of 999 ordinary shares of US$1 each for cash at nominal amount	999	7,792
At 30 April 2015		
1,000 ordinary shares of US$1 each	1,000	7,800

22. STATUTORY RESERVE

The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserve, which are to be appropriated from the net profit (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distribution to equity holder. All statutory reserve is created for specific purposes. PRC companies in the Target Group are required to appropriate 10% of statutory net profits to statutory surplus reserve, upon distribution of its post-tax profits. They discontinue the contribution when the aggregate sum of the statutory reserve is more than 50% of its registered capital. The statutory reserve shall only be used to make up losses of the companies, to expand the companies' production operations, or to increase the capital of the companies. In addition, a company may make further contribution to the discretional statutory reserve using its post-tax profits in accordance with resolutions of the board of directors.

23. OTHER RESERVES

	HK$
At 1 January 2012, 31 December 2012 and 1 January 2013	—
Surplus on acquisition of a subsidiary *(Note a)*	10,753,768
At 31 December 2013 and 1 January 2014	10,753,768
Paid-in capital of a subsidiary contributed by the Registered Shareholder *(Note b)*	25,128,100
At 31 December 2014 and 1 January 2015	35,881,868
Paid-in capital of a subsidiary contributed by the Registered Shareholder *(Note b)*	12,662,600
At 30 April 2015	48,544,468

Notes:

(a) Beijing Huiju Financial and the Registered Shareholder entered into the Structured Contracts on 2 September 2013, under which, for no consideration paid or payable by the Target Group (i) the financial results, and the entire economic benefits and risks of the businesses of Beijing Huiju Management flow onto Beijing Huiju Financial; and (ii) Beijing Huiju Financial gains the controlling right of Beijing Huiju Management, and Beijing Huiju Management is regarded a subsidiary of the Target Group as from that date. The paid-in capital (i.e. the registered capital) of Beijing Huiju Management at 2 September 2013, being the date on which the Structured Contracts were executed, amounted to RMB10,000,000, which was contributed by the Registered Shareholder prior to that date. This capital contribution was financed by the loan of the same amount made to the Registered Shareholder by the former shareholder of the Company (the "**Previous Vendor**"). Upon the execution of the Structured Contracts, the Previous Vendor agreed to waive the rights of the recoverability of this loan made by the Registered Shareholder. The director of the Target Company considers it appropriate to recognise the surplus on acquisition of Beijing Huiju Management, which represents the fair value of its net assets acquired by the Target Group, as deemed contribution from equity participants and include such surplus in other reserves.

(b) On 6 August 2014 and 8 April 2015, the Registered Shareholder made cash contributions to the registered capital of Beijing Huiju Management amounted to RMB20,000,000 (equivalent to HK$25,128,100) and RMB10,000,000 (equivalent to HK$12,662,600) respectively which were financed by the loans of the same amounts made by the Previous Vendor who has agreed to waive the rights of recoverability of such loans made to the Registered Shareholder. The director of the Target Company considers it appropriate to recognise the capital contributions of RMB20,000,000 and RMB10,000,000 as deemed contributions from equity participants which are included in other reserves.

24. ACQUISITION OF A SUBSIDIARY

Acquisition took place during the year ended 31 December 2013

On 2 September 2013, Beijing Huiju Financial, a wholly-owned subsidiary of the Target Company, and the Registered Shareholder entered into the Structured Contracts, under which, for no consideration paid or payable by the Target Group, all risks of and rewards from the business undertaken by Beijing Huiju Management are substantially passed to Beijing Huiju Financial and Beijing Huiju Financial gains control over Beijing Huiju Management. Accordingly, the director of the Target Company considers that the entire equity interests in Beijing Huiju Management was effectively acquired by the Target Group on 2 September 2013.

This acquisition has been accounted for by business combination using the purchase method.

No significant acquisition-related costs were incurred for this acquisition.

Assets and liabilities of Beijing Huiju Management recognised at the date of acquisition are as follows:

	HK$
Property, plant and equipment	128,913
Trade and other receivables	2,627,355
Bank and cash balances	8,001,005
Other payables and accruals	(3,505)
Net assets acquired	10,753,768

Surplus arising from acquisition is as follows:

	HK$
Fair value of identifiable net assets acquired	10,753,768
Consideration	—
Surplus arising from acquisition included in other reserves *(Note 23)*	10,753,768

Net cash inflow arising on the acquisition

	HK$
Bank balances and cash acquired	8,001,005

25. OPERATING LEASE COMMITMENTS

The Target Group as a lessee

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

	As at 31 December			As at 30 April
	2012	**2013**	**2014**	**2015**
	HK$	*HK$*	*HK$*	*HK$*
Within one year	—	3,328,512	11,374,407	11,563,046
In the second to fifth year inclusive	—	5,517,637	13,082,511	8,686,547
	—	8,846,149	24,456,918	20,249,593

Leases are negotiated and rentals are fixed for terms ranged from 1 year to 5 years.

26. RETIREMENT BENEFITS SCHEME

The employees of the Target Group are members of state-managed retirement benefits scheme operated by the PRC government. The Target Group is required to contribute certain percentage of payroll costs to the retirement benefit schemes to fund the benefit. The only obligation of the Target Group with respect to the retirement benefit schemes is to make the specific contributions.

27. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that the Target Group will be able to continue as a going concern while maximising the return to its investor through the optimisation of debt and equity balance. The Target Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target Group consists of share capital and reserves.

The director of the Target Company reviews the capital structure on a regular basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Target Group will balance its overall capital structure through capital contribution and raising of new debts.

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December			As at 30 April
	2012	2013	2014	2015
	HK$	*HK$*	*HK$*	*HK$*
Financial assets				
Trade and other receivables	—	3,175,514	61,752,625	107,502,589
Bank balances and cash	4,588	11,969,911	14,815,337	12,988,291
	4,588	15,145,425	76,567,962	120,490,880
Financial liabilities				
Trade payables	—	—	1,761,104	2,126,589
Other payables and accruals	—	5,804,618	23,773,392	17,158,438
Amount due to a shareholder	55,047	12,705,160	24,365,512	24,360,720
	55,047	18,509,778	49,900,008	43,645,747

Financial risk management objectives and policies

The Target Group's financial instruments include trade and other receivables, bank balances and cash, trade payables, other payables and accruals and amount due to a shareholder. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments are set out below:

(a) Market risk

The Target Group's activities expose primarily to the market risks of changes in foreign currency exchange rates and interest rates.

There has been no significant change to the Target Group's exposure to market risks or the manner in which it manages and measures the risks.

Currency risk

The Target Group is exposed to currency risk mainly arises from bank and cash balances and amount due to a shareholder, which were denominated in currencies other than the functional currency of the relevant companies in the Target Group.

The monetary assets and liabilities of the Target Group at end of each of the Relevant Periods which were denominated in currencies other than the functional currencies of individual group entities are as follows:

	As at 31 December			As at 30 April
	2012	2013	2014	2015
	HK$	*HK$*	*HK$*	*HK$*
Assets				
HK$	4,588	206,242	674,643	674,582
USD	—	1,667,481	793	—
Liabilities				
HK$	55,047	12,705,160	24,365,512	24,360,720

The Target Group does not have a foreign currency hedging policy. However, management of the Target Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table details the Target Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. A 5% is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each of the Relevant Periods if RMB weakens 5% against the relevant foreign currencies. A 5% strength in RMB against the relevant foreign currencies would have an equal and opposite impact on profit or loss.

	As at 31 December			As at 30 April
	2012	**2013**	**2014**	**2015**
	HK$	*HK$*	*HK$*	*HK$*
USD				
Sensitivity rate	5%	5%	5%	5%
Increase in profit after tax/decrease in loss after tax	—	83,374	40	—
HK$				
Sensitivity rate	5%	5%	5%	5%
Decrease in profit after tax/increase in loss after tax	(2,523)	(624,946)	(1,184,543)	(1,184,306)

In the director's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the exposure at end of each of the Relevant Periods does not reflect the exposure during the Relevant Periods.

Interest rate risk

As the Target Group has no significant interest-bearing assets and liabilities. Any change in interest rates in respect of the Target Group's assets and liabilities is regarded insignificant. Accordingly, no sensitivity analysis to interest rate risk is presented. The Target Group has not used interest rate swaps to hedge its exposure to interest rate risk.

(b) Credit risk

The carrying amounts of trade and other receivables included in the consolidated statement of financial position represent the Target Group's maximum exposure to credit risk.

As at 31 December 2013, 31 December 2014 and 30 April 2015, the Target Group has concentration of credit risk as 78%, 99% and 100% respectively of the total trade receivables was due from the Group's largest customer. The Target Group also had concentration of credit risk regarding other receivables and advances to other parties.

The credit risk for bank balances is limited because the counterparties are banks with good reputation.

(c) Liquidity risk

Liquidity risk mainly represents the risk that the Target Group will not be able to meet its financial obligations. As the Company or the present shareholders of the Target Company have agreed to provide adequate funds to enable the Target Group to meet in full its financial obligations as and when they fall due for the foreseeable future, management of the Target Company is of the view that the liquidity risk exposed to the Target Group is not regarded significant.

The following tables detail the contractual maturities of the Target Group for their non-derivative financial liabilities, which are based on undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the Relevant Periods.

In addition, the following tables detail the Target Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual cash flows of the financial assets including interest that will be earned on those assets. The inclusion of information on these non-derivative financial assets is necessary in order to understand the Target Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Within one year or on demand	**Undiscounted cash flows**	**Carrying amount**
	HK$	*HK$*	*HK$*
At 31 December 2012			
Non-derivative financial assets			
Trade and other receivables	—	—	—
Bank balances and cash	4,588	4,588	4,588
	4,588	4,588	4,588
Non-derivative financial liabilities			
Trade payables	—	—	—
Other payables and accruals	—	—	—
Amount due to a shareholder	55,047	55,047	55,047
	55,047	55,047	55,047
At 31 December 2013			
Non-derivative financial assets			
Trade and other receivables	3,175,514	3,175,514	3,175,514
Bank balances and cash	11,969,911	11,969,911	11,969,911
	15,145,425	15,145,425	15,145,425
Non-derivative financial liabilities			
Trade payables	—	—	—
Other payables and accruals	5,804,618	5,804,618	5,804,618
Amount due to a shareholder	12,705,160	12,705,160	12,705,160
	18,509,778	18,509,778	18,509,778

	Within one year or on demand	Undiscounted cash flows	Carrying amount
	HK$	*HK$*	*HK$*
At 31 December 2014			
Non-derivative financial assets			
Trade and other receivables	61,752,625	61,752,625	61,752,625
Bank balances and cash	14,815,337	14,815,337	14,815,337
	76,567,962	76,567,962	76,567,962
Non-derivative financial liabilities			
Trade payables	1,761,104	1,761,104	1,761,104
Other payables and accruals	23,773,392	23,773,392	23,773,392
Amount due to a shareholder	24,365,512	24,365,512	24,365,512
	49,900,008	49,900,008	49,900,008
At 30 April 2015			
Non-derivative financial assets			
Trade and other receivables	107,502,589	107,502,589	107,502,589
Bank balances and cash	12,988,291	12,988,291	12,988,291
	120,490,880	120,490,880	120,490,880
Non-derivative financial liabilities			
Trade payables	2,126,589	2,126,589	2,126,589
Other payables and accruals	17,158,438	17,158,438	17,158,438
Amount due to a shareholder	24,360,720	24,360,720	24,360,720
	43,645,747	43,645,747	43,645,747

(d) Fair values

Management of the Target Group considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated statements of financial position at amortised cost approximate their fair values. The fair values, which are included in Level 3 categories, are determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant input being the discount rate that reflect the credit risk of counterparties.

29. PARENT AND ULTIMATE HOLDING COMPANY

The director of the Target Company considers Allied Summit Inc., which is the Target Company's parent company, to be the ultimate holding company of the Target Company.

30. EVENTS AFTER THE RELEVANT PERIODS

(a) On 4 May 2015, Chongqing KDA and the equity owners of Wuxi Subang entered into the share transfer agreement for the acquisition of 100% equity interest in Wuxi Subang for the consideration of RMB3,560,000. The acquisition was completed on 6 May 2015.

(b) On 8 May 2015, Shenyang Subang and the equity owners of Shenzhen Subang entered into the share transfer agreement for the acquisition of 100% equity interest in Shenzhen Subang for the consideration of RMB5,940,000. The acquisition was completed on 11 May 2015.

(c) On 20 May 2015, the parent company of the Target Company, Allied Summit Inc. ("Allied Summit"), entered into an agreement with the Company, pursuant to which the Company has conditionally agreed to acquire and Allied Summit has conditionally agreed to dispose of 96% issued share capital of the Target Company and the loans from the Target Company and its subsidiary, Century Fine Limited, to Allied Summit for the initial total consideration of HK$2,400 million to be satisfied by way of issue by the Company of the convertible notes in the principal amount of HK$2,400 million, which is subject to adjustment.

(d) On 16 June 2015, Chengdu Subang and the equity owners of Kunming Subang entered into the share transfer agreement for the acquisition of 100% equity interest in Kunming Subang for the consideration of RMB1,310,000. The acquisition was completed on 30 June 2015.

(e) In July 2015, Beijing Huiju Management increased its registered capital from RMB40,000,000 to RMB300,000,000. On 4 August 2015, the paid-in capital of Beijing Huiju Management increased from RMB40,000,000 to RMB50,000,000.

III. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the companies comprising the Target Group subsequent to 30 April 2015.

Yours faithfully,
CCTH CPA Limited
Certified Public Accountants
Hong Kong
Lee Tak Fai, Thomas
Practising certificate number P06077
Unit 5–6, 7/F., Greenfield Tower, Concordia Plaza
1 Science Museum Road, Tsim Sha Tsui
Kowloon, Hong Kong

(II) ACCOUNTANT'S REPORT OF KUNMING SUBANG ENTERPRISE MANAGEMENT CO. LIMITED

The following is the text of a report on Kunming Subang Enterprise Management Co. Limited received from the Company's reporting accountant, CCTH CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

CCTH CPA LIMITED
中正天恆會計師有限公司

29 September 2015

The Directors
Pacific Plywood Holdings Limited
Unit 3301–3303, 33rd Floor,
West Tower, Shun Tak Centre,
168–200 Connaught Road Central,
Sheung Wan, Hong Kong

Dear Sirs,

We set out below our report on the financial information regarding Kunming Subang Enterprise Management Co. Limited (昆明速幫企業管理有限公司) ("**Kunming Subang**") which comprises the statements of financial position of Kunming Subang as at 31 December 2014 and 30 April 2015, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of Kunming Subang for the period from 10 June 2014 (date of establishment of Kunming Subang) to 31 December 2014 and the period from 1 January 2015 to 30 April 2015 (the "**Relevant Periods**"), together with the notes thereto (the "**Financial Information**"), for inclusion in the circular of Pacific Plywood Holdings Limited (the "**Company**") to its shareholders dated 29 September 2015 in connection with the acquisition by the Company of 96% of the issued share capital of Katar Global Limited (the "**Target Company**") and the loans due from the Target Company and its subsidiary, Century Fine Limited, to the Vendor (the "**Circular**").

Kunming Subang was established in the People's Republic of China ("**PRC**") with limited liability on 10 June 2014 and is principally engaged in the provision of services in relation to the promotion and application of the internet financing platform under the "Caijia" brand. Kunming Subang adopted 31 December as its financial year end date.

The audited statutory financial statements of Kunming Subang for the period from 10 June 2014 to 31 December 2014 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance in the PRC and were audited by Shinewing Certified Public Accountants (Special General Partnership) Kunming Branch.

For the purpose of this report, the director of Kunming Subang has prepared the financial statements for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**").

We have undertaken an independent audit of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information of Kunming Subang for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments were considered necessary to adjust the Underlying Financial Statements in preparing our report for inclusion in the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The Underlying Financial Statements are the responsibility of the director of Kunming Subang who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included.

It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion, based on our examination and review, on the Financial Information, and to report our opinion to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

We have examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of Kunming Subang as at 31 December 2014 and 30 April 2015 and of its results and cash flows for each of the Relevant Periods.

EMPHASIS OF MATTERS

Without qualifying our opinion, we draw attention to Note 2 of Section II below regarding the adoption of going concern basis on which the Financial Information has been prepared. At 31 December 2014 and 30 April 2015, the Kunming Subang had sustained net current liabilities of HK$2,091,691 and HK$1,869,774 respectively.

