

THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in Pacific Plywood Holdings Limited, you should at once hand this Offer Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This Offer Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Offer Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offer Document and the accompanying Form of Acceptance.

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

(A Cayman Islands exempted limited partnership)

**OFFER DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL CASH OFFER BY**

 **KINGSTON SECURITIES**

FOR AND ON BEHALF OF

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

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



 **KINGSTON CORPORATE FINANCE**

Capitalised terms used on this cover shall have the same meanings as those defined in this Offer Document unless the content requires otherwise.

A letter from Kingston Securities containing, among other things, the details of the terms and conditions of the Offer is set out on pages 13 to 28 of this Offer Document.

The procedures for acceptance and settlement of the Offer are set out on pages I-1 to I-7 in Appendix I to this Offer Document and in the accompanying Form of Acceptance. Acceptances of the Offer must be received by the Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:00 p.m. on Friday, 6 October 2017, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

7 September 2017

CONTENTS

	<i>Pages</i>
Expected timetable	ii
Definitions	1
Letter from Kingston Securities	13
Appendix I - Further terms and procedures for acceptance of the Offer	I-1
Appendix II - General Information of the Offeror	II-1
Accompanying document - Form of Acceptance	

EXPECTED TIMETABLE

The expected timetable set out below is indicative and may be subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

2017

Despatch date of this Offer Document and
the accompanying Form of Acceptance and
the Offer open for acceptance (*Note 1*) Thursday, 7 September

Latest date for the posting of
the Response Document (*Note 2*) Thursday, 21 September

Closing Date (*Notes 3*) Friday, 6 October

Latest time and date for acceptance of
the Offer (*Notes 3 and 5*) by 4:00 p.m. on
Friday, 6 October

Announcement of the results of the Offer
to be published on the website of
the Stock Exchange and the Company (*Note 3*) by 7:00 p.m. on
Friday, 6 October

Latest date for posting of remittances in respect
of valid acceptances received under
the Offer (*Notes 4 and 5*) Tuesday, 17 October

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Offer Document, and is capable of acceptance on and from that date until the Closing Date. Acceptance of the Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the section headed "Right of Withdrawal" in Appendix I to this Offer Document.
2. In accordance with the Takeovers Code, the Company is required to post the Response Document within 14 days from the posting of the Offer Document, unless the Executive consents to a later date and the Offeror agrees to extend the closing date by the number of days in respect of which the delay in the posting of the Response Document is agreed.
3. In accordance with the Takeovers Code, where the Response Document is posted after the date on which the Offer Document is posted, the Offer must initially be opened for acceptance for at least 28 days following the date on which this Offer Document is posted. The latest time for acceptance is at 4:00 p.m. on Friday, 6 October 2017 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be published on the websites of the Stock Exchange and the Company by 7:00 p.m. on Friday, 6 October 2017 stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to the Shareholders who have not accepted the Offer.
4. Remittances in respect of the cash consideration payable for the Shares tendered under the Offer will be posted by ordinary post to the Shareholders, at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar from the Shareholders accepting the Offer of all documents to render the acceptance valid in accordance with the Takeovers Code.

EXPECTED TIMETABLE

5. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer, and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer, and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

Save as mentioned above, if the latest time for the acceptance of the Offer and posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

All times and dates in this Offer Document and the Form of Acceptance shall refer to Hong Kong local times and dates.

DEFINITIONS

In this Offer Document, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Allied Summit” or “CN Chargor”	Allied Summit Inc., a company incorporated in BVI with limited liability, which is a substantial shareholder of the Company and the CN Holder as at the Latest Practicable Date
“Amended and Restated Convertible Notes”	the amended and restated Convertible Notes in the aggregate outstanding principal amount of HK\$2,182,400,000 pursuant to the CN Modification Deed
“Amended and Restated Sale and Purchase Agreement”	the Sale and Purchase Agreement as amended by the Amendment and Restatement Agreement
“Amendment and Restatement Agreement”	the amendment and restatement agreement dated 7 June 2017 entered into among the Shares Vendor, the Offeror, the Previous Guarantor and the Guarantor to vary and restate the Sale and Purchase Agreement and to vary certain terms and conditions of the Sale and Purchase Agreement
“associate”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day(s) on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“Closing Date”	6 October 2017, the closing date of the Offer, which is 28 days after the date on which this Offer Document is posted, or if the Offer is extended, any subsequent closing date of the Offer as extended and announced by the Offeror in accordance with the Takeovers Code

DEFINITIONS

“CN Holder(s)”	holder(s) of the Convertible Notes or the Amended and Restated Convertible Notes
“CN Modification Deed”	the modification deed dated 27 August 2016 entered into between the Company and the CN Holder in relation to the Proposed CN Amendments (as amended and supplemented by the Supplemental CN Modification Deed and the Second Supplemental CN Modification Deed)
“CN Transfer”	the sale and purchase of the Convertible Notes (if applicable, as amended by the CN Modification Deed) in accordance to the CN Transfer Agreement
“CN Transfer Agreement”	the conditional sale and purchase agreement dated 27 August 2016 (as amended and supplemented by the Supplemental CN Transfer Agreement and the Second Supplemental CN Transfer Agreement) entered into among the Shares Vendor, Previous CN Chargor and the Previous Guarantor in relation to the sale and purchase of the Convertible Notes (if applicable, as amended by the CN Modification Deed)
“Company”	Pacific Plywood Holdings Limited (Stock Code: 767), a company incorporated in Bermuda and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion Accounts”	combined statements of (i) financial position of the Group; (ii) the net asset value of the Group based on the audited financial statements of the Group; and (iii) cash and bank balances of the Group as at date of Sale and Purchase Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Convertible Notes”	the convertible note or notes in the aggregate outstanding principal amount of HK\$2,182,400,000 due in 2020 issued by the Company on 20 October 2015, including for the avoidance of doubt, such Convertible Notes as amended, modified or supplemented from time to time (including the amendments pursuant to the Proposed CN Amendments) and any extension thereof

DEFINITIONS

“Deed of CN Transfer Termination”	the deed of termination dated 31 March 2017 entered into among, the Shares Vendor, the Previous CN Chargor and the Previous Guarantor in relation to the termination of the CN Transfer Agreement (as amended and supplemented by the Supplemental CN Transfer Agreement and the Second Supplemental CN Transfer Agreement)
“Deed of Listed Shares Disposal Termination”	the deed of termination dated 31 March 2017 entered into among, the Company and the Listed Shares Disposal Purchaser in relation to the termination of the Listed Shares Disposal Agreement (as amended and supplemented by the Supplemental Listed Shares Disposal Agreement)
“Director(s)”	the director(s) of the Company
“Draft Law”	the draft Foreign Investment Law published by the Ministry of Commerce of the PRC
“Encumbrances”	any pledge, charge, lien (otherwise than arising by statute or operation of law), option, other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale and purchase, sale-and-leaseback arrangement over or in any property, assets or rights of whatsoever nature or interest or any agreement for any of the same
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Extension Announcements”	the announcements dated 30 December 2016 and 30 June 2017 jointly issued by the Company and the Offeror in relation to the extension of the long stop dates for the Sale and Purchase Agreement, the Listed Shares Disposal Agreement, the CN Transfer Agreement and the CN Modification Deed
“Fifth Joint Announcement”	the announcement dated 1 June 2017 jointly issued by the Company and the Offeror in relation to the update on the Amended and Restated Sale and Purchase Agreement

