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

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

The Board of Directors (the "Directors") (the "Board") of Pacific Plywood Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 and the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	**2010** **US$'000**	2009 US$'000
Continuing operations			
Revenue	*4*	**564**	—
Interest income		**562**	—
Interest expenses		**(110)**	—
Net interest income		**452**	—
Other income and gains		**466**	—
Change in fair value of convertible notes	*13*	**1,460**	—
Change in fair value of a derivative financial asset		**(187)**	—
Selling and distribution expenses		**(175)**	—
Administrative expenses		**(1,336)**	(1,482)
Profit (loss) before taxation		**680**	(1,482)
Taxation	*6*	**(19)**	—
Profit (loss) for the year from continuing operations	*5*	**661**	(1,482)
Discontinued operations			
Profit (loss) for the period/year from discontinued operations	*8*	**9,153**	(8,312)
Profit (loss) for the year		**9,814**	(9,794)

* *For identification purpose only*

	Note	**2010**	2009
		US$'000	*US$'000*
Profit (loss) for the period/year attributable to:			
Owners of the Company			
From continuing operations		**612**	(1,482)
From discontinued operations		**9,153**	(8,312)
		9,765	(9,794)
Non-controlling interests			
From continuing operations		**49**	—
From discontinued operations		**—**	—
		49	—
		9,814	(9,794)
Earnings (loss) per share	*7*		
From continuing and discontinued operations			
Basic		**US$15.74 cents**	(US$18.44 cents)
Diluted		**US$13.32 cents**	(US$18.44 cents)
From continuing operations			
Basic		**US$0.99 cents**	(US$2.79 cents)
Diluted		**(US$1.36 cents)**	(US$2.79 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	US$'000	*US$'000*
Profit (loss) for the year	**9,814**	(9,794)
Exchange differences arising on translation and other comprehensive income (expenses) for the year	**622**	(2,523)
Total comprehensive income (expenses) for the year	**10,436**	(12,317)
Total comprehensive income (expenses) attributable to:		
Owners of the Company	**10,387**	(12,317)
Non-controlling interests	**49**	—
	10,436	(12,317)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	31/12/2010 US$'000	31/12/2009 US$'000 (Restated)	1/1/2009 US$'000 (Restated)
Non-current assets				
Property, plant and equipment		**4**	52,680	64,917
Interests in an associate		—	705	981
Deferred tax assets		—	4,860	4,807
Loan receivables	*10*	**642**	—	—
Deposit for acquisition of an investment		—	—	1,000
		646	58,245	71,705
Current assets				
Inventories		—	7,632	13,309
Loan receivables	*10*	**18,110**	—	—
Trade and other receivables	*11*	**1,381**	1,743	4,652
Derivative financial asset	*12*	**1,082**	—	—
Bank balances and cash		**8,122**	1,040	1,673
		28,695	10,415	19,634
Current liabilities				
Trade and other payables		**1,156**	14,030	23,903
Obligation under finance leases		—	103	168
Convertible notes	*13*	**5,522**	—	—
Bank overdrafts	*14*	—	2,877	2,521
Borrowings	*14*	**4,601**	63,847	64,524
Tax liabilities		**105**	98	98
Loans from shareholders of a subsidiary		**6,191**	—	—
		17,575	80,955	91,214
Net current assets (liabilities)		**11,120**	(70,540)	(71,580)
Total assets less current liabilities		**11,766**	(12,295)	125

	Note	**31/12/2010**	31/12/2009	1/1/2009
		US$'000	*US$'000*	*US$'000*
			(Restated)	(Restated)
Capital and reserves				
Share capital	*15*	**255**	4,278	4,278
Share premium		**16,578**	7,652	7,652
Other reserves	*16*	**(22)**	2,345	4,868
Accumulated losses		**(5,609)**	(27,584)	(17,790)
Equity attributable to (deficit of shareholders funds of) owners of the Company		**11,202**	(13,309)	(992)
Non-controlling interests		**564**	1,000	1,000
Total equity (deficit)		**11,766**	(12,309)	8
Non-current liabilities				
Obligation under finance leases		**—**	14	117
		11,766	(12,295)	125

Notes:

1. BASIS OF ACCOUNTING

The Company is incorporated in Bermuda as an exempted company with limited liabilities. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda.

The principal activity of the Group is the provision of money lending services. The Group was also engaged in the manufacture and sale of plywood, veneer, jamb and modeling, structural, flooring and other wood related products which was discontinued in the current year (note 8).

The consolidated financial statements are presented in United State dollars ("US$"). For the period up to December 2010, the management of the Company had considered US$ as the functional currency of the Company. In December 2010, the Company disposed of its entire equity interests in certain subsidiaries which operated in the primary economic environment using US$ (note 8). As a result of such disposal, the directors of the Company are of the view that the functional currency of the Company has been changed from US$ to Hong Kong Dollars ("HK$") as the remaining investments of the Company are mainly operated in the primary economic environment using HK$. The presentation currency of the Company and the Group would remain to be in US$ for consistent presentation and the use of investors.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") under the historical cost convention except for certain financial instruments, which are measured at fair values.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(a) Adoption of new and revised standards, amendments and interpretations

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("INTs") (herein collectively referred to as "new and revised HKFRSs") issued by HKICPA.

HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
Hong Kong Accounting Standard ("HKAS") 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HK (IFRIC)-INT 17	Distributions of Non-cash Assets to Owners
HK-INT 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the adoption of the new and revised HKFRSs has no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKFRS 3 (Revised 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The impact of the application of HKFRS 3 (as revised in 2008) is as follows:

(a) HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as "minority" interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree. In the current year, in accounting for the acquisition of Delta Wealth Finance Limited (formerly known as Head & Shoulders Finance Limited) ("Delta Wealth"), the Group has elected to measure the non-controlling interests at the non-controlling interests' share of identifiable net assets at the date of acquisition. Consequently, the goodwill recognised in respect of that acquisition reflects the impact of the difference between the fair value of the non-controlling interests and their share of recognised identifiable net assets of the acquiree.