The conditions set out in Note 2 of Section II indicate the existence of a material uncertainty which may cast significant doubt on the ability of Kunming Subang to continue as a going concern. The Financial Information does not include any adjustments that would result from a failure to obtain the fundings as referred to in Note 2 to meet in full the financial obligations of Kunming Subang for the foreseeable future.

I. FINANCIAL INFORMATION OF KUNMING SUBANG

The following is the Financial Information of Kunming Subang for each of the Relevant Periods:

Statements of Profit or Loss and Other Comprehensive Income

	Notes	**From 10 June 2014 (date of establishment) to 31 December 2014** *HK$*	**Four months ended 30 April 2015** *HK$*
Revenue	*6*	1,434,330	2,420,986
Cost of sales		(2,892)	(8,050)
Gross profit		1,431,438	2,412,936
Investments and other income	*8*	856	567
Selling and distribution costs		(2,609,778)	(2,241,252)
Administrative expenses		(3,061,300)	(2,941,651)
Loss before tax	*9*	(4,238,784)	(2,769,400)
Income tax expense	*10*	—	—
Loss for the period		(4,238,784)	(2,769,400)
Other comprehensive (expense)/income			
Items that may be subsequently reclassified to profit or loss:			
— Exchange difference arising from translation		(7,662)	17,463
Total comprehensive expense for the period		(4,246,446)	(2,751,937)

Statements of Financial Position

	Notes	**As at 31 December 2014** *HK$*	**As at 30 April 2015** *HK$*
Non-current Assets			
Property, plant and equipment	*14*	2,643,830	2,440,974
Current Assets			
Trade and other receivables	*15*	1,804,422	1,424,901
Bank balances and cash	*16*	140,939	378,020
		1,945,361	1,802,921
Current Liabilities			
Other payables and accruals	*17*	3,406,402	3,672,695
Amount due to a shareholder	*18*	630,650	—
		4,037,052	3,672,695
Net Current Liabilities		(2,091,691)	(1,869,774)
		552,139	571,200
Capital and Reserves			
Paid-in capital	*19*	4,798,585	7,569,583
Reserves		(4,246,446)	(6,998,383)
		552,139	571,200

Statements of Changes in Equity

	Paid-in capital *HK$*	Exchange reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
At 10 June 2014 (date of establishment)	—	—	—	—
Loss for the period	—	—	(4,238,784)	(4,238,784)
Other comprehensive expense for the period				
Exchange difference arising from translation	—	(7,662)	—	(7,662)
Total comprehensive expense for the period	—	(7,662)	(4,238,784)	(4,246,446)
Paid-in capital contributed during the period	4,798,585	—	—	4,798,585
At 31 December 2014 and 1 January 2015	4,798,585	(7,662)	(4,238,784)	552,139
Loss for the period	—	—	(2,769,400)	(2,769,400)
Other comprehensive income for the period				
Exchange difference arising from translation	—	17,463	—	17,463
Total comprehensive income/(expense) for the period	—	17,463	(2,769,400)	(2,751,937)
Paid-in capital contributed during the period	2,770,998	—	—	2,770,998
At 30 April 2015	7,569,583	9,801	(7,008,184)	571,200

Statements of Cash Flows

	From 10 June 2014 (date of establishment) to 31 December 2014 *HK$*	Four months ended 30 April 2015 *HK$*
Operating activities		
Loss before tax	(4,238,784)	(2,769,400)
Adjustments for:		
Depreciation of property, plant and equipment	120,639	205,004
Bank interest income	(856)	(567)
Exchange (gains)/losses	(7,925)	17,283
Operating cash flows before movements in working capital	(4,126,926)	(2,547,680)
(Increase)/decrease in trade and other receivables	(1,803,563)	382,037
Increase in other payables and accruals	3,404,782	265,826
Increase/(decrease) in amount due to a shareholder	630,350	(633,700)
Net cash used in operating activities	(1,895,357)	(2,533,517)
Investing activities		
Acquisition for property, plant and equipment	(2,763,212)	—
Interest received	856	567
Net cash (used in)/generated from investing activities	(2,762,356)	567
Cash generated from financing activity		
Paid-in capital contributed	4,798,585	2,770,998
Net increase in cash and cash equivalents	140,872	238,048
Cash and cash equivalents at beginning of the period	—	140,939
Effect on foreign exchange rate changes	67	(967)
Cash and cash equivalents at end of the period	140,939	378,020
Analysis of cash and cash equivalents		
Bank balances and cash	140,939	378,020

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Kunming Subang was established as a limited liability enterprise in the PRC on 10 June 2014. The address of the registered office and principal place of business of Kunming Subang is 16/F, Walton Building, 448 Youth Road, Wuhua District, Kunming City, Yunnan Province, the PRC.

The principal activities of Kunming Subang are the provision of services in relation to the promotion and application of the internet financing platform.

The functional currency of Kunming Subang is Renminbi ("**RMB**") and the Financial Information is presented in Hong Kong dollar ("**HK$**").

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

Notwithstanding the net current liabilities at 31 December 2014 and 30 April 2015 of HK$2,091,691 and HK$1,869,774 sustained by Kunming Subang respectively, the Financial Information has been prepared on a going concern basis as the Company has agreed, following the completion of the acquisition by the Company of 96% equity interest in the Target Company, to provide adequate funds to enable Kunming Subang to meet in full its financial obligations as and when they fall due for the foreseeable future. Alternatively, the shareholders of the Target Company have agreed in the event that the acquisition is not successful, to provide adequate funds to enable Kunming Subang to meet in full its financial obligations as and when they fall due for the foreseeable future.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, Kunming Subang has consistently applied all of the HKFRSs issued by the HKICPA which are effective for the accounting periods beginning on 1 January 2015 throughout the Relevant Periods.

At the date of this report, Kunming Subang has not early applied the following new and revised HKFRSs that have been issued but are not yet effective in respect of the accounting period beginning on 1 January 2015:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[2]
HKFRS 9	Financial instruments[4]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate of Joint Venture[2]
Amendments to HKFRS 10 and HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

1 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application is permitted

2 Effective for annual periods beginning on or after 1 January 2016

3 Effective for annual periods beginning on or after 1 January 2017

4 Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("**FVTOCI**") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset and give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting 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.

- With regard to the measurement of financial liabilities designed as at fair value through profit or loss, HKFRS 9 requires that 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 an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types or transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The director of Kunming Subang anticipates that the adoption of HKFRS 9 in the future may have a material impacts on amounts reported in respect of Kunming Subang's financial assets and financial liabilities. Regarding Kunming Subang's financial assets and liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The director of Kunming Subang anticipates that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial information. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until Kunming Subang performs a detailed review.

Other new and revised HKFRSs not effective

The director of Kunming Subang anticipates that the application of other new and revised HKFRSs not yet effective will have no material impact on the Financial Information.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. These policies have been consistently applied throughout the Relevant Periods. In addition, the Financial Information includes all applicable disclosures required by the Rules Governing The Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance which for the Relevant Periods continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 of that Ordinance.

Basis of preparation

The Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Kunming Subang takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted by Kunming Subang are as follows:

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Revenue from the provision of services is recognised when the relevant services have been rendered by the Kunming Subang.

Interest income from a financial asset is recognised on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Kunming Subang as lessee under operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the Financial Information of Kunming Subang, transactions in currencies other than the functional currency of Kunming Subang (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which Kunming Subang operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each of the Relevant Periods, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the financial information, the assets and liabilities of Kunming Subang are translated into its presentation currency (i.e. HK$) at the rates of exchange prevailing at the end of each Relevant Periods, and their income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from "profit before tax" as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The liability for current tax of Kunming Subang is calculated using tax rates that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Kunming Subang expects, at the end of each of the Relevant Periods, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Property, plant and equipment

Property, plant and equipment are stated in the statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each of the Relevant Periods, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment losses on tangible assets

At the end of each of Relevant Periods, Kunming Subang reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when Kunming Subang becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets of Kunming Subang comprise of loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each of the Relevant Periods. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For the loans and receivables, objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty; or

— default or delinquency in interest or principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of an impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of Kunming Subang after deducting all of its liabilities. Equity instruments issued by Kunming Subang are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, the shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including other payables and accruals and amount due to a shareholder) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Kunming Subang derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Kunming Subang derecognised financial liabilities when, and only when Kunming Subang's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Kunming Subang's accounting policies, which are described in Note 4, the director of Kunming Subang is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

Useful life of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. If the actual or expected useful lives of property, plant and equipment is less than the original estimated useful lives or there is revision of estimated useful lives due to the change of commercial and technological environment, such difference will impact the depreciation charges for the remaining periods.

Impairment of assets

Property, plant and equipment are assessed annually to determine for any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions regarding applicable discount rates, future capital requirements and cash flows from future business operations and underlying operating circumstances. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Impairment allowances on debtors' balances

When there is objective evidence of impairment loss, Kunming Subang takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between asset's carrying amount and the present value of estimate future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

No impairment loss in respect of trade and other receivables was recognised in the statement of profit or loss and other comprehensive income for each of the Relevant Periods.

6. REVENUE

Revenue represents gross income from the provision of services on the internet financing platform.

7. SEGMENT REPORTING

Segment information

Kunming Subang is principally engaged in the promotion and introduction of the internet financing platform under the "Caijia" brand, provision of guidance and assistance for the use of the platform and performing risk assessments on potential borrowers prior to application to the platform during the Relevant Periods. Management considers that it is not meaningful to prepare segment information regarding Kunming Subang for the purpose of its resource allocation and performance assessment. Information reported to the management of Kunming Subang, who are identified as its chief operating decision maker (the "**CODM**") of Kunming Subang, in order to allocate resources and to assess performance, focuses on the operating results of Kunming Subang as a whole as Kunming Subang's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

Kunming Subang's operations are located in the PRC. Kunming Subang's revenue from external customers and all of its non-current assets are located in the PRC based on geographical location of assets.

Information about major customers

The revenue for the Relevant Periods was contributed from a customer, Beijing Huiju Wealth Management Consulting Co. Limited, who does not have any relationship with the director and equity owner of Kunming Subang.

8. INVESTMENTS AND OTHER INCOME

	From 10 June 2014 (date of establishment) to 31 December 2014	**Four months ended 30 April 2015**
	HK$	*HK$*
Bank interest income	856	567

9. LOSS BEFORE TAX

	From 10 June 2014 (date of establishment) to 31 December 2014 *HK$*	Four months ended 30 April 2015 *HK$*
Loss before tax is arrived at after charging:		
Staff costs:		
Salaries and other benefits	3,945,471	3,921,373
Retirement benefits scheme contributions	137,251	200,440
Total staff costs	4,082,722	4,121,813
Auditor's remuneration	—	—
Operating lease rentals paid in respect of rental premises	824,646	628,416
Depreciation of property, plant and equipment	120,639	205,004

10. INCOME TAX EXPENSE

	From 10 June 2014 (date of establishment) to 31 December 2014	Four months ended 30 April 2015
PRC Enterprise Income Tax	—	—

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for each of the Relevant Periods.

The income tax expense for each of the Relevant Periods can be reconciled to loss before tax per the statements of profit or loss and other comprehensive income as follows:

	From 10 June 2014 (date of establishment) to 31 December 2014 *HK$*	Four months ended 30 April 2015 *HK$*
Loss before tax	(4,238,784)	(2,769,400)
Tax at the applicable income tax rate	(1,059,696)	(692,350)
Tax effect of tax loss not recognised	1,059,696	692,350
Income tax expense	—	—

At 31 December 2014 and 30 April 2015, Kunming Subang had unused tax losses of approximately HK$4,238,784 and HK$7,008,184 respectively. No deferred tax asset has been recognised in respect of such losses due to unpredictability of profit streams. Such tax losses will expire within five years.

11. DIRECTOR'S EMOLUMENTS

No director received any fees or emoluments in respect of their services rendered to Kunming Subang during the Relevant Periods.

12. EMPLOYEES' EMOLUMENTS

The five employees of Kunming Subang with the highest emoluments for the Relevant Periods are as follows:

	From 10 June 2014 (date of establishment) to 31 December 2014 *HK$*	Four months ended 30 April 2015 *HK$*
Salaries and benefits-in-kind	681,632	549,306
Contribution to retirement benefits scheme	9,047	20,490
	690,679	569,796

13. LOSS PER SHARE

No loss per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement *HK$*	Furniture, fittings and equipment *HK$*	Total *HK$*
Cost			
At 10 June 2014 (date of establishment)	—	—	—
Additions	1,563,268	1,199,944	2,763,212
Exchange realignment	744	571	1,315
At 31 December 2014 and 1 January 2015	1,564,012	1,200,515	2,764,527
Exchange realignment	744	572	1,316
At 30 April 2015	1,564,756	1,201,087	2,765,843
Accumulated depreciation			
At 10 June 2014 (date of establishment)	—	—	—
Charge for the period	78,163	42,476	120,639
Exchange realignment	38	20	58
At 31 December 2014 and 1 January 2015	78,201	42,496	120,697
Charge for the period	104,772	100,232	205,004
Exchange realignment	(418)	(414)	(832)
At 30 April 2015	182,555	142,314	324,869
Carrying amount			
As at 31 December 2014	1,485,811	1,158,019	2,643,830
As at 30 April 2015	1,382,201	1,058,773	2,440,974

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvement	Over the shorter of expected useful life and period of the lease
Furniture, fittings and equipment	20%

15. TRADE AND OTHER RECEIVABLES

	As at 31 December 2014	As at 30 April 2015
	HK$	*HK$*
Trade receivables	650,114	840,048
Other receivables	8,198	9,866
	658,312	849,914
Deposits paid	140,834	140,901
Prepayments	1,005,276	434,086
	1,804,422	1,424,901

Kunming Subang has granted a credit period of 30 days to its customers.

An aged analysis of the trade receivables at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December 2014	As at 30 April 2015
	HK$	*HK$*
Within 30 days	650,114	840,048

Trade and other receivables as at end of each of the Relevant Periods were substantially denominated in the functional currency of Kunming Subang.

16. BANK BALANCES AND CASH

Cash at bank earns interest at floating daily bank deposit rates and was denominated in the functional currency of Kunming Subang.

17. OTHER PAYABLES AND ACCRUALS

	As at 31 December 2014	As at 30 April 2015
	HK$	*HK$*
Other payables	2,004,866	2,692,314
Other tax payable	145,957	87,077
Accruals	1,255,579	893,304
	3,406,402	3,672,695

Other payables and accruals as at the end of each of the Relevant Periods were substantially denominated in the functional currency of Kunming Subang.

18. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder, representing an equity owner of Kunming Subang, was unsecured, non interest bearing with no fixed term of repayment.

19. PAID-IN CAPITAL

		Equivalent to
	RMB	*HK$*
At 10 June 2014 (date of establishment)	—	—
Paid-in capital contributed during the period	3,800,000	4,798,585
At 31 December 2014 and 1 January 2015	3,800,000	4,798,585
Paid-in capital contributed during the period	2,200,000	2,770,998
At 30 April 2015	6,000,000	7,569,583

20. OPERATING LEASE COMMITMENTS

Kunming Subang as a lessee

Kunming Subang leases certain of its premises under operating lease arrangements. At the end of each of the Relevant Periods, Kunming Subang had future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December 2014	**As at 30 April 2015**
	HK$	*HK$*
Within one year	1,785,051	1,795,996
In the second to fifth year inclusive	6,240,894	5,680,258
	8,025,945	7,476,254

Leases are negotiated and rentals are fixed for terms ranging from 1 year to 5 years .

21. RETIREMENT BENEFITS SCHEME

The employees of Kunming Subang are members of state-managed retirement benefits scheme operated by the PRC government. Kunming Subang is required to contribute certain percentage of payroll costs to the retirement benefit schemes to fund the benefit. The only obligation of Kunming Subang with respect to the retirement benefit schemes is to make the specific contributions.

22. CAPITAL RISK MANAGEMENT

The director manages its capital to ensure that Kunming Subang will be able to continue as a going concern while maximising the return to its investor through the optimisation of debt and equity balance. Kunming Subang's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of Kunming Subang consists of paid-in capital and reserves.

The director of the Kunming Subang reviews the capital structure on a regular basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, Kunming Subang will balance its overall capital structure through capital contribution and raising of new debts.

23. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December 2014 HK$	As at 30 April 2015 HK$
Financial assets		
Trade and other receivables	658,312	849,914
Bank balances and cash	140,939	378,020
	799,251	1,227,934
Financial liabilities		
Other payables and accruals	3,406,402	3,672,695
Amount due to a shareholder	630,650	—
	4,037,052	3,672,695

Financial risk management objectives and policies

Kunming Subang's financial instruments include trade and other receivables, bank balances and cash, other payables and accruals and amount due to a shareholder. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments are set out below:

(a) Market risk

Kunming Subang's activities expose primarily to the market risks of changes in foreign currency exchange rates and interest rates.

There has been no significant change to Kunming Subang's exposure to market risks or the manner in which it manages and measures the risks.

Currency risk

The transactions are denominated in the same currency as the functional currency of the operations in which they related. No significant risks arose from changes in foreign currency exchange rates.

Interest rate risk

Kunming Subang has no significant interest-bearing assets and liabilities. Any change in interest rates in respect of the bank balances of Kunming Subang is regarded insignificant as these bank balances are short-term in nature. Accordingly, no sensitivity analysis to interest rate risk is presented. Kunming Subang has not used interest rate swaps to hedge its exposure to interest rate risk.

(b) Credit risk

The carrying amounts of the receivables mainly represent trade receivables, the credit risk of which is not considered significant. Kunming Subang's exposure to credit risk regarding debtors' balances and concentration of such credit risk mainly arose from the amount due by a trade debtor (Note 15) amounted to HK$650,114 and HK$840,048 at 31 December 2014 and 30 April 2015 respectively. Kunming Subang manages the credit risk by setting up a team responsible for the determination of credit terms, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover any overdue debts.

The credit risk for bank balances is limited because the counterparties are banks with good reputation.

(c) ***Liquidity risk***

Liquidity risk mainly represents the risk that Kunming Subang will not be able to meet its financial obligations. The Company has agreed, following the completion of the acquisition by the Company of 96% equity interest in the Target Company, to provide adequate funds to enable Kunming Subang to meet in full its financial obligations as and when they fall due for the foreseeable future. Alternatively, the shareholders of the Target Company have agreed, in the event that the acquisition is not successful, to provide adequate funds to enable Kunming Subang to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, management of Kunming Subang is of the view that the liquidity risk exposed to Kunming Subang is not regarded significant.

The following tables detail the contractual maturities of Kunming Subang for their non-derivative financial liabilities, which are based on undiscounted cash flows of financial liabilities based on the earliest date on which Kunming Subang can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of each of the Relevant Periods.

In addition, the following tables detail the contractual maturities of the Kunming Subang for their non-derivative financial assets, which are based on undiscounted cash flows of financial assets based on the earliest date on which Kunming Subang can be required to pay. The inclusion of information on these non-derivative financial assets is necessary in order to understand the Kunming Subang's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Within one year or on demand	**Undiscounted cash flows**	**Carrying amount**
	HK$	*HK$*	*HK$*
As at 31 December 2014			
Non-derivative financial assets			
Trade and other receivables	658,312	658,312	658,312
Bank balances and cash	140,939	140,939	140,939
	799,251	799,251	799,251
Non-derivative financial liabilities			
Other payables and accruals	3,406,402	3,406,402	3,406,402
Amount due to a shareholder	630,650	630,650	630,650
	4,037,052	4,037,052	4,037,052

	Within one year or on demand *HK$*	Undiscounted cash flows *HK$*	Carrying amount *HK$*
As at 30 April 2015			
Non-derivative financial assets			
Trade and other receivables	849,914	849,914	849,914
Bank balances and cash	378,020	378,020	378,020
	1,227,934	1,227,934	1,227,934
Non-derivative financial liabilities			
Other payables and accruals	3,672,695	3,672,695	3,672,695
Amount due to a shareholder	—	—	—
	3,672,695	3,672,695	3,672,695

(d) Fair values

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Management of Kunming Subang considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost at the end of each of the Relevant Periods approximate their fair values.

24. PARENT AND ULTIMATE HOLDING COMPANY

The director considers that there were no parent company and the ultimate holding company of Kunming Subang at the end of each of the Relevant Periods. Following the completion of the acquisition by Chengdu Subang Management Consulting Co. Limited ("Chengdu Subang") of the entire interest in Kunming Subang on 30 June 2015, the director considers the parent and the ultimate holding company of Kunming Subang at the date of this report to be Chengdu Subang and Allied Summit Inc., incorporated in the PRC and the BVI respectively.

25. EVENT AFTER THE RELEVANT PERIODS

On 16 June 2015, Chengdu Subang and the equity owners of Kunming Subang entered into the share transfer agreement for the acquisition of 100% equity interest in Kunming Subang for the consideration of RMB1,310,000. The acquisition was completed on 30 June 2015.

III. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by Kunming Subang subsequent to 30 April 2015.

Yours faithfully,
CCTH CPA Limited
Certified Public Accountants
Hong Kong
Lee Tak Fai, Thomas
Practising certificate number P06077
Unit 5–6, 7/F., Greenfield Tower, Concordia Plaza
1 Science Museum Road, Tsim Sha Tsui
Kowloon, Hong Kong

(III) ACCOUNTANT'S REPORT OF SHENZHEN SUBANG MANAGEMENT CONSULTING CO. LIMITED

The following is the text of a report on Shenzhen Subang Management Consulting Co. Limited received from the Company's reporting accountant, CCTH CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

CCTH CPA LIMITED
中正天恆會計師有限公司

29 September 2015

The Directors
Pacific Plywood Holdings Limited
Units 3301–3303, 33rd Floor,
West Tower, Shun Tak Centre,
168–200 Connaught Road Central,
Sheung Wan, Hong Kong

Dear Sirs,

We set out below our report on the financial information regarding Shenzhen Subang Management Consulting Co. Limited (深圳速幫管理諮詢有限公司) ("**Shenzhen Subang**") which comprises the statements of financial position of Shenzhen Subang as at 31 December 2014 and 30 April 2015, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of Shenzhen Subang for the period from 21 July 2014 (date of establishment of Shenzhen Subang) to 31 December 2014 and the period from 1 January 2015 to 30 April 2015 (the "**Relevant Periods**"), together with the notes thereto (the "**Financial Information**"), for inclusion in the circular of Pacific Plywood Holdings Limited (the "**Company**") to its shareholders dated 29 September 2015 in connection with the acquisition by the Company of 96% of the issued share capital of Katar Global Limited (the "**Target Company**") and the loans due from the Target Company and its subsidiary, Century Fine Limited, to the Vendor (the "**Circular**").

Shenzhen Subang was established in the People's Republic of China ("**PRC**") with limited liability on 21 July 2014 and is principally engaged in the provision of services in relation to the promotion and application of the internet financing platform under the "Caijia" brand. Shenzhen Subang adopted 31 December as its financial year end date.

The audited statutory financial statements of Shenzhen Subang for the period from 21 July 2014 to 31 December 2014 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance in the PRC and were audited by Shenzhen Chenghua Certified Public Accountants Co., Ltd..

For the purpose of this report, the director of Shenzhen Subang has prepared the financial statements for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**").

We have undertaken an independent audit of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information of Shenzhen Subang for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments were considered necessary to adjust the Underlying Financial Statements in preparing our report for inclusion in the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The Underlying Financial Statements are the responsibility of the director of Shenzhen Subang who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included.

It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion, based on our examination and review, on the Financial Information, and to report our opinion to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

We have examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of Shenzhen Subang as at 31 December 2014 and 30 April 2015 and of its results and cash flows for each of the Relevant Periods.

I. FINANCIAL INFORMATION OF SHENZHEN SUBANG

The following is the Financial Information of Shenzhen Subang for each of the Relevant Periods:

Statements of Profit or Loss and Other Comprehensive Income

	Notes	**From 21 July 2014 (date of establishment) to 31 December 2014** *HK$*	**Four months ended 30 April 2015** *HK$*
Revenue	*5*	893,127	1,309,377
Cost of sales		(1,752)	(5,002)
Gross profit		891,375	1,304,375
Investments and other income	*7*	530	1,085
Selling and distribution costs		(1,905,380)	(1,463,165)
Administrative expenses		(2,323,607)	(2,782,619)
Loss before tax	*8*	(3,337,082)	(2,940,324)
Income tax expense	*9*	—	—
Loss for the period		(3,337,082)	(2,940,324)
Other comprehensive (expense)/income			
Items that may be subsequently reclassified to profit or loss:			
— Exchange difference arising from translation		(4,169)	28,399
Total comprehensive expense for the period		(3,341,251)	(2,911,925)

Statements of Financial Position

	Notes	As at 31 December 2014 HK$	As at 30 April 2015 HK$
Non-current Assets			
Property, plant and equipment	13	718,349	2,041,039
Current Assets			
Trade and other receivables	14	2,637,885	1,050,654
Bank balances and cash	15	477,102	4,094,669
		3,114,987	5,145,323
Current Liabilities			
Other payables and accruals	16	1,117,767	835,184
		1,117,767	835,184
Net Current Assets		1,997,220	4,310,139
		2,715,569	6,351,178
Capital and Reserves			
Paid-in capital	17	6,056,820	12,604,354
Reserves		(3,341,251)	(6,253,176)
		2,715,569	6,351,178

Statements of Changes in Equity

	Paid-up capital *HK$*	Exchange reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
At 21 July 2014 (date of establishment)	—	—	—	—
Loss for the period	—	—	(3,337,082)	(3,337,082)
Other comprehensive expense for the period				
Exchange difference arising from translation	—	(4,169)	—	(4,169)
Total comprehensive expense for the period	—	(4,169)	(3,337,082)	(3,341,251)
Paid-in capital contributed during the period	6,056,820	—	—	6,056,820
At 31 December 2014 and 1 January 2015	6,056,820	(4,169)	(3,337,082)	2,715,569
Loss for the period	—	—	(2,940,324)	(2,940,324)
Other comprehensive income for the period				
Exchange difference arising from translation	—	28,399	—	28,399
Total comprehensive income/ (expense) for the period	—	28,399	(2,940,324)	(2,911,925)
Paid-in capital contributed during the period	6,547,534	—	—	6,547,534
At 30 April 2015	12,604,354	24,230	(6,277,406)	6,351,178

Statements of Cash Flows

	From 21 July 2014 (date of establishment) to 31 December 2014 *HK$*	Four months ended 30 April 2015 *HK$*
Operating activities		
Loss before tax	(3,337,082)	(2,940,324)
Adjustments for:		
Depreciation of property, plant and equipment	39,312	251,859
Bank interest income	(530)	(1,085)
Exchange (gains)/losses	(5,459)	42,947
Operating cash flows before movements in working capital	(3,303,759)	(2,646,603)
(Increase)/decrease in trade and other receivables	(2,636,631)	1,595,409
Increase/(decrease) in other payables and accruals	1,117,235	(284,348)
Net cash used in operating activities	(4,823,155)	(1,335,542)
Investing activities		
Acquisition for property, plant and equipment	(757,320)	(1,579,971)
Interest received	530	1,085
Net cash used in investing activities	(756,790)	(1,578,886)
Cash generated from financing activity		
Paid-in capital contributed	6,056,820	6,547,534
Net increase in cash and cash equivalents	476,875	3,633,106
Cash and cash equivalents at beginning of the period	—	477,102
Effect on foreign exchange rate changes	227	(15,539)
Cash and cash equivalents at end of the period	477,102	4,094,669
Analysis of cash and cash equivalents		
Bank balances and cash	477,102	4,094,669

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Shenzhen Subang was established as limited liability enterprise in the PRC on 21 July 2014. The address of the registered office and principal place of business of Shenzhen Subang is Unit 01–05, 2/F, Block 1, Merlin Excellence Center Plaza (North), Futian District, Shenzhen, the PRC.

The principal activities of Shenzhen Subang are the provision of services in relation to the promotion and application of the internet financing platform.

The functional currency of Shenzhen Subang is Renminbi ("**RMB**") and the Financial Information is presented in Hong Kong dollar ("**HK$**").

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, Shenzhen Subang has consistently applied all of the HKFRSs issued by the HKICPA which are effective for the accounting periods beginning on 1 January 2015 throughout the Relevant Periods.

At the date of this report, Shenzhen Subang has not early applied the following new and revised HKFRSs that have been issued but are not yet effective in respect of the accounting period beginning on 1 January 2015:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[2]
HKFRS 9	Financial instruments[4]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate of Joint Venture[2]
Amendments to HKFRS 10 and HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

1 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application is permitted
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("**FVTOCI**") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset and give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting 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.

- With regard to the measurement of financial liabilities designed as at fair value through profit or loss, HKFRS 9 requires that 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 an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types or transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The director of Shenzhen Subang anticipates that the adoption of HKFRS 9 in the future may have a material impacts on amounts reported in respect of Shenzhen Subang's financial assets and financial liabilities. Regarding Shenzhen Subang's financial assets and liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The director of Shenzhen Subang anticipates that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial information. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until Shenzhen Subang performs a detailed review.

Other new and revised HKFRSs not effective

The director of Shenzhen Subang anticipates that the application of other new and revised HKFRSs not yet effective will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. These policies have been consistently applied throughout the Relevant Periods. In addition, the Financial Information includes all applicable disclosures required by the Rules Governing The Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance which for the Relevant Periods continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 of that Ordinance.

Basis of preparation

The Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Shenzhen Subang takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted by Shenzhen Subang are as follows:

Revenue recognition

Revenue is measured at the fair value of the consolidation received or receivable and represents amounts receivable for services provided in the normal course of business.

Revenue from the provision of services is recognised when the relevant services have been rendered by Shenzhen Subang.

Interest income from a financial asset is recognised on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Shenzhen Subang as lessee under operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the Financial Information of Shenzhen Subang, transactions in currencies other than the functional currency of Shenzhen Subang (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which Shenzhen Subang operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each of the Relevant Periods, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the financial information, the assets and liabilities of Shenzhen Subang are translated into its presentation currency (i.e. HK$) at the rates of exchange prevailing at the end of each Relevant Periods, and their income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from "profit before tax" as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The liability for current tax of Shenzhen Subang is calculated using tax rates that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Shenzhen Subang expects, at the end of each of the Relevant Periods, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax also recognised in other comprehensive income or directly in equity respectively.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each of the Relevant Periods, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment losses on tangible assets

At the end of each of Relevant Periods, Shenzhen Subang reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when Shenzhen Subang becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets of Shenzhen Subang comprise of loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each of the Relevant Periods. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For the loans and receivables, objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty; or

— default or delinquency in interest or principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of an impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of Shenzhen Subang after deducting all of its liabilities. Equity instruments issued by Shenzhen Subang are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, the shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including other payables and accruals) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Shenzhen Subang derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Shenzhen Subang derecognised financial liabilities when, and only when Shenzhen Subang's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Shenzhen Subang's accounting policies, which are described in Note 3, the director of Shenzhen Subang is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

Useful life of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. If the actual or expected useful lives of property, plant and equipment is less than the original estimated useful lives or there is revision of estimated useful lives due to the change of commercial and technological environment, such difference will impact the depreciation charges for the remaining periods.

Impairment of assets

Property, plant and equipment are assessed annually to determine for any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions regarding applicable discount rates, future capital requirements and cash flows from future business operations and underlying operating circumstances. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Impairment allowances on debtors' balances

When there is objective evidence of impairment loss, Shenzhen Subang takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between asset's carrying amount and the present value of estimate future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

No impairment loss in respect of trade and other receivables was recognised in the statement of profit or loss and other comprehensive income for each of the Relevant Periods.

5. REVENUE

Revenue represents gross income from the provision of services on the internet financing platform.

6. SEGMENT REPORTING

Segment information

Shenzhen Subang is principally engaged in the promotion and introduction of an internet financing platform under the "Caijia" brand, provision of guidance and assistance for the use of the platform and performing risk assessments on potential borrowers prior to application to the platform during the Relevant Periods. Management considers that it is not meaningful to prepare segment information regarding Shenzhen Subang for the purpose of its resource allocation and performance assessment. Information reported to the management of Shenzhen Subang, who are identified as its chief operating decision maker (the "**CODM**") of Shenzhen Subang, in order to allocate resources and to assess performance, focuses on the operating results of Shenzhen Subang as a whole as Shenzhen Subang's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

Shenzhen Subang's operations are located in the PRC. Shenzhen Subang's revenue from external customers and all of its non-current assets are located in the PRC based on geographical location of assets.