DEFINITIONS

“First Joint Announcement”	the announcement dated 5 October 2016 jointly issued by the Company and the Offeror in respect of, amongst others, the Sale and Purchase Agreement, the Previous Special Deals and the Offer
“Form of Acceptance”	the accompanying form of acceptance in respect of the Offer
“Former Limited Partner”	the former limited partner of the Offeror
“Fourth Joint Announcement”	the announcement dated 31 March 2017 jointly issued by the Company and the Offeror in relation to (i) the extension of the long stop dates for the Sale and Purchase Agreement and the CN Modification Deed; and (ii) the Deed of CN Transfer Termination and the Deed of Listed Shares Disposal Termination
“General Partner”	Huarong International Capital Limited, a Cayman Islands exempted limited liability company, being the general partner of the Offeror
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICP”	internet content provider
“ICP OPCO”	the business and economic interests of the ICP licensee
“Independent Shareholder(s)”	the Shareholders other than (i) the Shares Vendors, CN Holder(s), the Guarantor, their associates and parties acting in concert with any of them; (ii) the Offeror and its ultimate beneficial owner, their respective associates and parties acting in concert with any of them; and (iii) those who are involved in or interested in the Amended and Restated Sale and Purchase Agreement, the Revised Special Deals and the New Business Model Proposal
“Initial Announcement”	the initial announcement of the Company dated 5 July 2016 pursuant to Rule 3.7 of the Takeovers Code on which the Offer Period commenced

DEFINITIONS

“IPIH”	Imperial Pacific International Holdings Limited (Stock Code: 1076), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“IPIH Sale Shares”	5,426,900,000 IPIH Shares and in case of consolidation or subdivision, the securities into which the IPIH Sale Shares have been consolidated or subdivided (subject to any share subdivision which may be announced by IPIH)
“IPIH Shares”	ordinary share(s) of IPIH of HK\$0.0005 each
“Joint Announcements”	the First Joint Announcement, the Second Joint Announcement, the Third Joint Announcement, the Extension Announcements, the Fourth Joint Announcement, the Update Announcement, the Fifth Joint Announcement and the Sixth Joint Announcement
“Joy Wealth Finance”	Joy Wealth Finance Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of the Company
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being one of the joint financial advisers to the Offeror in respect of the Offer
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO
“KPM”	KPM Holding Limited (Stock Code: 8027), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“KPM Sale Shares”	29,600,000 KPM Shares and in case of consolidation or subdivision, the securities into which the KPM Sale Shares have been consolidated or subdivided
“KPM Shares”	ordinary share(s) of KPM of HK\$0.00125 each

DEFINITIONS

“Last Trading Day”	26 August 2016, being the last trading day immediately prior to suspension of trading in the Shares pending the release of the First Joint Announcement
“Latest Practicable Date”	5 September 2017, being the latest practicable date prior to the printing of this Offer Document for ascertaining certain information contained herein
“Lego Corporate Finance”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being one of the joint financial advisers to the Offeror in respect of the Offer
“Listed Sale Shares”	together, the IPIH Sale Shares and KPM Sale Shares
“Listed Shares Disposal”	the disposal of the Listed Sale Shares by the Company to Listed Shares Disposal Purchaser pursuant to the Listed Shares Disposal Agreement
“Listed Shares Disposal Agreement”	the conditional sale and purchase agreement dated 27 August 2016 (as amended and supplemented by the Supplemental Listed Shares Disposal Agreement) entered into between the Company as vendor and the Listed Shares Disposal Purchaser as purchaser in respect of the Listed Shares Disposal at an aggregate consideration of HK\$776,342,000
“Listed Shares Disposal Purchaser”	Allied Summit
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility Agreement”	the loan facility agreement entered into between Kingston Securities as lender and the Offeror as borrower dated 26 August 2016 (as supplemented by the supplemental loan agreement dated 24 September 2016) in relation to the loan facility granted by Kingston Securities for financing the Offer
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange

DEFINITIONS

“Mr. Ng”	Mr. Ng Kwok Fai, who as at the Latest Practicable Date (i) was the ultimate beneficial owner holding 20% of the issued share capital of Allied Summit, which was beneficially holding 580,659,755 Shares, representing approximately 15.0% of the entire issued share capital of the Company; and (ii) personally did not hold any Shares or other securities in the Company
“Mr. Su” or “Guarantor”	Mr. Su Weibiao, who as at the Latest Practicable Date (i) was the ultimate beneficial owner holding 80% of the issued share capital of Allied Summit, which was beneficially holding 580,659,755 Shares, representing approximately 15.0% of the entire issued share capital of the Company; and (ii) personally did not hold any Shares or other securities in the Company
“New Business Model Proposal”	collectively, the Revised Business Model and the termination of the irrevocable undertaking given by Mr. Su 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
“Offer”	the mandatory unconditional cash offer made by Kingston Securities for and on behalf of the Offeror, for all the issued Shares not already owned and/or agreed to be acquired by the Offeror in accordance with the Takeovers Code
“Offer Document”	this offer document issued by the Offeror, which sets out, among others, details of the Offer in accordance with the Takeovers Code
“Offer Period”	has the meaning ascribed to it under the Takeovers Code
“Offer Price”	the price at which the Offer will be made, being HK\$0.30 per Offer Share
“Offer Share(s)”	Share(s) not already owned or agreed to be acquired by the Offeror
“Offeror”	Huarong Financial Services Asset Management L.P., a Cayman Islands exempted limited partnership

DEFINITIONS

“Offeror’s Undertaking”	the irrevocable undertaking given by the Offeror to the Company that it shall, among others, maintain “control” of the Company as defined in and for the purpose of the Draft Law once it is effective
“Outstanding Receivables”	outstanding debt receivables and accrued interests of Joy Wealth Finance as at the Sale and Purchase Completion Date (including writing back or reversing any write-off or provisions of debt receivables during the period from 1 April 2016 up to the Sale and Purchase Completion Date) (both days inclusive)
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as stated in the register of members of the Company is or are outside Hong Kong
“PRC”	the People’s Republic of China which, for the purpose of this Offer Document, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Previous CN Chargor”	Triple Sino Limited (三華有限公司), a company incorporated in BVI with limited liability and is wholly-owned by the Previous Guarantor
“Previous Guarantor”	Mr. Ma Hongyi, an individual being the previous guarantor under the Sale and Purchase Agreement and CN Transfer Agreement
“Previous Special Deals”	the Listed Shares Disposal, the Proposed CN Amendments, the CN Transfer Agreement, and the Right of First Offer and such transactions entered into by the Company or as contemplated under the Sale and Purchase Agreement which constitute special deals for the Company under Rule 25 of the Takeovers Code
“Proposed CN Amendments”	the proposed amendment of certain terms and conditions of the outstanding Convertible Notes pursuant to the CN Modification Deed (as amended and supplemented by the Supplemental CN Modification Deed and the Second Supplemental CN Modification Deed)