Information about major customers

The revenue for the Relevant Periods was contributed from a customer Beijing Huiju Wealth Management Consulting Co. Limited, who does not have any relationship with the director and equity owner of Shenzhen Subang.

7. INVESTMENTS AND OTHER INCOME

	From 21 July 2014 (date of establishment) to 31 December 2014	**Four months ended 30 April 2015**
	HK$	*HK$*
Bank interest income	530	1,085

8. LOSS BEFORE TAX

	From 21 July 2014 (date of establishment) to 31 December 2014 *HK$*	Four months ended 30 April 2015 *HK$*
Loss before tax is arrived at after charging:		
Staff costs:		
Salaries and other benefits	2,809,748	2,543,379
Retirement benefits scheme contributions	172,842	282,566
Total staff costs	2,982,590	2,825,945
Auditor's remuneration	—	—
Operating lease rentals paid in respect of rental premises	683,197	801,583
Depreciation of property, plant and equipment	39,312	251,859

9. INCOME TAX EXPENSE

	From 21 July 2014 (date of establishment) to 31 December 2014 *HK$*	Four months ended 30 April 2015 *HK$*
PRC Enterprise Income Tax	—	—

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for each of the Relevant Periods.

The income tax expense for each of the Relevant Periods can be reconciled to loss before tax per the statements of profit or loss and other comprehensive income as follows:

	From 21 July 2014 (date of establishment) to 31 December 2014 *HK$*	Four months ended 30 April 2015 *HK$*
Loss before tax	(3,337,082)	(2,940,324)
Tax at the applicable income tax rate	(834,271)	(735,081)
Tax effect of tax loss not recognised	834,271	735,081
Income tax expense	—	—

At 31 December 2014 and 30 April 2015, Shenzhen Subang had unused tax losses of approximately HK$3,337,083 and HK$6,277,406 respectively. No deferred tax asset has been recognised in respect of such losses due to unpredictability of profit streams. Such tax losses will expire within five years.

10. DIRECTOR'S EMOLUMENTS

No director received any fees or emoluments in respect of their services rendered to Shenzhen Subang during the Relevant Periods.

11. EMPLOYEES' EMOLUMENTS

The five employees of Shenzhen Subang with the highest emoluments for the Relevant Periods are as follows.

	From 21 July 2014 (date of establishment) to 31 December 2014	Four months ended 30 April 2015
	HK$	*HK$*
Salaries and benefits-in-kind	728,979	595,002
Contribution to retirement benefits scheme	14,897	21,606
	743,876	616,608

12. LOSS PER SHARE

No loss per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement *HK$*	Furniture, fittings and equipment *HK$*	Total *HK$*
Cost			
As 21 July 2014 (date of establishment)	—	—	—
Additions	—	757,320	757,320
Exchange realignment	—	360	360
At 31 December 2014 and 1 January 2015	—	757,680	757,680
Additions	1,552,565	27,406	1,579,971
Exchange realignment	(6,737)	242	(6,495)
At 30 April 2015	1,545,828	785,328	2,331,156
Accumulated depreciation			
As 21 July 2014 (date of establishment)	—	—	—
Charge for the period	—	39,312	39,312
Exchange realignment	—	19	19
At 31 December 2014 and 1 January 2015	—	39,331	39,331
Charge for the period	200,331	51,528	251,859
Exchange realignment	(869)	(204)	(1,073)
At 30 April 2015	199,462	90,655	290,117
Carrying amount			
As at 31 December 2014	—	718,349	718,349
As at 30 April 2015	1,346,366	694,673	2,041,039

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvement	Over the shorter of expected useful life and period of the lease
Furniture, fittings and equipment	20%

14. TRADE AND OTHER RECEIVABLES

	As at 31 December 2014 *HK$*	As at 30 April 2015 *HK$*
Trade receivables	418,806	336,792
Other receivables	6,248	7,270
	425,054	344,062
Deposit paid for leasehold improvement	1,390,583	—
Other deposits paid and prepayments	822,248	706,592
	2,637,885	1,050,654

Shenzhen Subang has granted a credit period of 30 days to its customers.

An aged analysis of the trade receivables at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December 2014 *HK$*	**As at 30 April 2015** *HK$*
Within 30 days	418,806	336,792

Trade and other receivables as at end of each of the Relevant Periods were denominated in the functional currency of Shenzhen Subang.

15. BANK BALANCES AND CASH

Cash at bank earns interest at floating daily bank deposit rates and was denominated in the functional currency of Shenzhen Subang.

16. OTHER PAYABLES AND ACCRUALS

	As at 31 December 2014 *HK$*	**As at 30 April 2015** *HK$*
Other payables	—	158,244
Other tax payable	171,438	49,311
Accruals	946,329	627,629
	1,117,767	835,184

Other payables and accruals as at the end of each of the Relevant Periods were substantially denominated in the functional currency of Shenzhen Subang.

17. PAID-IN CAPITAL

	RMB	**Equivalent to** *HK$*
At 21 July 2014 (date of establishment)	—	—
Paid-in capital during the period	4,800,000	6,056,820
At 31 December 2014 and 1 January 2015	4,800,000	6,056,820
Paid-in capital during the period	5,200,000	6,547,534
At 30 April 2015	10,000,000	12,604,354

18. OPERATING LEASE COMMITMENTS

Shenzhen Subang as a lessee

Shenzhen Subang leases certain of its premises under operating lease arrangements. At the end of each of the Relevant Periods, Shenzhen Subang had future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 31 December 2014 *HK$*	At 30 April 2015 *HK$*
Within one year	2,297,520	2,420,651
In the second to fifth year inclusive	3,418,281	2,681,112
	5,715,801	5,101,763

Leases are negotiated and rentals are fixed for terms ranging from 1 year to 3 years.

19. RETIREMENT BENEFITS SCHEME

The employees of Shenzhen Subang are members of state-managed retirement benefits scheme operated by the PRC government. Shenzhen Subang is required to contribute certain percentage of payroll costs to the retirement benefit schemes to fund the benefit. The only obligation of Shenzhen Subang with respect to the retirement benefit schemes is to make the specific contributions.

20. CAPITAL RISK MANAGEMENT

The director manages its capital to ensure that Shenzhen Subang will be able to continue as a going concern while maximising the return to its investor through the optimisation of debt and equity balance. Shenzhen Subang's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of Shenzhen Subang consists of paid-in capital and reserves.

The director of the Shenzhen Subang reviews the capital structure on a regular basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, Shenzhen Subang will balance its overall capital structure through capital contribution and raising of new debts.

21. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December 2014 *HK$*	As at 30 April 2015 *HK$*
Financial assets		
Trade and other receivables	425,054	344,062
Bank balances and cash	477,102	4,094,669
	902,156	4,438,731
Financial liabilities		
Other payables and accruals	1,117,767	835,184

Financial risk management objectives and policies

Shenzhen Subang's financial instruments include trade and other receivables, bank balances and cash and other payable and accruals. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments are set out below:

(a) Market risk

Shenzhen Subang's activities expose primarily to the market risks of changes in foreign currency exchange rates and interest rates.

There has been no significant change to Shenzhen Subang's exposure to market risks or the manner in which it manages and measures the risks and interest rates.

Currency risk

The transactions are denominated in the same currency as the functional currency of the operations in which they related. No significant risks arose from changes in foreign currency exchange rates.

Interest rate risk

Shenzhen Subang has no significant interest-bearing assets and liabilities, any change in interest rates in respect of the bank balances of Shenzhen Subang is regarded insignificant as these bank balances are short-term in nature. Accordingly, no sensitivity analysis to interest rate risk is presented. Shenzhen Subang has not used interest rate swaps to hedge its exposure to interest rate risk.

(b) Credit risk

The carrying amounts of the receivables mainly represent trade receivables, the credit risk of which is not considered significant. Shenzhen Subang's exposure to credit risk regarding debtors' balances and concentration of such credit risk mainly arose from the amount due by a trade debtor (Note 14) amounted to HK$418,806 and HK$336,792 at 31 December 2014 and 30 April 2015 respectively. Shenzhen Subang manages the credit risk by setting up a team responsible for the determination of credit terms, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover any overdue debts.

The credit risk for bank balances is limited because the counterparties are banks with good reputation.

(c) Liquidity risk

In the management of the liquidity risk, Shenzhen Subang monitors and maintains a level of bank and cash balances deemed adequate by the management to finance Shenzhen Subang's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the contractual maturities of Shenzhen Subang for their non-derivative financial liabilities, which are based on undiscounted cash flows of financial liabilities based on the earliest date on which Shenzhen Subang can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of each of the Relevant Periods.

In addition, the following tables detail the contractual maturities of the Shenzhen Subang for their non-derivative financial assets, which are based on undiscounted cash flows of financial assets based on the earliest date on which Shenzhen Subang can be required to pay. The inclusion of information on these non-derivative financial assets is necessary in order to understand the Shenzhen Subang's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Within one year or on demand *HK$*	Undiscounted cash flows *HK$*	Carrying amount *HK$*
As at 31 December 2014			
Non-derivative financial assets			
Trade and other receivables	425,054	425,054	425,054
Bank balances and cash	477,102	477,102	477,102
	902,156	902,156	902,156
Non-derivative financial liabilities			
Other payables and accruals	1,117,767	1,117,767	1,117,767
As at 30 April 2015			
Non-derivative financial assets			
Trade and other receivables	344,062	344,062	344,062
Bank balances and cash	4,094,669	4,094,669	4,094,669
	4,438,731	4,438,731	4,438,731
Non-derivative financial liabilities			
Other payables and accruals	835,184	835,184	835,184

(d) Fair values

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Management of Shenzhen Subang considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost at the end of each of the Relevant Period approximate their fair values.

22. PARENT AND ULTIMATE HOLDING COMPANY

The director considers that there were no parent company and the ultimate holding company of Shenzhen Subang at the end of each of the Relevant Periods. Following the completion of the acquisition by Shenyang Subang Management Consulting Co. Limited (''Shenyang Subang'') of the entire equity interest in Shenzhen Subang on 11 May 2015, the director considers the parent company and the ultimate holding company of Shenzhen Subang at the date of this report to be Shenyang Subang and Allied Summit Inc., incorporated in the PRC and the BVI respectively.

23. EVENT AFTER THE RELEVANT PERIODS

On 8 May 2015, Shenyang Subang and the equity owners of Shenzhen Subang entered into the share transfer agreement for the acquisition of 100% equity interest in Shenzhen Subang for the consideration of RMB5,940,000. The acquisition was completed on 11 May 2015.

III. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by Shenzhen Subang subsequent to 30 April 2015.

Yours faithfully,
CCTH CPA Limited
Certified Public Accountants
Hong Kong
Lee Tak Fai, Thomas
Practising certificate number P06077
Unit 5–6, 7/F., Greenfield Tower, Concordia Plaza
1 Science Museum Road, Tsim Sha Tsui
Kowloon, Hong Kong

(IV) ACCOUNTANT'S REPORT OF WUXI SUBANG MANAGEMENT CONSULTING CO. LIMITED

The following is the text of a report on Wuxi Subang Management Consulting Co. Limited received from the Company's reporting accountant, CCTH CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

CCTH CPA LIMITED
中正天恆會計師有限公司

29 September 2015

The Directors
Pacific Plywood Holdings Limited
Unit 3301–3303, 33rd Floor,
West Tower, Shun Tak Centre,
168–200 Connaught Road Central,
Sheung Wan, Hong Kong

Dear Sirs,

We set out below our report on the financial information regarding Wuxi Subang Management Consulting Co. Limited (無錫速幫管理諮詢有限公司) ("**Wuxi Subang**") which comprises the statements of financial position of Wuxi Subang as at 31 December 2014 and 30 April 2015, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of Wuxi Subang for the period from 1 August 2014 (date of establishment of Wuxi Subang) to 31 December 2014 and the period from 1 January 2015 to 30 April 2015 (the "**Relevant Periods**"), together with the notes thereto (the "**Financial Information**"), for inclusion in the circular of Pacific Plywood Holdings Limited (the "**Company**") to its shareholders dated 29 September 2015 in connection with the acquisition by the Company of 96% of the issued share capital of Katar Global Limited (the "**Target Company**") and the loans due from the Target Company and its subsidiary Century Fine Limited, to the Vendor (the "**Circular**").

Wuxi Subang was established in the People's Republic of China ("**PRC**") with limited liability on 1 August 2014 and is principally engaged in the provision of services in relation to the promotion and application of the internet financing platform under the "Caijia" brand. Wuxi Subang adopted 31 December as its financial year end date.

The audited statutory financial statements of Wuxi Subang for the period from 1 August 2014 to 31 December 2014 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance in the PRC and were audited by Jiangsu Anxin Certified Public Accountants Co., Ltd.

For the purpose of this report, the director of Wuxi Subang has prepared the financial statements for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**").

We have undertaken an independent audit of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information of Wuxi Subang for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments were considered necessary to adjust the Underlying Financial Statements in preparing our report for inclusion in the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The Underlying Financial Statements are the responsibility of the director of Wuxi Subang who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included.

It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion, based on our examination and review, on the Financial Information, and to report our opinion to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

We have examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of Wuxi Subang as at 31 December 2014 and 30 April 2015 and of its results and cash flows for each of the Relevant Periods.

I. FINANCIAL INFORMATION OF WUXI SUBANG

The following is the Financial Information of Wuxi Subang for each of the Relevant Periods:

Statements of Profit or Loss and Other Comprehensive Income

	Notes	From 1 August 2014 (date of establishment) to 31 December 2014 HK$	Four months ended 30 April 2015 HK$
Revenue	5	605,092	959,836
Cost of sales		(1,422)	(3,275)
Gross profit		603,670	956,561
Investments and other income	7	454	2,383
Selling and distribution costs		(1,390,114)	(948,842)
Administrative expenses		(1,365,230)	(1,712,990)
Loss before taxation	8	(2,151,220)	(1,702,888)
Income tax expense	9	—	—
Loss for the period		(2,151,220)	(1,702,888)
Other comprehensive (expense)/income			
Items that may be subsequently reclassified to profit or loss:			
— Exchange difference arising from translation		(4,581)	17,020
Total comprehensive expense for the period		(2,155,801)	(1,685,868)

Statements of Financial Position

	Notes	**As at 31 December 2014** *HK$*	**As at 30 April 2015** *HK$*
Non-current Assets			
Property, plant and equipment	*13*	1,074,581	979,713
Current Assets			
Trade and other receivables	*14*	792,155	761,468
Bank balances and cash	*15*	286,321	2,499,556
		1,078,476	3,261,024
Current Liabilities			
Other payables and accruals	*16*	735,822	518,103
Amount due to a shareholder	*17*	668,489	—
		1,404,311	518,103
Net Current (Liabilities)/Assets		(325,835)	2,742,921
		748,746	3,722,634
Capital and Reserves			
Paid-in capital	*18*	2,904,547	7,564,303
Reserves		(2,155,801)	(3,841,669)
		748,746	3,722,634

Statements of Changes in Equity

	Paid-in capital *HK$*	Exchange reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
At 1 August 2014 (date of establishment)	—	—	—	—
Loss for the period	—	—	(2,151,220)	(2,151,220)
Other comprehensive expense for the period				
Exchange difference arising from translation	—	(4,581)	—	(4,581)
Total comprehensive expense for the period	—	(4,581)	(2,151,220)	(2,155,801)
Paid-in capital contributed during the period	2,904,547	—	—	2,904,547
At 31 December 2014 and 1 January 2015	2,904,547	(4,581)	(2,151,220)	748,746
Loss for the period	—	—	(1,702,888)	(1,702,888)
Other comprehensive income for the period				
Exchange difference arising from translation	—	17,020	—	17,020
Total comprehensive income/ (expense) for the period	—	17,020	(1,702,888)	(1,685,868)
Paid-in capital contributed during the period	4,659,756	—	—	4,659,756
At 30 April 2015	7,564,303	12,439	(3,854,108)	3,722,634

Statements of Cash Flows

	From 1 August 2014 (date of establishment) to 31 December 2014 *HK$*	Four months ended 30 April 2015 *HK$*
Operating activities		
Loss before tax	(2,151,220)	(1,702,888)
Adjustments for:		
Depreciation of property, plant and equipment	71,622	101,407
Bank interest income	(454)	(1,026)
Exchange (gains)/losses	(4,937)	29,624
Operating cash flows before movements in working capital	(2,084,989)	(1,572,883)
(Increase)/decrease in trade and other receivables	(791,777)	31,199
Increase/(decrease) in amount due to a shareholder	668,171	(671,722)
Increase/(decrease) in other payables and accruals	735,472	(219,019)
Net cash used in operating activities	(1,473,123)	(2,432,425)
Investing activities		
Acquisition for property, plant and equipment	(1,145,693)	(5,612)
Interest received	454	1,026
Net cash used in investing activities	(1,145,239)	(4,586)
Cash generated from financing activity		
Paid-in capital contributed	2,904,547	4,659,756
Net increase in cash and cash equivalents	286,185	2,222,745
Cash and cash equivalents at beginning of the period	—	286,321
Effect on foreign exchange rate changes	136	(9,510)
Cash and cash equivalents at end of the period	286,321	2,499,556
Analysis of cash and cash equivalents		
Bank balances and cash	286,321	2,499,556

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Wuxi Subang was established as a limited liability enterprise in the PRC on 1 August 2014. The address of the registered office and principal place of business of the Wuxi Subang is 1809–1812, 6 Yong He Road, Nanchang District, Wuxi City, Jiangsu Province, the PRC.

The principal activities of Wuxi Subang are the provision of services in relation to the promotion and application of the internet financing platform.

The functional currency of Wuxi Subang is Renminbi ("**RMB**") and the Financial Information is presented in Hong Kong dollar ("**HK$**").

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, Wuxi Subang has consistently applied all of the HKFRSs issued by the HKICPA which are effective for the accounting periods beginning on 1 January 2015 throughout the Relevant Periods.

At the date of this report, Wuxi Subang has not early applied the following new and revised HKFRSs that have been issued but are not yet effective in respect of the accounting period beginning on 1 January 2015:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[2]
HKFRS 9	Financial instruments[4]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate of Joint Venture[2]
Amendments to HKFRS 10 and HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

1 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application is permitted
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("**FVTOCI**") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset and give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting 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.

- With regard to the measurement of financial liabilities designed as at fair value through profit or loss, HKFRS 9 requires that 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 an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types or transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The director of Wuxi Subang anticipates that the adoption of HKFRS 9 in the future may have a material impacts on amounts reported in respect of Wuxi Subang's financial assets and financial liabilities. Regarding Wuxi Subang's financial assets and liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The director of Wuxi Subang anticipates that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial information. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until Wuxi Subang performs a detailed review.

Other new and revised HKFRSs not effective

The director of Wuxi Subang anticipates that the application of other new and revised HKFRSs not yet effective will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. These policies have been consistently applied throughout the Relevant Periods. In addition, the Financial Information includes all applicable disclosures required by the Rules Governing The Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance which for the Relevant Periods continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 of that Ordinance.

Basis of preparation

The Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Wuxi Subang takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted by Wuxi Subang are as follows:

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Revenue from the provision of services is recognised when the relevant services have been rendered by Wuxi Subang.

Interest income from a financial asset is recognised on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Wuxi Subang as lessee under operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the Financial Information of Wuxi Subang, transactions in currencies other than the functional currency of Wuxi Subang (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which Wuxi Subang operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each of the Relevant Periods, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the financial information, the assets and liabilities of Wuxi Subang are translated into its presentation currency (i.e. HK$) at the rates of exchange prevailing at the end of each Relevant Periods, and their income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from "profit before tax" as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The liability for current tax of Wuxi Subang is calculated using tax rates that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Wuxi Subang expects, at the end of each of the Relevant Periods, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Property, plant and equipment

Property, plant and equipment are stated in the statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each of the Relevant Periods, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment losses on tangible assets

At the end of each of Relevant Periods, Wuxi Subang reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when Wuxi Subang becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets of Wuxi Subang comprise of loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each of the Relevant Periods. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For the loans and receivables, objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty; or

— default or delinquency in interest or principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of an impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of Wuxi Subang after deducting all of its liabilities. Equity instruments issued by Wuxi Subang are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, the shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including other payables and accruals and amount due to a shareholder) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Wuxi Subang derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Wuxi Subang derecognised financial liabilities when, and only when Wuxi Subang's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Wuxi Subang's accounting policies, which are described in Note 3, the director of Wuxi Subang is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

Useful life of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. If the actual or expected useful lives of property, plant and equipment is less than the original estimated useful lives or there is revision of estimated useful lives due to the change of commercial and technological environment, such difference will impact the depreciation charges for the remaining periods.

Impairment of assets

Property, plant and equipment are assessed annually to determine for any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions regarding applicable discount rates, future capital requirements and cash flows from future business operations and underlying operating circumstances. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Impairment allowances on debtors' balances

When there is objective evidence of impairment loss, Wuxi Subang takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between asset's carrying amount and the present value of estimate future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

No impairment loss in respect of trade and other receivables was recognised in the statement of profit or loss and other comprehensive income for each of the Relevant Periods.

5. REVENUE

Revenue represents gross income from the provision of services on the internet financing platform.

6. SEGMENT REPORTING

Segment information

Wuxi Subang is principally engaged in the promotion and introduction of the internet financing platform under the "Caijia" brand, provision of guidance and assistance for the use of the platform and performing risk assessments on potential borrowers prior to application to the platform during the Relevant Periods. Management considers that it is not meaningful to prepare segment information regarding Wuxi Subang for the purpose of its resource allocation and performance assessment. Information reported to the management of Wuxi Subang, who are identified as its chief operating decision maker (the "**CODM**") of Wuxi Subang, in order to allocate resources and to assess performance, focuses on the operating results of Wuxi Subang as a whole as Wuxi Subang's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

Wuxi Subang's operations are located in the PRC. Wuxi Subang's revenue from external customers and all of its non-current assets are located in the PRC based on geographical location of assets.

Information about major customers

The revenue for the Relevant Periods was contributed from a customer Beijing Huiju Wealth Management Consulting Co. Limited, who does not have any relationship with the director and equity owner of Wuxi Subang.

7. INVESTMENTS AND OTHER INCOME

	From 1 August 2014 (date of establishment) to 31 December 2014	**Four months ended 30 April 2015**
	HK$	*HK$*
Bank interest income	454	1,026
Sundry income	—	1,357
	454	2,383

8. LOSS BEFORE TAX

	From 1 August 2014 (date of establishment) to 31 December 2014 *HK$*	Four months ended 30 April 2015 *HK$*
Loss before tax is arrived at after charging:		
Staff costs:		
Salaries and other benefits	1,984,922	1,917,820
Retirement benefits scheme contributions	153,464	209,553
Total staff costs	2,138,386	2,127,373
Auditor's remuneration	—	—
Operating lease rentals paid in respect of rental premises	216,437	307,015
Depreciation of property, plant and equipment	71,622	101,407

9. INCOME TAX EXPENSE

	From 1 August 2014 (date of establishment) to 31 December 2014 *HK$*	Four months ended 30 April 2015 *HK$*
PRC Enterprise Income Tax	—	—

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for each of the Relevant Periods.

The income tax expense for each of the Relevant Periods can be reconciled to loss before tax per the statements of profit or loss and other comprehensive income as follows:

	From 1 August 2014 (date of establishment) to 31 December 2014 *HK$*	Four months ended 30 April 2015 *HK$*
Loss before tax	(2,151,220)	(1,702,888)
Tax at the applicable income tax rate	(537,805)	(425,722)
Tax effect of tax loss not recognised	(537,805)	(425,722)
Income tax expense	—	—

At 31 December 2014 and 30 April 2015, Wuxi Subang had unused tax losses of approximately HK$2,151,220 and HK$3,854,108 respectively. No deferred tax asset has been recognised in respect of such losses due to unpredictability of profit streams. Such tax losses will expire within five years.

10. DIRECTOR'S EMOLUMENTS

No director received any fees or emoluments in respect of their services rendered to Wuxi Subang during the Relevant Periods.

11. EMPLOYEES' EMOLUMENTS

The five employees of Wuxi Subang with the highest emoluments for the Relevant Periods are as follows.

	From 1 August 2014 (date of establishment) to 31 December 2014	Four months ended 30 April 2015
	HK$	*HK$*
Salaries and benefits-in-kind	512,899	611,387
Contribution to retirement benefits scheme	5,290	5,698
	518,189	617,085

12. LOSS PER SHARE

No loss per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement *HK$*	Furniture, fittings and equipment *HK$*	Total *HK$*
Cost			
At 1 August 2014 (date of establishment)	—	—	—
Additions	510,407	635,286	1,145,693
Exchange realignment	243	302	545
At 31 December 2014 and 1 January 2015	510,650	635,588	1,146,238
Additions	—	5,612	5,612
Exchange realignment	243	278	521
At 30 April 2015	510,893	641,478	1,152,371
Accumulated depreciation			
At 1 August 2014 (date of establishment)	—	—	—
Charge for the period	43,749	27,873	71,622
Exchange realignment	21	14	35
At 31 December 2014 and 1 January 2015	43,770	27,887	71,657
Charge for the period	58,642	42,765	101,407
Exchange realignment	(233)	(173)	(406)
At 30 April 2015	102,179	70,479	172,658
Carrying amount			
As at 31 December 2014	466,880	607,701	1,074,581
As at 30 April 2015	408,714	570,999	979,713

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvement	Over the shorter of expected useful life and period of the lease
Furniture, fittings and equipment	20%

14. TRADE AND OTHER RECEIVABLES

	As at 31 December 2014 *HK$*	As at 30 April 2015 *HK$*
Trade receivables	216,438	267,474
Other receivables	3,784	17,530
	220,222	285,004
Deposits paid and prepayments	571,933	476,464
	792,155	761,468

Wuxi Subang has granted a credit period of 30 days to its customers.

An aged analysis of the trade receivables at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December 2014	As at 30 April 2015
	HK$	*HK$*
Within 30 days	216,438	267,474

Trade and other receivables as at end of each of the Relevant Periods were substantially denominated in the functional currency of Wuxi Subang.

15. BANK BALANCES AND CASH

Cash at bank earns interest at floating daily bank deposit rates and was denominated in the functional currency of Wuxi Subang.

16. OTHER PAYABLES AND ACCRUALS

	As at 31 December 2014	As at 30 April 2015
	HK$	*HK$*
Other payables	184,836	134,623
Other tax payable	35,664	33,831
Accruals	515,322	349,649
	735,822	518,103

Other payables and accruals as at the end of each of the Relevant Periods were substantially denominated in the functional currency of Wuxi Subang.

17. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder, representing an equity owner of Wuxi Subang, was unsecured, non interest bearing with no fixed term of repayment.

18. PAID-IN CAPITAL

		Equivalent to
	RMB	*HK$*
At 1 August 2014 (date of establishment)	—	—
Paid-in capital contributed during the period	2,300,000	2,904,547
At 31 December 2014 and 1 January 2015	2,300,000	2,904,547
Paid-in capital contributed during the period	3,700,000	4,659,756
At 30 April 2015	6,000,000	7,564,303

19. OPERATING LEASE COMMITMENTS

Wuxi Subang as a lessee

Wuxi Subang leases certain of its premises under operating lease arrangements. At the end of each of the Relevant Periods, Wuxi Subang had future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December 2014	As at 30 April 2015
	HK$	*HK$*
Within one year	883,818	823,667
In the second to fifth year inclusive	1,163,726	919,168
	2,047,544	1,742,835

Leases are negotiated and rentals are fixed for terms ranging from 1 year to 3 years.

20. RETIREMENT BENEFITS SCHEME

The employees of Wuxi Subang are members of state-managed retirement benefits scheme operated by the PRC government. Wuxi Subang is required to contribute certain percentage of payroll costs to the retirement benefit schemes to fund the benefit. The only obligation of Wuxi Subang with respect to the retirement benefit schemes is to make the specific contributions.

21. CAPITAL RISK MANAGEMENT

The director manages its capital to ensure that Wuxi Subang will be able to continue as a going concern while maximising the return to its investor through the optimisation of debt and equity balance. Wuxi Subang's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of Wuxi Subang consists of paid-in capital and reserves.

The director of the Wuxi Subang reviews the capital structure on a regular basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, Wuxi Subang will balance its overall capital structure through capital contribution and raising of new debts.

22. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December 2014 *HK$*	As at 30 April 2015 *HK$*
Financial assets		
Trade and other receivables	220,222	285,004
Bank balances and cash	286,321	2,499,556
	506,543	2,784,560
Financial liabilities		
Other payables and accruals	735,822	518,103
Amount due to a shareholder	668,489	—
	1,404,311	518,103

Financial risk management objectives and policies

Wuxi Subang's financial instruments include trade and other receivables, bank balances and cash, other payables and accruals and amount due to a shareholder. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments are set out below:

(a) Market risk

Wuxi Subang's activities expose primarily to the market risks of changes in foreign currency exchange rates and interest rates.

There has been no significant change to Wuxi Subang's exposure to market risks or the manner in which it manages and measures the risks.

Currency risk

The transactions are denominated in the same currency as the functional currency of the operations in which they related. No significant risks arose from changes in foreign currency exchange rates.

Interest rate risk

Wuxi Subang has no significant interest-bearing assets and liabilities. Any change in interest rates in respect of the bank balances of Wuxi Subang is regarded insignificant as these bank balance are short-term in nature. Accordingly, no sensitivity analysis to interest rate risk is presented. Wuxi Subang has not used interest rate swaps to hedge its exposure to interest rate risk.

(b) Credit risk

The carrying amounts of the receivables mainly represent trade receivables, the credit risk of which is not considered significant. Wuxi Subang's exposure to credit risk regarding balances and concentration of such credit risk mainly arose from the amount due by a trade debtor (Note 14) amounted to HK$216,438 and HK$267,474 at 31 December 2014 and 30 April 2015 respectively. Wuxi Subang manages the credit risk by setting up a team responsible for the determination of credit terms, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover any overdue debts.

The credit risk for bank balances is limited because the counterparties are banks with good reputation.

(c) Liquidity risk

In the management of the liquidity risk, Wuxi Subang monitors and maintains a level of bank and cash balance deemed adequate by the management to finance Wuxi Subang's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the contractual maturities of Wuxi Subang for their non-derivative financial liabilities, which are based on undiscounted cash flows of financial liabilities based on the earliest date on which Wuxi Subang can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of each of the Relevant Periods.

In addition, the following tables detail the contractual maturities of the Wuxi Subang for their non-derivative financial assets, which are based on undiscounted cash flows of financial assets based on the earliest date on which Wuxi Subang can be required to pay. The inclusion of information on these non-derivative financial assets is necessary in order to understand the Wuxi Subang's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Within one year or on demand *HK$*	**Undiscounted cash flows** *HK$*	**Carrying amount** *HK$*
As at 31 December 2014			
Non-derivative financial assets			
Trade and other receivables	220,222	220,222	220,222
Bank balances and cash	286,321	286,321	286,321
	506,543	506,543	506,543
Non-derivative financial liabilities			
Other payables and accruals	735,822	735,822	735,822
Amount due to a shareholder	668,489	668,489	668,489
	1,404,311	1,404,311	1,404,311
As at 30 April 2015			
Non-derivative financial assets			
Trade and other receivables	285,004	285,004	285,004
Bank balances and cash	2,499,556	2,499,556	2,499,556
	2,784,560	2,784,560	2,784,560
Non-derivative financial liabilities			
Other payables and accruals	518,103	518,103	518,103
Amount due to a shareholder	—	—	—
	518,103	518,103	518,103

(d) Fair values

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Management of Wuxi Subang considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost at the end of each of the Relevant Periods approximate their fair values.

23. PARENT AND ULTIMATE HOLDING COMPANY

The director considers that there were no parent company and the ultimate holding company of Wuxi Subang at the end of each of the Relevant Periods. Following the completion of the acquisition by Chongqing KangDingAo Financing Consulting Co. Limited ("Chongqing KDA") of the entire equity interest in Wuxi Subang on 6 May 2015, the director considers the parent company and the ultimate holding company of Wuxi Subang at the date of this report to be Chongqing KDA and Allied Summit Inc., incorporated in the PRC and the BVI respectively.