DEFINITIONS

“Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the company, with its address at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Relevant Period”	the period commencing from 5 January 2016, being the date falling six months preceding the date of the Initial Announcement, and ending on the Latest Practicable Date
“Response Document”	the response document in respect of the Offer Document required to be issued by the Company to the Shareholders in accordance with the Takeovers Code
“Revised Business Model”	the revised Peer-to-Peer (“P2P”) online credit platform in the PRC business operation model of the Group after the entering into of, among others, the cooperation agreement, the revocation of the ICP license held by the Group and the unwinding of the certain structured contracts, details of which were set out in the Special Deals Circular
“Revised Convertible Notes Charge”	a first ranking security document to be entered into by the CN Chargor in favour of the Offeror in respect of the Convertible Notes (as amended by the CN Modification Deed) to secure the performance of the obligations of the Shares Vendor under the Amended and Restated Sale and Purchase Agreement, the CN Modification Deed, the Revised Share Charges and the tax deed which shall be subject to partial release on the date falling on the first (1st) anniversary of the date of Sale and Purchase Completion and every six (6) months after the date falling on the first (1st) anniversary of the date of Sale and Purchase Completion Date
“Revised Share Charges”	first ranking security documents in respect of the entire issued share capital of the CN Chargor to be granted in favour of the Offeror to secure, among others, the performance of the obligations of the Shares Vendor and the Guarantor under the Amended and Restated Sale and Purchase Agreement, the CN Modification Deed, the Revised Convertible Notes Charge and the tax deed

DEFINITIONS

“Revised Special Deals”	the Proposed CN Amendments and the Right of First Offer and such transactions entered into by the Company or as contemplated under the Amended and Restated Sale and Purchase Agreement which constitute special deals for the Company under Rule 25 of the Takeovers Code
“Right of First Offer”	the first right to transfer or dispose of all or part of the Amended and Restated Convertible Notes or any interests therein to any independent third party by the CN Chargor that the CN Chargor shall serve on the Offeror a notice in writing of its wish to do so and the Offeror may give notice in writing to the CN Chargor if it or its nominee intends to purchase the relevant Amended and Restated Convertible Notes based on the same terms
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 27 August 2016 (as amended and supplemented by the Supplemental Sale and Purchase Agreement and the Second Supplemental Sale and Purchase Agreement and amended and restated by the Amendment and Restatement Agreement) entered into among the Shares Vendor, the Offeror, the Guarantor and the Previous Guarantor in respect of the Sale Shares
“Sale and Purchase Completion”	the completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement, which took place on 31 August 2017
“Sale and Purchase Completion Date”	31 August 2017, being the date on which the Sale and Purchase Completion took place
“Sale and Purchase Conditions”	the conditions precedent to the Sale and Purchase Completion
“Sale Share(s)”	an aggregate of 2,128,560,000 Shares acquired by the Offeror from the Shares Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Second Joint Announcement”	the update announcement dated 18 October 2016 jointly issued by the Company and the Offeror in respect of the Previous Special Deals
“Second Supplemental CN Modification Deed”	the supplemental agreement dated 7 June 2017 entered into between the Company and the CN Holder in relation to the amendment of certain terms of the CN Modification Deed

DEFINITIONS

“Second Supplemental CN Transfer Agreement”	the second supplemental agreement dated 15 November 2016 entered into among the Shares Vendor, the Previous CN Chargor and the Previous Guarantor in relation to the amendment of certain terms of the CN Transfer Agreement
“Second Supplemental Sale and Purchase Agreement”	the second supplemental agreement dated 15 November 2016 entered into among Shares Vendor, the Offeror and the Previous Guarantor in relation to the amendment of certain terms of the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company convened on 27 July 2017 for the purpose of approving, among other things, the Revised Special Deals and the New Business Model Proposal and the transactions contemplated thereunder respectively
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shares Vendor”	Allied Summit, the vendor of the Sale Shares under the Sale and Purchase Agreement and a controlling shareholder of the Company immediately prior to the Sale and Purchase Completion
“Sixth Joint Announcement”	the announcement dated 7 June 2017 jointly issued by the Company and the Offeror in relation to the entering into of the Amended and Restated Sale and Purchase Agreement
“Special Deals Circular”	the circular dated 6 July 2017 issued by the Company in relation to, among other things, the Revised Special Deals and the New Business Model Proposal and transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Supplemental CN Modification Deed”	the supplemental agreement dated 4 October 2016 entered into between the Company and the CN Holder in relation to the amendment of certain terms of the CN Modification Deed
“Supplemental CN Transfer Agreement”	the supplemental agreement dated 4 October 2016 entered into among the Shares Vendor, the Previous CN Chargor and the Previous Guarantor in relation to the amendment of certain terms of the CN Transfer Agreement
“Supplemental Listed Shares Disposal Agreement”	the supplemental agreement dated 4 October 2016 entered into between the Company and the Listed Shares Disposal Purchaser in relation to the amendment of certain terms of the Listed Shares Disposal Agreement
“Supplemental Sale and Purchase Agreement”	the supplemental agreement dated 4 October 2016 entered into among the Shares Vendor, the Offeror and the Previous Guarantor in relation to the amendment of certain terms of the Sale and Purchase Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Third Joint Announcement”	the update announcement dated 15 November 2016 jointly issued by the Company and the Offeror in respect of the Second Supplemental Sale and Purchase Agreement and the Second Supplemental CN Transfer Agreement
“Trading Day”	a day when the Stock Exchange is open for trading in Hong Kong
“Undertakings”	the undertakings given by each of the Shares Vendor and Offeror under the Sale and Purchase Agreement as set out in the sub-section headed “The Undertakings” under the section headed “2. THE OFFER” in the “Letter from Kingston Securities”
“Update Announcement”	the update announcement dated 15 May 2017 jointly issued by the Company and the Offeror in respect of the Amended and Restated Sale and Purchase Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street, Central
Hong Kong

7 September 2017

To the Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
KINGSTON SECURITIES LIMITED
FOR AND ON BEHALF OF
HUARONG FINANCIAL SERVICES ASSET MANAGEMENT L.P.
TO ACQUIRE ALL ISSUED SHARES IN
PACIFIC PLYWOOD HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY
HUARONG FINANCIAL SERVICES ASSET MANAGEMENT L.P.)**

1. INTRODUCTION

References are made to the Initial Announcement, the Joint Announcements and the Special Deals Circular.

On 27 August 2016, the Shares Vendor, the Offeror and the Previous Guarantor entered into the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Sale and Purchase Agreement and the Second Supplemental Sale and Purchase Agreement, and amended and restated by the Amendment and Restatement Agreement entered into among the Shares Vendor, the Offeror, the Previous Guarantor and the Guarantor on 7 June 2017), pursuant to which the Offeror has conditionally agreed to purchase and the Shares Vendor has conditionally agreed to sell, the 2,128,560,000 Sale Shares, representing approximately 55.00% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement at an initial consideration of HK\$304,384,080 (equivalent to HK\$0.143 per Sale Share).

The Sale and Purchase Completion is conditional upon fulfilment (or, as appropriate, waiver by the Offeror) of the Sale and Purchase Conditions, which include, amongst others, the Revised Special Deals becoming unconditional (save for the condition requiring the Sale and Purchase Agreement to become unconditional or be completed (as the case may be)). The Revised Special Deals have been approved by the Independent Shareholders at the SGM.

LETTER FROM KINGSTON SECURITIES

As advised by the Company, given that the resolution approving the Revised Business Model was passed at the SGM, the Company commenced the implementation of the Revised Business Model. As at the Latest Practicable Date, the Group has entered into a cooperation agreement with Beijing JuXin Wealth Management Consultant Company Limited# (北京聚信財富管理諮詢有限公司) (being an ICP OPCO and an independent third party) and the Company was still in course of implementing the Revised Business Model, including without limitation, the revocation of the ICP license held by the Group and the unwinding of certain structured contracts (details of which were set out in the Special Deals Circular), and preliminarily expects that an additional approximately two to three months is required for the Revised Business Model to become effective. In this regard, the Offeror had provided the Offeror's Undertaking to the Company on 22 August 2017.

The Sale and Purchase Completion took place on 31 August 2017. As at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 2,709,219,759 Shares (including (i) 2,128,560,000 Shares held by the Offeror; (ii) 580,659,755 Shares which remained to be held by the Shares Vendor; and (iii) 4 Shares held by Kingston Securities which was created as a result of odd lots matching for the shares of the Company resulted from the capital reorganisation of the Company in 2013), representing approximately 70.00% of the entire issued share capital of the Company. Given that the Offeror held approximately 55.00% of the shareholding interest of the Company, the Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares which are not already owned or agreed to be acquired by it.

This letter forms part of this Offer Document and sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Offer are also set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

The Company is required to despatch the Response Document within 14 days after the posting of this Offer Document. Shareholders are advised to read this Offer Document and the Response Document before taking any action in respect of the Offer.

2. THE OFFER

Kingston Securities is, for and on behalf of the Offeror, making the Offer to acquire all of the Offer Shares on the terms set out in this Offer Document on the following basis:

For each Offer Share HK\$0.30 in cash

The Offer Price of HK\$0.30 per Offer Share represents and equals to the highest purchase price per Share paid by the Offeror and parties acting in concert with it (due to purchases of the Shares made by the Former Limited Partner, who was a party acting in concert with the Offeror when the Former Limited Partner was a limited partner of the Offeror which ceased following the FLP Transfer (as defined below)) during the six months prior to commencement of the Offer Period pursuant to Rule 26.3 of the Takeovers Code.

LETTER FROM KINGSTON SECURITIES

As at the Latest Practicable Date, the Company has 3,870,102,650 Shares in issue and outstanding Convertible Notes in the principal amount of HK\$2,182,400,000. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date. The Offer is unconditional in all respects and therefore is not conditional upon any minimal level of acceptances being received nor subject to any other conditions.

Comparisons of value

The Offer Price of HK\$0.30 per Offer Share represents:

- (a) a discount of approximately 48.28% to the closing price of the Shares of HK\$0.58 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 46.24% to the average closing price of the Shares of approximately HK\$0.558 per Share for the five consecutive Trading Days immediately prior to and including the Last Trading Day;
- (c) a discount of approximately 45.55% to the average closing price of the Shares of approximately HK\$0.551 per Share for the 10 consecutive Trading Days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 41.18% to the average closing price of the Shares of approximately HK\$0.51 per Share for the 30 consecutive Trading Days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 32.58% to the closing price of the Shares of HK\$0.445 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (f) a discount of approximately 71.43% to the audited consolidated net assets value attributable to equity holders of the Company of approximately HK\$1.05 per Share as at 31 December 2016 and 3,870,102,650 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share price

During the six-month period immediately preceding 5 July 2016 (being the date on which the Initial Announcement was published) and the period up to and including the Latest Practicable Date, the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.215 per Share on 18 February 2016 and the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.68 per Share on 11 October 2016 and 12 October 2016.

LETTER FROM KINGSTON SECURITIES

Value of the Offer

As at the Latest Practicable Date, excluding 2,128,560,000 Shares held by the Offeror, based on the Offer Price of HK\$0.30 per Offer Share and the 3,870,102,650 Shares in issue, 1,741,542,650 Shares (including 580,659,755 Shares remained to be held by the Shares Vendor and 4 Shares held by Kingston Securities) will be subject to the Offer and the Offer is valued at HK\$522,462,795.

Dealing and interest in the Company's securities

Save for (i) a total of 4,080,000 Shares purchased by the Former Limited Partner at prices between HK\$0.27 and HK\$0.30 per Share on 23 February 2016, 8 March 2016 and 14 March 2016, and a total of 32,560,000 Shares sold by the Former Limited Partner at prices between HK\$0.60 and HK\$0.62 per Share on 9 August 2016, 10 August 2016, 11 August 2016 and 15 August 2016 before the Former Limited Partner ceased to be a party acting in concert with the Offeror upon completion of the FLP Transfer (as defined below); and (ii) the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement, none of the Offeror, its ultimate beneficial owners, and parties acting in concert with any of them (including the Shares Vendor, Mr. Su, Mr. Ng and Kingston Securities) has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the period commencing on the date falling six months prior to the commencement of the Offer Period and up to and including the Latest Practicable Date.

The Undertakings

As at the Latest Practicable Date, the Shares Vendor remains to be holding 580,659,755 Shares, representing approximately 15.00% of the issued capital of the Company, and the Convertible Notes (as amended by the CN Modification Deed), represent all the outstanding Amended and Restated Convertible Notes. Pursuant to the Sale and Purchase Agreement and the Undertakings, the Shares Vendor undertakes that the Shares Vendor will not accept the Offer if made by the Offeror in respect of the Convertible Notes (as amended by the CN Modification Deed) and the remaining Shares held by the Shares Vendor after Sale and Purchase Completion. As the Amended and Restated Convertible Notes held by the Shares Vendor represent all the outstanding Amended and Restated Convertible Notes, the Offeror will not make any offer for the outstanding Amended and Restated Convertible Notes.

Key terms of the Undertakings are as follows:

- (1) Pursuant to the Sale and Purchase Agreement, each of the Shares Vendor and the Offeror shall, take all action necessary and provide all information and assistance to prepare and to procure the posting of the Offer Document for the purposes of the Takeovers Code.

LETTER FROM KINGSTON SECURITIES

- (2) Each of the Shares Vendor and the Guarantor further undertakes that:
- (i) in relation to the Outstanding Receivables of Joy Wealth Finance as at the Sale and Purchase Completion Date, each of the Shares Vendor and the Guarantor shall on written demand by the Offeror (on behalf of Joy Wealth Finance) pay Joy Wealth Finance or procure Joy Wealth Finance to be paid without any deduction or set-off and whether or not the Outstanding Receivables is due or payable in accordance with its terms, an amount equal to the unsettled portion of the Outstanding Receivables on or before the date falling on the fourth (4th) anniversary of the Sale and Purchase Completion Date;
 - (ii) will not, and procure that the CN Chargor will not, accept the Offer if made by the Offeror in respect of the Convertible Notes (as amended by the CN Modification Deed) and the remaining Shares held by the Shares Vendor after Sale and Purchase Completion;
 - (iii) shall procure that the amount of cash will not be less than HK\$238,000,000 (any sale proceeds received by the Group from disposal of any of the Listed Shares are to be excluded). The Shares Vendor shall pay the amount equal to the shortfall (if any) to the Offeror without demand or set-off within 5 Business Days after the date of finalisation of the Completion Accounts;
 - (iv) shall procure that, save and except (1) the disposal of all or any part of the Convertible Notes of by way of placing by a placing agent (the “**Disposal**”); or (2) at maturity date of the Convertible Notes, no holder of the Amended and Restated Convertible Notes shall become the single largest shareholder of the Company;
- (3) The Vendor undertakes, in the event any of the Listed Sale Shares is disposed of or transferred to any person during the period commencing from the Sale and Purchase Completion Date and ending on the fourth (4th) anniversary of the Sale and Purchase Completion Date (the “**Disposal Period**”), to pay to the Company without any deduction or set-off the amount (if any) (the “**Shortfall Amount**”) by which the consideration received by the Company for each such share is less than:
- (a) HK\$0.156, in the case of a IPIH Sale Share (subject to any share consolidation, reclassification or subdivision since the date of the Sale and Purchase Agreement and up to the Sale and Purchase Completion Date) (the “**IPIH Benchmark Price**”); and