24. EVENT AFTER THE RELEVANT PERIODS

On 4 May 2015, Chongqing KDA and the equity owners of Wuxi Subang entered into the share transfer agreement for the acquisition of 100% equity interest in Wuxi Subang for the consideration of RMB3,560,000. The acquisition was completed on 6 May 2015.

III. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by Wuxi Subang subsequent to 30 April 2015.

Yours faithfully,
CCTH CPA Limited
Certified Public Accountants
Hong Kong
Lee Tak Fai, Thomas
Practising certificate number P06077
Unit 5–6, 7/F., Greenfield Tower, Concordia Plaza
1 Science Museum Road, Tsim Sha Tsui
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THE TARGET GROUP

Set out below are the respective management discussion and analysis on (A) the Target Group; (B) Kunming Subang Enterprise Management Co. Limited; (C) Shenzhen Subang Management Consulting Co. Limited; and (D) Wuxi Subang Management Consulting Co. Limited.

(A) Target Group

For the periods from 1 January 2012 to 31 December 2012, from 1 January 2013 to 31 December 2013, from 1 January 2014 to 31 December 2014 and from 1 January 2015 to 30 April 2015

Financial and business review

The following is the consolidated financial information of the Target Group for the periods from 1 January 2012 to 31 December 2012, from 1 January 2013 to 31 December 2013, from 1 January 2014 to 31 December 2014 and from 1 January 2015 to 30 April 2015, which is extracted from the audited financial statements of the Target Company prepared in accordance with Hong Kong Financial Reporting Standards:

Target Group

	Year ended 31 December			Four months ended 30 April
	2012	**2013**	**2014**	**2015**
	HK$	*HK$*	*HK$*	*HK$*
Revenue	—	8,314,246	136,659,331	97,931,656
Net (loss)/profit before taxation	(13,319)	(7,076,046)	19,913,783	39,522,974
Net (loss)/profit after taxation	(13,319)	(7,328,297)	11,019,442	26,726,784

The net losses after taxation of the Target Group were approximately HK$(13,319) and (7,328,297) for the years ended 31 December 2012 and 2013 respectively, and the net profits after taxation of the Target Group were approximately HK$11,019,442 for the year ended 31 December 2014 and approximately HK$26,726,784 for the four months ended 30 April 2015 respectively. The increase in net profits of the Target Group since 2014 as compared with that of 2013 and 2012 was mainly due to the facts that (i) there were significant set-up costs in the year 2013 but limited revenue as a start-up business; (ii) the online peer-to-peer platforms have gained its popularization in the PRC in recent years; and (iii) the success of the Target Group's marketing strategies.

Capital structure, liquidity and financial resources

Total assets of the Target Group were approximately HK$4,588, HK$22,143,945 and HK$97,957,815 as at 31 December 2012, 2013 and 2014 respectively. The total assets as at 30 April 2015 was approximately HK$144,210,096, which includes property, plant and equipment, trade and other receivables and bank balances and cash of approximately HK$14,464,025, HK$116,757,780 and HK$12,988,291 respectively. As at 30 April 2015, there were advances to other parties of approximately HK$30.76 million had been advanced to its business partners for their short term financing and these amounts had been fully repaid prior to the Latest Practicable Date. The Board confirms that no amount in similar nature will be happened after Completion.

Total liabilities of the Target Group were approximately HK$55,047, HK$18,765,415 and HK$58,371,330 as at 31 December 2012, 2013 and 2014 respectively. The total liabilities as at 30 April 2015 was approximately HK$64,888,130, which mainly includes other payables and accruals, amount due to a shareholder, and income tax payable of approximately HK$17,158,438, HK$24,360,720 and HK$21,242,383 respectively.

The net assets/(liabilities) of the Target Group were approximately HK$(50,459), HK$3,378,530, HK$39,586,485 and HK$79,321,966 as at 31 December 2012, 2013 and 2014 and 30 April 2015 respectively. The gearing ratios, which were computed by dividing the borrowings (net of bank balances and cash) by total capital, were approximately 100%, 21.8%, 24.1% and 14.3% for the relevant periods.

Beijing Huiju Financial and the Registered Shareholder entered into the Structured Contracts on 2 September 2013, under which, for no consideration paid or payable by the Target Group (i) the financial results, and the entire economic benefits and risks of the businesses of Beijing Huiju Management flow onto Beijing Huiju Financial; and (ii) Beijing Huiju Financial gains the controlling right of Beijing Huiju Management, and Beijing Huiju Management is regarded a subsidiary of the Target Group as from that date. The paid-in capital (i.e. the registered capital) of Beijing Huiju Management at 2 September 2013, being the date on which the Structured Contracts were executed, amounted to RMB10,000,000, which was contributed by the Registered Shareholder prior to that date. This capital contribution was financed by the loan of the same amount made to the Registered Shareholder by the former shareholder of the Company (the "**Previous Vendor**"). Upon the execution of the Structured Contracts, the Previous Vendor agreed to waive the rights of the recoverability of this loan made by the Registered Shareholder. The director of the Target Company considers it appropriate to recognise the surplus on acquisition of Beijing Huiju Management, which represents the fair value of its net assets acquired by the Target Group, as deemed contribution from equity participants and include such surplus in other reserves.

On 6 August 2014 and 8 April 2015, the Registered Shareholder made cash contributions to the registered capital of Beijing Huiju Management amounted to RMB20,000,000 (equivalent to HK$25,128,100) and RMB10,000,000 (equivalent to HK$12,662,600) respectively which were financed by the loans of the same amounts made by the Previous Vendor who has agreed to waive the rights of recoverability of such loans made to the Registered Shareholder. The director of the Target Company considers it appropriate to recognise the capital contributions of RMB20,000,000 and RMB10,000,000 as deemed contributions from equity participants which are included in other reserves.

Charge on assets

At as 31 December 2012, 2013 and 2014 and 30 April 2015, the Target Group had no charge on assets.

Significant investments, material acquisitions and disposals of subsidiaries

During the periods under review, there was neither significant investments, nor material acquisition, nor disposal of subsidiaries by the Target Group.

Contingent liabilities and capital commitment

During the periods under review, the Target Group had no significant contingent liabilities and capital commitment.

Foreign exchange exposures

The Target Group has a net exchange exposure to RMB as the Target Group's assets are principally located in the PRC.

The Target Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner. The Target Group will study the feasibility of entering into additional foreign currency forward contracts to mitigate the risk.

Employees and remuneration policies

During the periods under review, the Target Group had 0, 376, 1,339 and 1,149 employees as at 31 December 2012, 2013 and 2014 and 30 April 2015 respectively. The Target Group reviews 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.

Dividend

During the periods under review, the Target Company did not declare or pay any dividend.

(B) Kunming Subang Enterprise Management Co. Limited

For the periods from 10 June 2014 (date of incorporation) to 31 December 2014, and from 1 January 2015 to 30 April 2015

Financial and business review

The following is the consolidated financial information of Kunming Subang Enterprise Management Co. Limited for the periods from 10 June 2014 (date of incorporation) to 31 December 2014, and from 1 January 2015 to 30 April 2015, which is extracted from the audited financial statements of Kunming Subang Enterprise Management Co. Limited prepared in accordance with Hong Kong Financial Reporting Standards:

Kunming Subang Enterprise Management Co. Limited

	From 10 June 2014 (date of incorporation) to 31 December 2014	**Four months ended 30 April 2015**
	HK$	*HK$*
Revenue	1,434,330	2,420,986
Net loss before taxation	(4,238,784)	(2,769,400)
Net loss after taxation	(4,238,784)	(2,769,400)

The net losses after taxation of Kunming Subang Enterprise Management Co. Limited were approximately HK$(4,238,784) and HK$(2,769,400) for the periods from 10 June 2014 to 31 December 2014 and four months ended 30 April 2015 respectively. The net losses was mainly due to the facts that there were significant set-up costs as Kunming Subang Enterprise Management Co. Limited was just established in June 2014.

Capital structure, liquidity and financial resources

Total assets of Kunming Subang Enterprise Management Co. Limited was approximately HK$4,589,191 as at 31 December 2014. The total assets as at 30 April 2015 of approximately HK$4,243,895 includes property, plant and equipment, trade and other receivables and bank balances and cash of approximately HK$2,440,974, HK$1,424,901 and HK$378,020 respectively.

Total liabilities of Kunming Subang Enterprise Management Co. Limited was approximately HK$4,037,052 as at 31 December 2014. The total liabilities as at 30 April 2015 of approximately HK$3,672,695 are other payables and accruals.

The net assets of Kunming Subang Enterprise Management Co. Limited were approximately HK$552,139 and HK$571,200 as at 31 December 2014 and 30 April 2015 respectively. The gearing ratios, which were computed by dividing the borrowings (net of bank balances and cash) by total capital, were approximately 88.7% and (66.2)% for the relevant periods.

Charge on assets

At as 31 December 2012, 2013 and and 2014 and 30 April 2015, Kunming Subang Enterprise Management Co. Limited had no charge on assets.

Significant investments, material acquisitions and disposals of subsidiaries

During the periods under review, there was neither significant investments, nor material acquisition, nor disposal of subsidiaries by Kunming Subang Enterprise Management Co. Limited.

Contingent liabilities and capital commitment

During the periods under review, Kunming Subang Enterprise Management Co. Limited had no significant contingent liabilities and capital commitment.

Foreign exchange exposures

Kunming Subang Enterprise Management Co. Limited has a net exchange exposure to RMB as its assets are principally located in the PRC.

Kunming Subang Enterprise Management Co. Limited manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner.

Employees and remuneration policies

During the periods under review, Kunming Subang Enterprise Management Co. Limited had 0, 0, 156 and 139 employees as at 31 December 2012, 2013 and 2014 and 30 April 2015 respectively. Kunming Subang Enterprise Management Co. Limited reviews 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.

Dividend

During the periods under review, Kunming Subang Enterprise Management Co. Limited did not declare or pay any dividend.

(C) Shenzhen Subang Management Consulting Co. Limited

For the periods from 21 July 2014 (date of incorporation) to 31 December 2014, and from 1 January 2015 to 30 April 2015

Financial and business review

The following is the consolidated financial information of Shenzhen Subang Management Consulting Co. Limited for the periods from 21 July 2014 (date of incorporation) to 31 December 2014, and from 1 January 2015 to 30 April 2015, which is extracted from the audited financial statements of Shenzhen Subang Management Consulting Co. Limited prepared in accordance with Hong Kong Financial Reporting Standards:

Shenzhen Subang Management Consulting Co. Limited

	From 21 July 2014 (date of incorporation) to 31 December 2014 *HK$*	**Four months ended 30 April 2015** *HK$*
Revenue	893,127	1,309,377
Net loss before taxation	(3,337,082)	(2,940,324)
Net loss after taxation	(3,337,082)	(2,940,324)

The net losses after taxation of Shenzhen Subang Management Consulting Co. Limited were approximately HK$(3,337,082) and HK$(2,940,324) for the periods from 21 July 2014 to 31 December 2014 and four months ended 30 April 2015 respectively. The net losses was mainly due to the facts that there were significant set-up costs as Shenzhen Subang Management Consulting Co. Limited was just established in June 2014.

Capital structure, liquidity and financial resources

Total assets of Shenzhen Subang Management Consulting Co. Limited was approximately HK$3,833,336 as at 31 December 2014. The total assets as at 30 April 2015 of approximately HK$7,186,362 includes property, plant and equipment, trade and other receivables and bank balances and cash of approximately HK$2,041,039, HK$1,050,654 and HK$4,094,669 respectively.

Total liabilities of Shenzhen Subang Management Consulting Co. Limited was approximately HK$1,117,767 as at 31 December 2014. The total liabilities as at 30 April 2015 of approximately HK$835,184 are other payables and accruals.

The net assets of Shenzhen Subang Management Consulting Co. Limited were approximately HK$2,715,569 and HK$6,351,178 as at 31 December 2014 and 30 April 2015 respectively. The gearing ratios, which were computed by dividing the borrowings (net of bank balances and cash) by total capital, were approximately (17.57)% and (64.5)% for the relevant periods.

Charge on assets

At as 31 December 2012, 2013, and 2014 and 30 April 2015, Shenzhen Subang Management Consulting Co. Limited had no charge on assets.

Significant investments, material acquisitions and disposals of subsidiaries

During the periods under review, there was neither significant material acquisition, nor material acquisition, nor disposal of subsidiaries by Shenzhen Subang Management Consulting Co. Limited.

Contingent liabilities and capital commitment

During the periods under review, Shenzhen Subang Management Consulting Co. Limited had no significant contingent liabilities and capital commitment.

Foreign exchange exposures

Shenzhen Subang Management Consulting Co. Limited has a net exchange exposure to RMB as its assets are principally located in the PRC.

Shenzhen Subang Management Consulting Co. Limited manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner.

Employees and remuneration policies

During the periods under review, Shenzhen Subang Management Consulting Co. Limited had 0, 0, 110 and 102 employees as at 31 December 2012, 2013 and 2014 and 30 April 2015 respectively. Shenzhen Subang Management Consulting Co. Limited reviews 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.

Dividend

During the periods under review, Shenzhen Subang Management Consulting Co. Limited did not declare or pay any dividend.

(D) Wuxi Subang Management Consulting Co. Limited

For the periods from 1 August 2014 (date of incorporation) to 31 December 2014, and from 1 January 2015 to 30 April 2015

Financial and business review

The following is the consolidated financial information of Wuxi Subang Management Consulting Co. Limited for the periods from 1 August 2014 (date of incorporation) to 31 December 2014, and from 1 January 2015 to 30 April 2015, which is extracted from the audited financial statements of Wuxi Subang Management Consulting Co. Limited prepared in accordance with Hong Kong Financial Reporting Standards:

Wuxi Subang Management Consulting Co. Limited

	From 1 August 2014 (date of incorporation) to 31 December 2014 *HK$*	**Four months ended 30 April 2015** *HK$*
Revenue	605,092	959,836
Net loss before taxation	(2,151,220)	(1,702,888)
Net loss after taxation	(2,151,220)	(1,702,888)

The net losses after taxation of Wuxi Subang Management Consulting Co. Limited were approximately HK$(2,151,220) and HK$(1,702,888) for the periods from 1 August 2014 to 31 December 2014 and four months ended 30 April 2015 respectively. The net losses was mainly due to the facts that there were significant set-up costs as Wuxi Subang Management Consulting Co. Limited was just established in August 2014.

Capital structure, liquidity and financial resources

Total assets of Wuxi Subang Management Consulting Co. Limited was approximately HK$2,153,057 as at 31 December 2014. The total assets as at 30 April 2015 of approximately HK$4,240,737 includes property, plant and equipment, trade and other receivables and bank balances and cash of approximately HK$979,713, HK$761,468 and HK$2,499,556 respectively.

Total liabilities of Wuxi Subang Management Consulting Co. Limited was approximately HK$1,404,311 as at 31 December 2014. The total liabilities as at 30 April 2015 of approximately HK$518,103 are other payables and accruals.

The net assets of Wuxi Subang Management Consulting Co. Limited were approximately HK$748,746 and HK$3,722,634 as at 31 December 2014 and 30 April 2015 respectively. The gearing ratios, which were computed by dividing the borrowings (net of bank balances and cash) by total capital, were approximately 51.0% and (67.1%) for the relevant periods.

Charge on assets

At as 31 December 2012, 2013, and 2014 and 30 April 2015, Wuxi Subang Management Consulting Co. Limited had no charge on assets.

Significant investments, material acquisitions and disposals of subsidiaries

During the periods under review, there was neither significant material acquisition, nor material acquisition, nor disposal of subsidiaries by Wuxi Subang Management Consulting Co. Limited.

Contingent liabilities and capital commitment

During the periods under review, Wuxi Subang Management Consulting Co. Limited had no significant contingent liabilities and capital commitment.

Foreign exchange exposures

Wuxi Subang Management Consulting Co. Limited has a net exchange exposure to RMB as its assets are principally located in the PRC.

Wuxi Subang Management Consulting Co. Limited manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner.

Employees and remuneration policies

During the periods under review, Wuxi Subang Management Consulting Co. Limited had 0, 0, 99 and 88 employees as at 31 December 2012, 2013 and 2014 and 30 April 2015 respectively. Wuxi Subang Management Consulting Co. Limited reviews 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.

Dividend

During the periods under review, Wuxi Subang Management Consulting Co. Limited did not declare or pay any dividend.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma financial information ("Unaudited Pro Forma Financial Information") has been prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Acquisition.