LETTER FROM KINGSTON SECURITIES

- (b) HK\$0.338, in the case of a KPM Sale Share (subject to any share consolidation, reclassification or subdivision since the date of the Sale and Purchase Agreement and up to the Sale and Purchase Completion Date) (the “**KPM Benchmark Price**”),

no later than the 30th Day following (a) the end of the Disposal Period; or (b) the date of receipt of a written notice served to the Shares Vendor by the Offeror in relation to the Shortfall Amount (whichever is later) and the Shortfall Amount shall be determined solely by the Offeror. For the avoidance of doubt, if and whenever there shall be a consolidation, reclassification or subdivision in relation to the IPIH Shares and/or KPM Shares (as the case may be), the IPIH Benchmark Price and the KPM Benchmark Price (as the case may be) shall be adjusted by multiplying the IPIH Benchmark Price and the KPM Benchmark Price (as the case may be) before such consolidation, reclassification or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of IPIH Shares and/or KPM Shares (as the case may be) in issue immediately before such consolidation, reclassification or subdivision; and

B is the aggregate number of IPIH Shares and/or KPM Shares (as the case may be) in issue immediately after such consolidation, reclassification or subdivision.

For the avoidance of doubt, the maximum amount that the Shares Vendor may be liable to pay to the Company shall not in any event exceed HK\$846,596,400 in relation to the disposal of the IPIH Sale Shares and HK\$10,012,940 in relation to the disposal of the KPM Sale Shares.

- (4) In addition to any offer, pledge, contract to sell, pledge or create any security interest, or grant any option, right or warrant to purchase, or otherwise transfer or dispose of the Convertible Notes under the Undertakings Consent Requirement (as defined below), the Shares Vendor may, following the Sale and Purchase Completion, offer or contract to sell, transfer or dispose of all Convertible Notes owned by the Shares Vendor or interests therein in full to a third party (the “**CN Transferee**”) without being subject to the Undertakings Consent Requirement (as defined below) and the Right of First Offer and (a) the Offeror shall, and shall use its reasonable endeavours to procure that

LETTER FROM KINGSTON SECURITIES

the Company shall, give a written consent of such offer, contract, transfer or disposal; and (b) in the event that the Revised Convertible Notes Charge has not been released or discharged (as appropriate) in full, the Offeror shall take or procure to be taken all actions that may be reasonably necessary to release or discharge unto the Shares Vendor all the Convertible Notes from the Revised Convertible Notes Charge (the “**Revised Convertible Notes Charge Release**”), provided that:

- (a) such offer, contract, transfer or disposal may only occur once;
 - (b) each of the Shares Vendor and the Guarantor has performed and fulfilled its/his respective obligations in the Undertakings as at the date of the Amended and Restated Sale and Purchase Agreement;
 - (c) in the event that any Convertible Notes (the “**Released Convertible Notes**”) is released or discharged (as appropriate) unto the Shares Vendor from the Revised Convertible Notes Charge pursuant to the Revised Convertible Notes Charge Release during the period commencing from the Sale and Purchase Completion Date and ending on the fourth (4th) anniversary of the Sale and Purchase Completion Date, the CN Transferee has undertaken to and with the Offeror and agreed in writing to execute a first ranking security document in respect of the Convertible Notes in such principal amount equal to the principal amount of the Released Convertible Notes in favour of the Offeror within the same day immediately following the release and discharge of the Released Convertible Notes; and
 - (d) the Offeror has received an undertaking from the CN Transferee agreeing to be bound by such restrictions or obligations as the CN Chargor on the terms of the Undertakings Consent Requirement (as defined below) and the Right of First Offer and otherwise on terms satisfactory to the Offeror and the Shares Vendor.
- (5) From the date of the Sale and Purchase Agreement to 19 February 2020 and/or from 21 April 2020 to 19 February 2024 (in the event that the maturity date of the Convertible Notes is extended to 20 April 2024 pursuant to the conditions as set out in the Amended and Restated Convertible Notes) and, for so long as the General Partner and/or any of its affiliates in aggregate hold not less than 30% of the issued share capital of the Company at the relevant time and the Convertible Notes remain outstanding, save for the permitted transfer under paragraph (4)

LETTER FROM KINGSTON SECURITIES

above and the security created under the Convertible Notes Charge, the Shares Vendor and the Guarantor will not and will procure that the CN Chargor not to:

- a. offer, pledge, contract to sell, pledge or create any security interest, or grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) such Convertible Notes or any interests therein; and except (1) pursuant to the Disposal; or (2) with the written consent of the Company and, if so long as the General Partner, and/or any of affiliates in aggregate hold not less than 30% of the issued share capital of the Company at the relevant time, the written consent of the General Partner. Pursuant to the terms of the Amended and Restated Convertible Notes, the Convertible Notes or interests in such Convertible Notes (if applicable) shall be freely transferrable from 20 February 2020 to 20 April 2020 and/or on or after 20 February 2024 (in the event that the maturity date of the Convertible Notes is extended to 20 April 2024) and in particular, shall not be subject to the above paragraphs (1) and/or (2); and
 - b. enter into any amendment or modification of the terms of the CN Modification Deed and the Convertible Notes without the prior written consent of the Offeror.
- (6) From the date of the Sale and Purchase Agreement to 20 April 2020 and to 20 April 2024 (in the event that the maturity date of the Convertible Notes is extended to 20 April 2024) and for so long as (a) the General Partner and/or any of its affiliates in aggregate hold not less than 30% of the issued share capital of the Company at the relevant time, and (b) the Convertible Notes remain outstanding and the CN Chargor holds any such Convertible Notes, and save for the security created under the Share Charge and except with the written consent of the Company and, if so long as the General Partner, and/or any of affiliates in aggregate hold not less than 30% of the issued share capital of the Company at the relevant time, the written consent of the General Partner, the Guarantor (1) shall not offer, pledge, contract to sell, pledge or create any security interest, or grant any option, right or warrant to purchase, or exercise any conversion right, or otherwise transfer or dispose of his shares in the CN Chargor or any interests therein and (2) shall procure the CN Chargor not to issue any new share and/or other security convertible into shares of the CN Chargor; and the Guarantor shall from time to time upon request by the Offeror provide evidence reasonably required by the Offeror to confirm compliance with the foregoing.

LETTER FROM KINGSTON SECURITIES

- (7) Without prejudice and in addition to the consent requirement under the paragraph (6)(a)(2) above, if the CN Chargor wishes to transfer or dispose of all or any part of the Convertible Notes or any interests therein (including but not limited to the Disposal), the Shares Vendor and the Guarantor shall procure that the CN Chargor to comply with the procedures in connection with the Right of First Offer.

Right of First Offer

Pursuant to the terms of the Amended and Restated Sale and Purchase Agreement, without prejudice and in addition to the Undertakings Consent Requirement, if the CN Chargor wishes to transfer or dispose of all or any part of the Amended and Restated Convertible Notes or any interests therein, the Shares Vendor and the Guarantor shall procure that the CN Chargor to comply with the pre-emptive right procedures in connection with the Right of First Offer as detailed in the Special Deals Circular.