Pursuant to the Sale and Purchase Agreement, the Vendor has undertaken to procure the completion of the acquisitions of the entire equity interests in Kunming Subang Enterprise Management Co. Limited ("Kunming Subang"), Shenzhen Subang Management Consulting Co. Limited ("Shenzhen Subang") and Wuxi Subang Management Consulting Co. Limited ("Wuxi Subang") by the Target Group prior to Completion, the effects of these acquisitions are taken in the preparation of the Unaudited Pro Forma Financial Information.

The pro forma consolidated statement of financial position of the Enlarged Group is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2015 as extracted from the published 2015 interim report of the Company and the audited consolidated statements of financial position of each of the Target Group, Kunming Subang, Shenzhen Subang and Wuxi Subang as at 30 April 2015 as extracted from the accountants' reports set out in Appendix II to this Circular, after making pro forma adjustments resulting from the Acquisition, as if the Acquisition had been completed on 30 June 2015. The pro forma consolidated statement of profit or loss and other comprehensive income and the pro forma consolidated statement of cash flows of the Enlarged Group are prepared based on (i) the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2014 as extracted from the published 2014 annual report of the Company; and (ii) the audited consolidated statements of profit or loss and other comprehensive income and the audited consolidated statements of cash flows of the Target Group for the year ended 31 December 2014 and of Kunming Subang, Shenzhen Subang and Wuxi Subang for the period from their respective dates of establishment to 31 December 2014, as extracted from the accountants' reports as set out in Appendix II to this Circular, after making pro forma adjustments relating to the Acquisition, as if the Acquisition had been completed on 1 January 2014. The Unaudited Pro Forma Financial Information is prepared by the Directors for illustrative purpose only and is based on a number of assumptions, estimates and uncertainties. Accordingly, because of its nature, it does not purport to predict what the results or cash flows of the Enlarged Group will be after the Acquisition or the financial position that will be attained upon completion of the Acquisition.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the 2014 annual report and the 2015 interim report of the Company and other financial information included elsewhere in this Circular.

I. Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group

	The Group at 30 June 2015 HK$'000 (Unaudited)	The Target Group at 30 April 2015 HK$'000 (Audited)	Kunming Subang at 30 April 2015 HK$'000 (Audited)	Shenzhen Subang at 30 April 2015 HK$'000 (Audited)	Wuxi Subang at 30 April 2015 HK$'000 (Audited)	Sub-total HK$'000	Pro forma adjustments HK$'000	*Notes*	The Enlarged Group HK$'000 (Pro forma adjusted)
Non-current Assets									
Property, plant and equipment	514	14,464	2,441	2,041	980	20,440			20,440
Goodwill	220,000	—	—	—	—	220,000	2,487,307	*2&3*	2,707,307
Investments in subsidiaries	—	—	—	—	—	—	2,586,268	*1*	—
							(2,586,268)	*3*	
Intangible asset	1,194	—	—	—	—	1,194			1,194
Deposit for acquisition of logging concession	236	—	—	—	—	236			236
Available-for-sale financial assets	2,218,237	—	—	—	—	2,218,237			2,218,237
	2,440,181	14,464	2,441	2,041	980	2,460,107			4,947,414
Current Assets									
Loan and interest receivables	403,180	—	—	—	—	403,180			403,180
Trade and other receivables	27,645	116,758	1,425	1,050	761	147,639	12,674	*2b*	158,862
							(1,451)	*4*	
Amounts due from subsidiaries	—	—	—	—	—	—	24,361	*1*	—
							(24,361)	*5*	
Bank balances and cash	75,220	12,988	378	4,095	2,500	95,181	(13,701)	*1(b)*	81,480
	506,045	129,746	1,803	5,145	3,261	646,000			643,522
Current Liabilities									
Trade payables	—	2,127	—	—	—	2,127	(1,451)	*4*	676
Other payables and accruals	981	17,158	3,673	835	518	23,165	2,937	*6*	26,102
Amount due to a shareholder	—	24,361	—	—	—	24,361	(24,361)	*5*	—
Tax payable	8,830	21,242	—	—	—	30,072			30,072
	9,811	64,888	3,673	835	518	79,725			56,850
Net Current Assets/(Liabilities)	496,234	64,858	(1,870)	4,310	2,743	566,275			586,672
	2,936,415	79,322	571	6,351	3,723	3,026,382			5,534,086
Capital and Reserves									
Share capital	2,782	8	7,569	12,604	7,564	30,527	(27,745)	*3*	2,782
Share premium	721,226	—	—	—	—	721,226			721,226
Available-for-sale financial assets revaluation reserve	1,997,241	—	—	—	—	1,997,241			1,997,241
Statutory reserve	—	221	—	—	—	221	(221)	*3*	—
Share-based payment reserve	1,367	—	—	—	—	1,367			1,367
Convertible notes reserve	—	—	—	—	—	—	2,596,928	*1(a)*	2,596,928
Contributed surplus	277,102	—	—	—	—	277,102			277,102
Translation reserve	379	402	10	24	13	828	(449)	*3*	379
Other reserve	—	48,544	—	—	—	48,544	(48,544)	*3*	—
(Accumulated losses)/retained profits	(63,834)	30,147	(7,008)	(6,277)	(3,854)	(50,826)	(2,937)	*6*	(66,771)
							(13,008)	*3*	
Equity attributable to owners of the Company	2,936,263	79,322	571	6,351	3,723	3,026,230			5,530,254
Non-controlling interests	152	—	—	—	—	152	3,680	*3*	3,832
	2,936,415	79,322	571	6,351	3,723	3,026,382			5,534,086

II. Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group

	The Group For the year ended 31 December 2014 HK$'000 (Audited)	The Target Group For the year ended 31 December 2014 HK$'000 (Audited)	Kunming Subang 10 June 2014 (date of establishment) to 31 December 2014 HK$'000 (Audited)	Shenzhen Subang 21 July 2014 (date of establishment) to 31 December 2014 HK$'000 (Audited)	Wuxi Subang 1 August 2014 (date of establishment) to 31 December 2014 HK$'000 (Audited)	Sub-total HK$'000	Pro forma adjustments HK$'000	Notes	The Enlarged Group HK$'000 (Pro forma adjusted)
Revenue	65,165	136,660	1,434	893	605	204,757	(2,932)	7	201,825
Cost of sales	(1,857)	(5,022)	(3)	(2)	(1)	(6,885)	2,932	7	(3,953)
Gross profit	63,308	131,638	1,431	891	604	197,872			197,872
Other income and gains	19,403	158	1	1	—	19,563			19,563
Reversal of impairment loss on loan and interest receivables	8,076	—	—	—	—	8,076			8,076
Impairment loss recognised in respect of goodwill	(67,019)	—	—	—	—	(67,019)			(67,019)
Impairment loss recognised in respect of trade receivables	(60)	—	—	—	—	(60)			(60)
Impairment loss recognised in respect of available-for-sale financial assets	(14,523)	—	—	—	—	(14,523)			(14,523)
Gain on disposal of available-for-sale financial assets	3,430	—	—	—	—	3,430			3,430
Exchange losses	—	(126)	—	—	—	(126)			(126)
Selling and distribution costs	—	(58,002)	(2,610)	(1,905)	(1,390)	(63,907)			(63,907)
Administrative expenses	(32,637)	(53,754)	(3,061)	(2,324)	(1,365)	(93,141)			(93,141)
(Loss)/profit before tax	(20,022)	19,914	(4,239)	(3,337)	(2,151)	(9,835)			(9,835)
Income tax expense	(6,899)	(8,894)	—	—	—	(15,793)			(15,793)
(Loss)/profit for the year/period	(26,921)	11,020	(4,239)	(3,337)	(2,151)	(25,628)			(25,628)
(Loss)/profit for the year/period attributable to:									
Owners of the Company	(26,008)	11,020	(4,239)	(3,337)	(2,151)	(24,715)	(52)	8	(24,767)
Non-controlling interests	(913)	—	—	—	—	(913)	52	8	(861)
	(26,921)	11,020	(4,239)	(3,337)	(2,151)	(25,628)			(25,628)
(Loss)/profit for the year/period	(26,921)	11,020	(4,239)	(3,337)	(2,151)	(25,628)			(25,628)
Other comprehensive income/(expense)									
Items that may be subsequently reclassified to profit or loss									
Available-for-sale financial assets									
— Change in fair value	531,502	—	—	—	—	531,502			531,502
— Reclassification adjustment upon impairment	14,523	—	—	—	—	14,523			14,523
Exchange difference arising on translation	1,277	60	(8)	(4)	(5)	1,320			1,320
Total comprehensive income/(expense) for the year/period	520,381	11,080	(4,247)	(3,341)	(2,156)	521,717			521,717
Total comprehensive income/(expense) for the year/period attributable to:									
Owners of the Company	520,400	11,080	(4,247)	(3,341)	(2,156)	521,736	(53)	9	521,683
Non-controlling interests	(19)	—	—	—	—	(19)	53	9	34
	520,381	11,080	(4,247)	(3,341)	(2,156)	521,717			521,717

III. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group

	The Group For the year ended 31 December 2014 HK$'000 (Audited)	The Target Group For the year ended 31 December 2014 HK$'000 (Audited)	Kunming Subang 10 June 2014 (date of establishment) to 31 December 2014 HK$'000 (Audited)	Shenzhen Subang 21 July 2014 (date of establishment) to 31 December 2014 HK$'000 (Audited)	Wuxi Subang 1 August 2014 (date of establishment) to 31 December 2014 HK$'000 (Audited)	Sub-total HK$'000	Pro forma adjustments HK$'000	*Notes*	The Enlarged Group HK$'000 (Pro forma adjusted)
Operating activities									
(Loss)/profit before tax	(20,022)	19,914	(4,239)	(3,337)	(2,151)	(9,835)			(9,835)
Adjustments for:									
Bank interest income	(2)	(69)	(1)	(1)	—	(73)			(73)
Dividend income	(19,397)	—	—	—	—	(19,397)			(19,397)
Finance costs	926	—	—	—	—	926			926
Depreciation of property, plant and equipment	932	3,387	121	39	72	4,551			4,551
Reversal of impairment loss on loan and interest receivables	(8,076)	—	—	—	—	(8,076)			(8,076)
Impairment loss recognised in respect of goodwill	67,019	—	—	—	—	67,019			67,019
Impairment loss recognised in respect of trade receivables	60	—	—	—	—	60			60
Impairment loss recognised in respect of available-for-sale financial assets	14,523	—	—	—	—	14,523			14,523
Gain on disposal of available-for-sale financial assets	(3,430)	—	—	—	—	(3,430)			(3,430)
Exchange losses/(gains)	—	170	(8)	(5)	(5)	152			152
Operating cash flows before movements in working capital	32,533	23,402	(4,127)	(3,304)	(2,084)	46,420			46,420
Increase in loan and interest receivables	(161,078)	—	—	—	—	(161,078)			(161,078)
Decrease/(increase) in trade and other receivables	1,665	(62,919)	(1,804)	(2,636)	(792)	(66,486)	13,025	*10*	(53,461)
Increase in trade payables	—	1,762	—	—	—	1,762			1,762
Increase in other payables and accruals and interest payable	2,267	18,012	3,405	1,117	668	25,469			25,469
Increase in amount due to a shareholder	—	11,660	630	—	735	13,025	(13,025)	*10*	—
Cash used in operations	(124,613)	(8,083)	(1,896)	(4,823)	(1,473)	(140,888)			(140,888)
Income tax paid	(939)	(665)	—	—		(1,604)			(1,604)
Net cash used in operating activities	(125,552)	(8,748)	(1,896)	(4,823)	(1,473)	(142,492)			(142,492)

	The Group For the year ended 31 December 2014 HK$'000 (Audited)	The Target Group For the year ended 31 December 2014 HK$'000 (Audited)	Kunming Subang 10 June 2014 (date of establishment) to 31 December 2014 HK$'000 (Audited)	Shenzhen Subang 21 July 2014 (date of establishment) to 31 December 2014 HK$'000 (Audited)	Wuxi Subang 1 August 2014 (date of establishment) to 31 December 2014 HK$'000 (Audited)	Sub-total HK$'000	Pro forma adjustments HK$'000	Notes	The Enlarged Group HK$'000 (Pro forma adjusted)
Investing activities									
Proceeds from disposal of available-for-sale financial assets	15,606	—	—	—	—	15,606			15,606
Dividend received	9,413	—	—	—	—	9,413			9,413
Interest received from convertible instruments designated as financial asset at fair value through profit or loss	537	—	—	—	—	537			537
Bank interest received	2	69	1	1	—	73			73
Purchase of available-for-sale financial assets	(14,012)	—	—	—	—	(14,012)			(14,012)
Acquisition of assets through acquisition of a subsidiary	(1,194)	—	—	—	—	(1,194)			(1,194)
Acquisition of property, plant and equipment	(65)	(13,532)	(2,763)	(757)	(1,146)	(18,263)			(18,263)
Net cash generated from/ (used in) investing activities	10,287	(13,463)	(2,762)	(756)	(1,146)	(7,840)			(7,840)
Financing activities									
Capital contributed	—	25,128	4,799	6,056	2,905	38,888	(13,760)	*11*	25,128
Repayment of borrowings	(65,000)	—	—	—	—	(65,000)			(65,000)
Interest paid	(2,056)	—	—	—	—	(2,056)			(2,056)
Net cash (used in)/generated from financing activities	(67,056)	25,128	4,799	6,056	2,905	(28,168)			(41,928)
Net (decrease)/increase in cash and cash equivalents	(182,321)	2,917	141	477	286	(178,500)			(192,260)
Cash and cash equivalents at beginning of the period/year	248,757	11,970	—	—	—	260,727			260,727
Effect of foreign exchange rate changes	1,298	(72)	—	—	—	1,226			1,226
Cash and cash equivalents at end of the period/year, represented by bank balances and cash	67,734	14,815	141	477	286	83,453			69,693

Notes:

1. The adjustment reflects the recognition of investments in subsidiaries:

	HK$'000
Consideration for the Acquisition *(Note a)*	2,596,928
Less: consideration attributable to Sale Loans	(24,361)
Consideration attributable to Sale Shares	2,572,567
Consideration for the acquisitions of Kunming Subang, Shenzhen Subang and Wuxi Subang *(Note b)*	13,701
Investments in subsidiaries	2,586,268

Notes:

a. The Consideration for the Acquisition shall be satisfied by way issue of non-redeemable Convertible Notes in the principal amount of HK$2,400 million. The Convertible Notes are convertible into 1,200 million shares at the conversion price of HK$0.2 per Conversion Shares.

The Convertible Notes to be issued for the Acquisition contain conversion option. For the purpose of this unaudited pro forma statement of financial position of the Enlarged Group, the Directors have determined the fair value of the Convertible Notes to be HK$2,596,928,000 by reference to the valuation as at 30 June 2015 carried out by BMI Appraisals Limited, the independent valuer, analysed below:

	HK$'000
Fair value at 30 June 2015	
— Equity component (conversion option)	2,596,928
Fair value of the Convertible Notes at 30 June 2015	2,596,928

The equity component is classified as reserves of the Enlarged Group.

Pursuant to the Sale and Purchase Agreement, subject to Completion, the Vendor irrevocably and unconditionally guarantees to the Company that the audited consolidated profit before tax of the Target Group (excluding any extraordinary items) for each of the years ending 31 December 2015 and 31 December 2016 shall not be less than HK$100,000,000 and HK$350,000,000 (the "Guaranteed Profit") respectively. If the aggregate actual audited consolidated profit before tax of the Target Group for these two years are less than the Guaranteed Profit, the consideration for the Acquisition shall be reduced according to the formula as stipulated in the Agreement. Based on the valuation of the business of the Target Group, using the income based approach method, as stated in Note 2d, the Directors consider that the consolidated profit before tax of the Target Group for each of the years ending 31 December 2015 and 31 December 2016 in estimated to be not less than the Guaranteed Profit, accordingly the fair value of the guarantee given by the Vendor is minimal and is not taken in the preparation of the Unaudited Pro Forma Financial Information.

On completion of the Acquisition, the fair value of the respective components of the Convertible Notes and the profit guarantee given by the Vendor as at the date of completion will have to be determined by the Directors and the respective fair values may be different from the estimated amounts as shown above.

b. Pursuant to the Sale and Purchase Agreement, the Vendor has undertaken to procure the completion of the acquisitions of the entire equity interests in Kunming Subang, Shenzhen Subang and Wuxi Subang by the Target Group prior to Completion.