For the avoidance of doubt, the pre-emptive right procedures in respect of the Right of First Offer shall not prejudice the consent requirement of the Undertakings pursuant to the Amended and Restated Sale and Purchase Agreement with respect to the transfer or disposal of the Convertible Notes or any interest therein during the period commencing from the date of the Sale and Purchase Agreement and ending on 19 February 2020 and/or the period commencing from 21 April 2020 and ending on 19 February 2024 (in the event that the Maturity Date is extended to 20 April 2024 pursuant to the conditions as set out in the Amended and Restated Convertible Notes) (the “**Undertakings Consent Requirement**”).

Financial resources available to the Offeror

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

The Loan Facility Agreement was entered between the Offeror and Kingston Securities pursuant to which the Offeror is required to pledge the Shares to be acquired by the Offeror under the Offer (the “**Pledged Shares**”) in favour of Kingston Securities as collaterals, of which the rights of the Pledged Shares would not be transferred to Kingston Securities. The Offeror does not intend that the payment of interest on, repayment of, or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Group.

LETTER FROM KINGSTON SECURITIES

Acceptance of the Offer

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

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

Hong Kong stamp duty

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

Payment

Payment in cash in respect of acceptance of the Offer will be made as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) following the date on which the duly completed acceptance of the Offer and the relevant documents of title in respect of such acceptance are received by or for the Offeror.

No fractions of a cent will be payable and the amount of cash consideration payable to an accepting Shareholder who accepts the Offer will be rounded up to the nearest cent.

Overseas Shareholders

The availability of the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident. The Overseas Shareholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should satisfy themselves about and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy

LETTER FROM KINGSTON SECURITIES

themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction for accepting the Offer).

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

Taxation implications

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

Further terms of the Offer

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and the acceptance period in relation to the Offer as set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

3. INFORMATION OF THE GROUP

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

4. INFORMATION OF THE OFFEROR

The Offeror, Huarong Financial Services Asset Management L.P., a Cayman Islands limited partnership, is a private equity fund organised for the purpose of investing in listed companies which are principally engaged in online financing. The committed fund size of the Offeror is approximately HK\$756 million. The general partner of the Offeror is Huarong International Capital Limited (the "**General Partner**"), which is a Cayman Islands exempted limited liability company. As at the Latest Practicable Date, the directors of the General Partner were Mr. Bai Tianhui and Mr. Li Jiuhua. The General Partner is wholly-owned by China Huarong International Holdings Limited ("**China Huarong International**"), an investment holding company which is in turn held as to 88.1% by Huarong Real Estate Co., Ltd. ("**Huarong Real Estate**") and as to 11.9% by Huarong Zhiyuan Investment & Management Co., Ltd. ("**Huarong Zhiyuan**"). China Huarong

LETTER FROM KINGSTON SECURITIES

International is the international platform of China Huarong (as defined below) and its management is substantially independent of China Huarong. Each of Huarong Real Estate and Huarong Zhiyuan is wholly-owned by China Huarong Asset Management Co., Ltd., the shares of which is listed on the Stock Exchange (stock code: 2799) (“**China Huarong**”). China Huarong is principally engaged in providing financial asset management in the PRC, including distressed asset management, financial services and asset management and investment. The board of directors of China Huarong comprises Mr. Lai Xiaomin and Mr. Wang Lihua as executive directors; Mr. Wang Keyue, Mr. Li Yi, Ms. Wang Cong, Ms. Dai Lijia and Mr. Zhou Langlang as non-executive directors; Mr. Song Fengming, Mr. Tse Hau Yin, Mr. Liu Junmin and Mr. Shao Jingchun as independent non-executive directors.

On 30 September 2016, the Former Limited Partner entered into a transfer agreement to transfer his entire limited partnership interest of 5.09% in the Offeror to another existing limited partner of the Offeror (the “**FLP Transfer**”). The FLP Transfer was completed on 30 September 2016. The Offeror received an irrevocable undertaking (the “**FLP Undertaking**”) from the Former Limited Partner that he shall not deal in any Shares from the date of the FLP Undertaking up to the date falling on the sixth month after the end of the Offer Period in respect of the Offer, and shall ensure compliance with the Takeovers Code for the purposes of the Offer.

Following the FLP Transfer, given that (i) the Offeror has not been acquainted with the Former Limited Partner before soliciting him as a limited partner of the Offeror and after the FLP Transfer, the Former Limited Partner has had no further relationship with the Offeror; (ii) the Offeror had no whatsoever influence or ability to restrain the dealings of the Former Limited Partner other than the FLP Undertaking; (iii) save for the FLP Undertaking, there were no other agreement or understanding (whether formal or informal) entered into between the Offeror and the Former Limited Partner after the FLP Transfer; (iv) the Former Limited Partner has no longer been in any role working with the Offeror to obtain or consolidate “control” of the Company; and (v) the Former Limited Partner no longer falls under the definition of “presumed parties acting in concert” under the Takeovers Code, the Former Limited Partner ceased to be a party acting in concert with the Offeror since its cessation as a limited partner of the Offeror upon completion of the FLP Transfer on 30 September 2016.

The Offeror is the purchaser in the Sale and Purchase Agreement. The Sale and Purchase Agreement was completed on 31 August 2017. As at the Latest Practicable Date, the Offeror was interested in 2,128,560,000 Shares.

Save for (i) the 2,128,560,000 Shares held by the Offeror; (ii) the 4 Shares held by Kingston Securities; (iii) 580,659,755 Shares which remained to be held by the Shares Vendor, and the Shares Vendor’s interests in the Convertible Notes (as amended by the CN Modification Deed), none of the Offeror and parties acting in concert with it held any securities of the Company.

5. INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror will, following completion of the Offer, conduct a detailed review of the operations of the Group with a view to developing corporate strategy to broaden its income stream, which may include expansion of the scope of business of the Group should appropriate opportunities arise. As at the Latest Practicable Date, the Offeror has no intention, agreement or negotiation to introduce any major changes to the business of the Group (including disposal or downsize of existing business and acquisition of new business) or to dispose of or re-deploy the major operating assets of the Group, other than in the ordinary course of business of the Group, following completion of the Offer. Save for the proposed change of board composition as set out below, the Offeror does not intend nor does it have any existing plans to terminate the employment of any of the employees or other personnel of the Company.

The Board is currently made up of seven Directors, comprising four executive Directors and three independent non-executive Directors. It is expected that after completion of the Offer, all of the executive Directors will resign. Such resignations will not take effect earlier than the date of the close of the Offer. The Offeror proposes to nominate new Directors to the Board subject to compliance with all the applicable regulatory requirements, including the Takeovers Code and the Listing Rules. It is proposed that Ms. Gao Zhenyun and Mr. Li Jiuhua will be appointed as executive Directors and Mr. Bai Tianhui and Mr. Yao Luo as non-executive Directors. Set out below are the biographic details of the above-mentioned nominees for appointment as executive Directors and non-executive Directors. Further details required by Rule 13.51(2) of the Listing Rules will be announced after the appointments take effect:

Proposed executive Directors

Ms. Gao Zhenyun (高震雲女士)

Ms. Gao Zhenyun, aged 36, graduated from Peking University in the PRC with a bachelor degree in Germanistic in 2003 and obtained a master of science in finance from the Leeds Metropolitan University in the United Kingdom in 2004. She has also obtained the Securities Qualification Certificate, Fund Qualification Certificate and Futures Qualification Certificate in the PRC. Ms. Gao has over 12 years of experience in the securities and finance industries. She is currently the Assistant Chief Executive Officer of China Huarong International Holdings Limited, a subsidiary of China Huarong Asset Management Co., Ltd. (stock code: 2799), a company listed on the Main Board of the Stock Exchange. Ms. Gao also serves as an executive director, the chairman and the chief executive officer of Loudong General Nice Resources (China) Holdings Limited (stock code: 988) since 7 June 2017.

LETTER FROM KINGSTON SECURITIES

Mr. Li Jiuhua (李九華先生)

Mr. Li Jiuhua, aged 54, graduated from Xiamen University of Finance and Economics PRC with a bachelor degree in Finance in 2003 and obtained a master of business administrative from the Jiangxi University of Finance and Economics in the PRC in 2011. Mr. Li has over 34 years of experience in the securities and finance industries. He is currently the Deputy Chief Executive Officer of China Huarong International Holdings Limited, a subsidiary of China Huarong Asset Management Co., Ltd. (stock code: 2799), a company listed on the Main Board of the Stock Exchange.

Proposed non-executive Directors

Mr. Bai Tianhui (白天輝先生)

Mr. Bai Tianhui, aged 38, graduated from Dongbei University of Finance and Economics in the PRC with a bachelor degree in economics and a master degree in economics in Dongbei University of Finance and Economics in 2001 and 2003, respectively. He has also obtained the Securities Qualification Certificate, Fund Qualification Certificate and Future Qualification Certificate in the PRC. Mr. Bai has over 15 years of experience in the securities and finance industries. He is currently the Chief Executive Officer of China Huarong International Holdings Limited, a subsidiary of China Huarong Asset Management Co., Ltd. (stock code: 2799), a company listed on the Main Board of the Stock Exchange.

Mr. Yao Luo (姚洛先生)

Mr. Yao Luo, aged 35, graduated from Peking University in the PRC with a bachelor degree in Arts in 2004 and graduated from Beijing Foreign Studies University in the PRC with a master degree in arts in 2006 and obtained a master of arts from the University of Cambridge in the United Kingdom in 2011. Mr. Yao has over 11 years of experience in the securities and finance industries. He is currently the Assistant Chief Executive Officer of China Huarong International Holdings Limited, a subsidiary of China Huarong Asset Management Co., Ltd. (stock code: 2799), a company listed on the Main Board of the Stock Exchange.

As at the Latest Practicable Date, the Offeror intends that Mr. Wong Chun Hung, Mr. Zheng Zhen and Mr. To Langa Samuelson will remain as independent non-executive Director and all the terms and conditions of their appointment will remain unchanged. Further announcement(s) will be made by the Company in compliance with the requirements of the Takeovers Code and the Listing Rules as and when there are further changes in the composition of the Board.

Save for the change in Board composition, the Offeror has no intention to (i) discontinue the employment of the employees of the Group; or (ii) re-deploy the assets of the Group other than those in its ordinary and usual course of business.

LETTER FROM KINGSTON SECURITIES

6. COMPULSORY ACQUISITION AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror does not intend to avail itself of any powers of compulsory acquisition in respect of the Company. The Offeror intends that the Company will remain listed on the Stock Exchange after the close of the Offer. The Offeror will, together with the Company, use reasonable endeavours to maintain the listing status of the Shares on the Stock Exchange and procure that not less than 25% of the entire issued share capital in the Company be held by the public in compliance with the Listing Rules. The directors of the General Partner and the Director(s) to be appointed after the issue of this Offer Document have jointly and severally undertaken to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists in the Shares.

The Stock Exchange has stated that if, upon completion of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

7. GENERAL

The attention of Overseas Shareholders is drawn to the paragraph headed "Overseas Shareholders" in Appendix I to this Offer Document.

No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares will be given.

All documents and remittances will be sent to the Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or, in case of joint holders to the Shareholder whose name appears first in the register of members of the Company, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar in respect of the Offer. None of the Offeror, the Company, their respective ultimate beneficial owners and parties acting in concert with them, Kingston Securities, Kingston Corporate Finance, Lego Corporate Finance, the Registrar, any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

LETTER FROM KINGSTON SECURITIES

8. ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer and the Offeror set out in the appendices to this Offer Document and the accompanying Form of Acceptance, which form part of this Offer Document.

In considering what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Chu, Nicholas Yuk-yui
Director

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of the Shares in respect of which you intend to accept the Offer by post or by hand to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, marked "**Pacific Plywood Offer**" on the envelope as soon as possible but in any event so as to reach the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce as a result of a revision or an extension of the Offer in accordance with the Takeovers Code, if any.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and request it to deliver the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar by no later than 4:00 p.m. on the Closing Date; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Kingston Securities and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorize and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine in compliance with the requirements of the Takeovers Code and announce, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (f) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (g) The address of the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

2. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offer has previously been revised with the consent of the Executive, all Form of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed thereon.

If the Offer is extended or revised, the announcement of such extension or revision will state the next Closing Date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification and/or announcement of the extension or revision to the Shareholders and, unless previously extended or revised, shall close on the subsequent Closing Date. If the Offeror revises the terms of the Offer, all Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

If the Closing Date is extended, any reference in the Offer Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer as so extended.

3. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating whether the Offer has been revised or extended or has expired. The announcement will state the following:
 - (i) the total number of Shares and rights over Shares (if any) for which acceptances of the Offer have been received;
 - (ii) the total number of Shares and rights over Shares (if any) held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and
 - (iii) the total number of Shares and rights over Shares (if any) acquired or agreed to be acquired during the Offer Period by the Offeror or parties acting in concert with it.

The announcement must include details of any relevant securities in the Company which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must also specify the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances which are in all respects complete and in good order, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of the listed companies must be made in accordance with the requirements of the Listing Rules.

4. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Shareholders or by their agent(s) on their behalves shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcements" above, the Executive may require that the Shareholders who have tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

5. SETTLEMENT

Provided that the Form of Acceptance and/or the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date for the acceptance of the Offer, a cheque for the amount representing the cash consideration due to each accepting Shareholder in respect of the Shares tendered by him/her or his/her agent(s) under the Offer, less seller's ad valorem stamp duty payable by him/her in the case for tendered Shares, will be despatched to each accepting Shareholder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt of duly completed acceptances by the Registrar.

Save for payment of stamp duty set out above, settlement of the consideration to which any accepting Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholder.

If the Offer is withdrawn with the consent of the Executive in accordance with the Takeovers Code, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the relevant Shareholders who have tendered acceptances to the Offer.

No fraction of a cent will be payable and the amount of the consideration payable to an Shareholder who accepts the Offer will be rounded up to the nearest cent.

6. OVERSEAS SHAREHOLDERS

The making of the Offer to or the acceptance thereof by a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. The Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdictions). The Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties by whomsoever payable in respect of all relevant jurisdictions.

Acceptances of the Offer by any Overseas Shareholders will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws. The Overseas Shareholders are recommended to seek professional advice on deciding whether to accept the Offer.

7. GENERAL

- (a) All communications, notices, Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents through post at their own risk, and none of the Company, the Offeror, Kingston Securities, Lego Corporate Finance, Kingston Corporate Finance, the Registrar or any of their respective directors or agents or other parties involved in the Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.