Subsequent to 30 April 2015, the Target Group completed the acquisitions of the entire equity interests in Kunming Subang, Shenzhen Subang and Wuxi Subang for an aggregate cash consideration of HK$13,701,000. For the purpose of the unaudited pro forma consolidated statement of financial position of the Enlarged Group, it is assumed that these acquisitions had been completed on 30 June 2015 and the consideration for the acquisitions had been settled in cash.

2. Upon completion of the Acquisition, the Target Company and its subsidiaries will become subsidiaries of the Company. The identifiable assets and liabilities of the Target Group acquired by the Group will be accounted for in the consolidated financial statements of the Enlarged Group at fair value under the purchase method of accounting in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" issued by Hong Kong Institute of Certified Public Accountants.

The excess amount of the Consideration over the Group's share of the fair value of the net identifiable assets of the Target Group, Kunming Subang, Shenzhen Subang and Wuxi Subang is recognised as a goodwill.

The goodwill arising from the Acquisition is calculated as follows:

		HK$'000
Fair value of the consideration *(Note 1a)*		2,596,928
Less: Fair value of identified assets acquired and liabilities assumed of the Target Group as at 30 April 2015 *(Note a)*	79,322	
Receivable from the Previous Vendor *(Note b)*	12,674	
	91,996	
Sale Loans as at 30 April 2015	24,361	(116,357)
Add: Amount attributable to non-controlling interest of the Target Company (4% of HK$91,996,000)		3,680
		2,484,251
Add: Goodwill arising from acquisition of Kunming Subang, Shenzhen Subang and Wuxi Subang *(Note c)*		3,056
Goodwill arising from the Acquisition		2,487,307

Notes:

a. For the purpose of the Unaudited Pro Forma Financial Information, the Directors has estimated that the fair value of the identifiable assets and liabilities of the Target Group at 30 April 2015, are approximately their respective carrying amounts at that date as shown in the Accountant's Report.

b. On 2 March 2015, the Previous Vendor and the Vendor entered into an agreement relating to the sale and purchase of 96% issued share capital of the Target Company and the loans due from the Target Company and its subsidiary, Century Fine, to the Previous Vendor. Under the agreement, the Previous Vendor has undertaken that the paid-in capital of Beijing Huiju Management shall not be less than RMB50,000,000, of which RMB40,000,000 and RMB10,000,000 were contributed by the Registered Shareholder up to 30 April 2015 and subsequent to that date respectively. For the purpose of the unaudited pro forma consolidated statement of position of the Enlarged Group, receivable from the Previous Vendor amounted to RMB10,000,000 (equivalent to HK$12,674,000) is recognised to reflect the obligations of the Previous Vendor to make capital contribution to Beijing Huiju Management as at 30 April 2015.

c. The goodwill arising from the acquisitions of Kunming Subang, Shenzhen Subang and Wuxi Subang is calculated as follows:

		HK$'000
Fair value of consideration for the acquisition of Kunming Subang, Shenzhen Subang and Wuxi Subang *(Note 1b)*		13,701
Less: Fair value of identifiable assets and liabilities assumed as at 30 April 2015		
— Kunming Subang	571	
— Shenzhen Subang	6,351	
— Wuxi Subang	3,723	
		(10,645)
Goodwill arising from acquisition of Kunming Subang, Shenzhen Subang and Wuxi Subang		3,056

For the purpose of the Unaudited Pro Forma Financial Information, the Directors has estimated that the fair value of the identifiable assets and liabilities of Kuming Subang, Shenzhen Subang and Wuxi Subang at 30 April 2015 are approximately their respective carrying amounts at that date as shown in the Accountant's Reports.

d. The Directors have reviewed the carrying value of goodwill of the Enlarged Group in accordance with HKAS 36 "Impairment of Assets" issued by the HKICPA. An impairment test involves the determination of the recoverable amount of the cash-generating unit to which the goodwill has been allocated. The recoverable amount of the cash-generating unit, to which the goodwill has been allocated, is determined based on the fair value of the business undertaken by the Target Group which is estimated to be approximately HK$2,868 million, with reference to the valuation of the business which is carried out by BMI Appraisals Limited, the independent valuer on the basis of the value in use calculation. Based on the valuation using the income based approach method, the Directors concluded that there would be no impairment in respect of the goodwill, as if the Acquisition had been completed on 30 June 2015. As mentioned above, the business valuation is only produced at the request for the purpose of assessment of impairment of goodwill in accordance with the relevant accounting standards. For the purpose of the Acquisition, valuation has not been performed and the basis of consideration is solely based on the factors as set out in the paragraph headed "Basis for the Consideration" in the section of Letter from the Board. Accordingly, no details of the valuation has been set out in this circular.

The goodwill is tested for impairment at least annually or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable in accordance with the accounting policies of the Enlarged Group and the requirements of HKAS 36. The results of the Enlarged Group may be affected by impairment loss whenever the recoverable amount is lower than its carrying amount.

e. The fair value of other assets and liabilities are assumed to be approximately to that of carrying amounts as of the completion date of the Acquisition.

3. The adjustment reflects the consolidation entries for eliminations of the investments in the Target Group, Kunming Subang, Shenzhen Subang and Wuxi Subang and their share capital and pre-acquisition reserves, analysed as follows:

	HK$'000
Investments in subsidiaries *(Note 1)*	2,586,268
Share capital and pre-acquisition reserves of the Target Group, Kunming Subang, Shenzhen Subang and Wuxi Subang *(Note below)*	89,967
Contribution to paid-in capital of Beijing Huiji Management undertaken by the Previous Vendor *(Note 2b)*	12,674
Less: amount attributable to non-controlling interest of the Target Company	(3,680)
	98,961
Goodwill arising from the Acquisition	2,487,307

Note: An analysis of the share capital and pre-acquisition reserves of the Target Group, Kunming Subang, Shenzhen Subang and Wuxi Subang is shown below:

	Target Group	**Kunming Subang**	**Shenzhen Subang**	**Wuxi Subang**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Share capital	8	7,569	12,604	7,564	27,745
Pre-acquisition reserves					
— Statutory reserve	221	—	—	—	221
— Translation reserve	402	10	24	13	449
— Other reserves	48,544	—	—	—	48,544
— (Accumulated losses)/ retained profits	30,147	(7,008)	(6,277)	(3,854)	13,008
Share capital and pre-acquisition reserves	79,322	571	6,351	3,723	89,967

4. The adjustment reflects the consolidation entries for elimination of accounts balances totalled HK$1,451,000 due by the Target Group to Kunming Subang, Shenzhen Subang and Wuxi Subang amounted to HK$844,000, HK$338,000 and HK$269,000 respectively.

5. The adjustment reflects the consolidation entry for elimination of the amounts due from subsidiaries (i.e. the Sale Loans) and the amount due to a shareholder.

6. The adjustment reflects the recognition of transactions costs (including but not limited to legal and professional fees) directly attributable to the Acquisition which are estimated to be HK$2,937,000 by the Directors.

7. The adjustment reflects the consolidation entries for elimination of revenue totalled HK$2,932,000 derived by Kunming Subang, Shenzhen Subang and Wuxi Subang amounted to HK$1,434,000, HK$893,000 and HK$605,000 respectively from the Target Group.

8. The adjustment reflects the results of the Target Group, Kunming Subang, Shenzhen Subang and Wuxi Subang attributable to the non-controlling interest of the Target Company.

9. The adjustment reflects the comprehensive income/expense of the Target Group, Kunming Subang, Shenzhen Subang and Wuxi Subang attributable to the non-controlling interest of the Target Company.

10. The adjustment reflects the elimination of increase in amount due to a shareholder and the corresponding increase in receivables.

11. The adjustments reflects the elimination of paid-in capital of Kunming Subang, Shenzhen Subang and Wuxi Subang amounted to HK$4,799,000, HK$6,056,000 and HK$2,905,000 respectively which are assumed to have been contributed to the respective companies at the beginning of the year on 1 January 2014.

12. The Directors are of the opinion that the adjustments in respect of the pro forma consolidated statement of the profit or loss and other comprehensive income were derived from the transactions that were conducted under the normal course of business and are expected to have a continuing effect on the Company.

B. REPORT ON UNAUDITED PRO FORMA STATEMENT OF THE ENLARGED GROUP

The following is the text of a report received from the reporting accountant, CCTH CPA Limited, Certified Public Accountants, Hong Kong, for the inclusion in this Circular, in respect of the unaudited pro forma information of the Enlarged Group as set out in this Appendix.

CCTH CPA LIMITED
中正天恆會計師有限公司

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

TO THE DIRECTORS OF PACIFIC PLYWOOD HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Pacific Plywood Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2015, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2014 and related notes set out in section A of Appendix III of the Company's circular dated 29 September 2015 (the "Circular") in connection with the acquisition of the 96% of entire issued share capital of Katar Global Limited (the "Target Company") by the Company and the sale of the loans owing to the vendors by the Target Company and Century Fine Limited (the "Acquisition"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in section A of Appendix III of the Circular.

The unaudited pro forma financial information has been complied by the Directors to illustrative the impact of the Acquisition on the Group's financial position as at 30 June 2015 and the Group's financial performance and cash flows for the year ended 31 December 2014 as if the transaction had taken place at 30 June 2015 and 1 January 2014 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the directors of the Company from the Group's financial statements for the year ended 31 December 2014, on which an audit report has been published, and the Group's interim report for the six months ended 30 June 2015, on which no audit or review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have complied the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of the unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2015 or 1 January 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

— the related unaudited pro forma adjustments give appropriate effect to those criteria; and

— the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly complied on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

CCTH CPA Limited
Certified Public Accountants
Hong Kong
29 September 2015

Lee Tak Fai, Thomas
Practising Certificate Number P06077
Unit 5–6, 7/F., Greenfield Tower, Concordia Plaza
1 Science Museum Road, Tsim Sha Tsui,
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Enlarged Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following the Completion were and are expected to be as follows:

As at the Latest Practicable Date

		HK$
Authorised share capital:		
400,000,000,000	Shares	400,000,000.00
Issued and fully paid:		
2,782,102,650	Shares	2,782,102.65

Immediately after full conversion of the Convertible Notes (for illustration purpose)

		HK$
Authorised share capital:		
400,000,000,000	Shares	400,000,000.00
Issued and fully paid:		
2,782,102,650	Shares	2,782,102.65
12,000,000,000	Conversion Shares to be issued upon the exercise of the Convertible Notes in full	12,000,000.00
Total:		
14,782,102,650	Shares	14,782,102.65

All of the Shares in issue and to be issued rank and will rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and return of capital. The Shares and the Conversion Shares in issue and to be issued are or will be listed on the Stock Exchange.

3. DISCLOSURE OF INTEREST

(a) Interests of the Directors and the chief executive of the Company

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the existing Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Interests of the substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following person had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group:

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

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

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors nor proposed Directors had any existing or proposed service contracts with any member of the Enlarged Group which will not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN THE ENLARGED GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE ENLARGED GROUP

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2014 (being the date to which the latest published audited financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group. So far as the Directors are aware, there was no contract or arrangement subsisting at the Latest Practicable Date, in which any of the Directors were materially interested and which was significant to the business of the Enlarged Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business which competes or may compete with the businesses of the Enlarged Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling Shareholder of the Company).

7. QUALIFICATIONS AND CONSENTS OF EXPERTS

The followings are the qualifications of the experts who have given opinion or advice which are contained in this circular:

Name	Qualification
Gram Capital Limited	A licensed corporation permitted to carry out type 6 (advising on corporate finance) regulated activity under the SFO
競天公誠律師事務所 (JINGTIAN & GONGCHENG#)	Practicing lawyers in the PRC
CCTH CPA Limited	Certified public accountants

As at the Latest Practicable Date, each of the above experts had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name or opinion in the form and context in which it appears.

As at the Latest Practicable Date, each of above experts was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, either directly or indirectly, in the assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts in the ordinary course of business of the Enlarged Group) had been entered into by the Enlarged Group within two years immediately preceding the date of this circular which are or may be material:

(a) the Sale and Purchase Agreement;

(b) the Structured Contracts; and

(c) the underwriting agreement dated 19 August 2013 entered into between the Company, and Kingston Securities Limited as underwriter in relation to the rights issue of two rights shares for every one existing shares held on the record date of 15 October 2013 with bonus issue on the basis of one bonus share for every one rights share taken up under the rights issue to raise net proceeds of approximately HK$193.85 million.

9. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

10. MISCELLANEOUS

(a) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and the principal office of the Company is situated at Units 3301–03, 33/F, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

(b) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(c) The company secretary of the Company is Ms. Zhang Tan Fung ("**Ms. Zhang**"). Ms. Zhang was appointed as the company secretary of the Company on 24 November 2014. She is a member of the Hong Kong Institute of Certified Public Accountants.

(d) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's head office and principal place of business in Hong Kong at Units 3301–03, 33/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this circular up to and including the date of the SGM:

(a) the Bye-laws of the Company;

(b) the letter from the Independent Board Committee as set out on pages 57 to 58 of this circular;

(c) the letter from Gram Capital as set out from pages 59 to 76 of this circular;

(d) the accountants' reports on the Target Group as set out in Appendices IIA and IIB to this circular;

(e) the report on unaudited pro forma financial information on the Enlarged Group as set out in Appendix III to this circular;

(f) the material contracts as referred to under the section headed "Material Contracts" in this appendix;

(g) the written consents from the experts as referred to under the section headed "Qualifications and Consents of Experts" in this appendix;

(h) The annual reports of the Company for each of the three years ended 31 December 2014, 2013, and 2012; and

(i) this circular.

PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 767)

NOTICE IS HEREBY GIVEN THAT the special general meeting (the "**SGM**") of Pacific Plywood Holdings Limited (the "**Company**") will be held at Units 3301–3303, 33/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong on Friday, 16 October 2015 at 10:30 a.m. to consider and, if thought fit, pass with or without amendments the following resolutions:

ORDINARY RESOLUTION

1. "**THAT**

(a) the conditional sale and purchase agreement dated 20 May 2015 (as supplemented by a supplemental agreement dated 10 July 2015) (the "**Agreement**") (a copy of which is produced to the SGM marked "A" and initialed by the Chairman of the SGM for the purpose of identification) entered into between the Company as purchaser, Allied Summit Inc. as vendor (the "**Vendor**") and Mr. Su Weibiao as guarantor in relation to the acquisition by the Company of 96% of the total issued shares of Katar Global Limited and all indebtedness, obligations and liabilities due, owing or incurred by Katar Global Limited and Century Fine Limited to the Vendor at a consideration of HK$2,400 million (the "**Acquisition**") upon the terms and subject to the conditions as set out in the Agreement and all the transactions contemplated thereunder, be and are hereby approved, ratified and confirmed;

(b) the board of directors of the Company (the "**Director(s)**") (the "**Board**") be and is hereby authorised to issue the zero coupon rate convertible notes (the "**Convertible Notes**") in the principal amount of HK$2,400 million upon the terms and subject to the conditions as set out in the Agreement to the Vendor (or its nominee(s)) for the purpose of satisfying the consideration for the Acquisition;

(c) the Board be and is hereby authorised to allot and issue new shares of the Company from time to time upon the exercise of the conversion rights attaching to the Convertible Notes (the "**Conversion Shares**"); and

* *For identification purposes only*

(d) any Director(s) be and is/are hereby authorised to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in or relating to the Agreement, the issue of the Convertible Notes and the issue and allotment of the Conversion Shares as he/they may consider necessary, desirable or expedient."

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

Hong Kong, 29 September 2015

Notes:

(1) Any shareholder of the Company (the "**Shareholder(s)**") entitled to attend and vote at the SGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder.

(2) The form of proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

(3) Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the SGM and in such event, the form of proxy shall be deemed to be revoked.

(4) Where there are joint Shareholders any one of such joint Shareholder may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint Shareholders be present at the SGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names stand in the register of shareholders of the Company in respect of the joint holding.

(5) The form of proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof at which the person named in the form of proxy proposes to vote or, in the case of a poll taken subsequently to the date of the SGM or any adjournment thereof, not less than 48 hours before the time appointed for the taking of the poll and in default the form of proxy shall not be treated as valid.