- (c) The accidental omission to despatch this Offer Document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer and all acceptances under the Offer will be governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to any director of the Offeror, Kingston Securities or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, Kingston Securities or such person or persons as it may direct the Shares, in respect of which such person has accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and Kingston Securities that the Shares held by such person or persons to be acquired under the Offer are sold by any such person or persons free from all third party rights, liens, charges, equities, options, claims, adverse interests and Encumbrances and together with all rights attaching thereto as at the date on which the Offer is made including the right to receive in full all dividends or other distributions that may be declared, made or paid by the Company on or after the date on which the Offer is made.
- (g) References to the Offer in this Offer Document and in the Form of Acceptance shall include any extension and, or revision thereof.
- (h) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the relevant Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who are accepting the Offer.
- (i) The English text of this Offer Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts in case of inconsistency.
- (j) The English translation of Chinese name 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.

RESPONSIBILITY STATEMENT

This Offer Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offer, the Offeror and the Group.

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

The information relating to the Group, the Shares Vendor, the Guarantor and the Previous Guarantor in this Offer Document have been extracted from or based on the publicly available information of the Group, the Shares Vendor, the Guarantor and the Previous Guarantor. The only responsibility accepted by the directors of the general partner of the Offeror in respect of such information is for the correctness and fairness of the extraction of such information and/or its reproduction or presentation.

DISCLOSURE OF INTERESTS BY THE OFFEROR

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with it are as follows:

Name	Capacity and nature of interest	Number of Shares held (Position)	Percentage of the Company's issued share capital (%)
Mr. Su (<i>Note 1</i>)	Interests held by controlled corporation	11,492,659,755 (Long)	296.96%
Allied Summit (<i>Note 1</i>)	Beneficial owner	11,492,659,755 (Long)	296.96%
Offeror	Beneficial owner	2,128,560,000 (Long)	55.00%
Kingston Securities (<i>Note 2</i>)	Beneficial owner	4 (Long)	0.00%

Notes:

- (1) Allied Summit is owned as to 80% by Mr. Su and as to remaining 20% by Mr. Ng. As at the Latest Practicable Date, Allied Summit was interested in (i) 580,659,755 Shares; and (ii) the Amended and Restated Convertible Notes in the aggregate outstanding principal amount of HK\$2,182,400,000 and convertible into 10,912,000,000 Shares under the conversion price of HK\$0.2 per conversion share.
- (2) The 4 Shares held by Kingston Securities which was created as a result of odd lots matching for the shares of the Company resulted from the capital reorganisation of the Company in 2013.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror and parties acting in concert with it owned or controlled any Shares, underlying shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

DEALING IN SECURITIES

The dealings by the Former Limited Partner before he ceased to be a party acting in concert with the Offeror upon completion of the FLP Transfer are set out as follows:

Date of transaction	Action	Number of Shares	Transaction price per Share		
			Highest (HK\$)	Lowest (HK\$)	Average (HK\$)
23 February 2016	Buy	600,000	0.29	0.27	0.277
8 March 2016	Buy	3,000,000	0.3	0.3	0.3
14 March 2016	Buy	480,000	0.29	0.29	0.29
9 August 2016	Sell	1,000,000	0.6	0.6	0.6
10 August 2016	Sell	24,520,000	0.62	0.6	0.608
11 August 2016	Sell	6,040,000	0.62	0.61	0.612
15 August 2016	Sell	1,000,000	0.6	0.6	0.6

Save for (i) the sales and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement; and (ii) the above dealings by the Former Limited Partner, none of the Offeror, its ultimate beneficial owners, nor parties acting in concert with any of them (including the Shares Vendor, Mr. Su, Mr. Ng and Kingston Securities) has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six months prior to commencement of the Offer Period and including the Latest Practicable Date.

OTHER ARRANGEMENTS

As at the Latest Practicable Date:

- (a) none of the Offeror and/or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) there is no outstanding derivatives in respect of securities in the Company which has been entered into by the Offeror and parties acting in concert with it;
- (c) save for the Loan Facility Agreement, the Pledged Shares, the Right of First Offer and the Revised Convertible Notes Charge, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or any persons acting in concert with it and any other person.;
- (d) there is no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (e) save for the Undertakings, none of the Offeror and/or parties acting in concert with it has received any irrevocable commitment to accept or reject the Offer;
- (f) save for the Loan Facility Agreement and the Pledged Shares, there was no agreement, arrangement or understanding that any securities of the Company acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (g) there was no arrangement whereby benefit (other than statutory compensation) was or will be given to any Directors as compensation for loss of office or otherwise in connection with the Offer; and
- (h) there was no agreement, arrangement, or understanding (including any compensation arrangement) exist between the Offeror or any persons acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offers.

MARKET PRICE

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
2016	
29 January	0.27
29 February	0.24
31 March	0.25
29 April	0.224
31 May	0.42
30 June	0.396
29 July	0.495
26 August (being the Last Trading Day) (<i>Note</i>)	0.58
31 October	0.56
30 November	0.48
30 December	0.56
2017	
27 January	0.54
28 February	0.45
31 March	0.42
28 April	0.42
31 May	0.405
30 June	0.44
31 July	0.445
31 August	0.43
5 September (being the Latest Practicable Date)	0.445

Note: Trading in the Shares was suspended from 29 August 2016 to 5 October 2016 (both dates inclusive) pending the release of the First Joint Announcement.

EXPERTS AND CONSENTS

The following are the qualification of the experts who have given opinion or advice contained in this Offer Document:

Name	Qualification
Lego Corporate Finance	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO
Kingston Corporate Finance	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO
Kingston Securities	a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO

Each of Lego Corporate Finance, Kingston Corporate Finance and Kingston Securities has given and has not withdrawn their written consents to the issue of this Offer Document with the inclusion herein of their advice or report, and/or references to their name in the form and context in which they are respectively included.

GENERAL

As at the Latest Practicable Date:

- (a) the registered office of the Offeror is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands;
- (b) the correspondence address of the Offeror is 15/F, China Huarong Tower, 60 Gloucester Road, Wanchai, Hong Kong;
- (c) the registered address and correspondence address of Kingston Corporate Finance and Kingston Securities is Suite 2801, 28/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong; and
- (d) the registered address of Lego Corporate Finance is Room 1601, 16/F, China Building, 29 Queen's Road Central, Hong Kong.

The English text of this Offer Document and the Form of Acceptance shall prevail over their Chinese text for the purpose of interpretation.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:30 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Units 3301–3303, 33/F, West Tower Shun Tak Centre, 168–200 Connaught Road, Sheung Wan, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (<http://www.irasia.com/listco/hk/pphl/>) from the date of this Offer Document onwards for so long as the Offer remains open for acceptance:

- (i) the limited partnership agreement of the Offeror dated 5 August 2016 entered into between the General Partner and other limited partners;
- (ii) the Amended and Restated Sale and Purchase Agreement which contains the provisions of the Undertakings pursuant to which the Shares Vendor undertakes that it will not accept the Offer if made by the Offeror in respect of the Amended and Restated Convertible Notes and the remaining Shares held by it;
- (iii) the letter from Kingston Securities, the text of which is set out on pages 13 to 28 of this Offer Document; and
- (iv) the written consents referred to under the paragraph headed “Experts and consents” of this appendix.