(b) HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

(c) HKFRS 3 (as revised in 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

(d) HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised Standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent.

Amendments to HKAS 17 Leases

As part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present as leasehold land in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from leasehold land to property, plant, and equipment retrospectively. This resulted in leasehold land with the carrying amounts of approximately US$2,928,000 and HK$2,897,000 as at 1 January 2009 and 31 December 2009 respectively being reclassified to property, plant and equipment. As at 31 December 2010, the Group does not have leasehold land that qualifies for finance lease classification which has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK INT 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK INT 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK INT 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK INT 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause have been reclassified from non-current liabilities to current liabilities with the aggregate carrying amounts of US$49,960,000 and US$48,830,000 as at 31 December 2009 and 1 January 2009 respectively. As at 31 December 2010, the Group did not have any loan with the "repayment on demand clause". The application of HK INT 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities that reflects the remaining contractual maturities.

Summary of the effect of the above changes in accounting policies described

The effect of changes in accounting policies described above on the financial positions of the Group as at 31 December 2009 and 1 January 2009 is as follows:

	As at 31/12/2009 (originally stated)	**Adjustments**	**As at 31/12/2009 (restated)**
	US$'000	*US$'000*	*US$'000*
Property, plant and equipment	49,783	2,897	52,680
Leasehold land	2,897	(2,897)	—
Bank borrowings — non-current	49,960	(49,960)	—
Bank borrowings — current	13,887	49,960	63,847

	As at 1/1/2009 (originally stated)	**Adjustments**	**As at 1/1/2009 (restated)**
	US$'000	*US$'000*	*US$'000*
Property, plant and equipment	61,989	2,928	64,917
Leasehold land	2,928	(2,928)	—
Bank borrowings — non-current	48,830	(48,830)	—
Bank borrowings — current	15,694	48,830	64,524

There is no effect on the net assets or equity as at 31 December 2009 and 1 January 2009.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Rights Issues[2]
HK (IFRIC) — INT 14 (Amendments)	Prepayments of a Minimum Funding Requirement[4]
HK (IFRIC) — INT 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 January 2012.
7 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

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

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may have a significant impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government — related entities.

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

3. SEGMENTAL INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. For management purposes, the Group is currently organised into a single segment as provision for money lending services in Hong Kong and all revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to this single operating segment. Accordingly, no segment analysis by business and geographical information is presented.

The Group was involved in the manufacture and sale of plywood, veneer, jamb and modeling, structural, flooring and other wood related products and the operating segments were reported from geographic perspective to business nature under the plywood business. The plywood business was discontinued with effect from 30 December 2010 (note 8).

Dalian Global Wood Products Company Limited ("Dalian Global") is the PRC subsidiary of the Company engaging in the manufacture and sale of wood products. The Board decided in November 2008 to discontinue the operation of Dalian Global. In 2009, Ankan (China) Holdings Limited ("ACHL") Group, which included Dalian Global, was disposed and the operating results of the entire ACHL Group were regarded as discontinued operations in 2009.

During the two years ended 31 December 2010 and 2009, no revenues from continuing operations with any single external customer accounted for 10% or more of the Group's revenues.

4. REVENUE

Revenue represents the amounts received and receivable from the business of money lending and provision of credits during the year. The following is an analysis of the Group's turnover from continuing operations:

	2010	2009
	US$'000	*US$'000*
Interest income from loan receivables	**562**	—
Handling charges and administration fee income	**2**	—
	564	—

5. PROFIT (LOSS) FOR THE YEAR

	2010	2009
	US$'000	*US$'000*
Profit (loss) for the year has been arrived at after charging:		
Continuing operations:		
Auditor's remuneration	**216**	242
Staff costs (excluding directors' emoluments)		
— Salaries, wages and other benefits	**85**	15
— Contributions to retirement contribution plan	**2**	1
	87	16
Depreciation of property, plant and equipment	**1**	1
Net foreign exchange losses	**27**	4
Minimum lease payment under operating lease in respect of land and buildings	**9**	—

6. TAXATION

	2010	2009
	US$'000	*US$'000*
Continuing operations:		
HK Profit Tax		
— Current year	**19**	—

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for year 2010.

No provisions for taxation has been made in year 2009 as the Group's income neither arised in, nor derived from Hong Kong.

7. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	2010	2009
	US$'000	*US$'000*
Earnings (loss)		
Earnings (loss) for the purpose of basic earnings (loss) per share	**9,765**	(9,794)
Effect of dilutive potential ordinary shares:		
Change in fair value of convertible notes	**(1,460)**	—
Earnings (loss) for the purpose of diluted earnings (loss) per share	**8,305**	(9,794)

	2010	2009
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**62,046**	53,111
Effect of dilutive potential ordinary shares:		
Convertible notes	**309**	—
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**62,355**	53,111

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted for the consolidation of shares of the Company on 10 January 2011. Details of the share consolidation are set out in the circular of the Company dated 21 December 2010.

From continuing operations

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

Earnings figures are calculated as follows:

	2010	2009
	US$'000	*US$'000*
Profit (loss) for the year attributable to owners of the Company	**9,765**	(9,794)
Less: (profit) loss for the period/year from discontinued operations	**(9,153)**	8,312
Earnings (loss) for the purpose of basic earnings (loss) per share	**612**	(1,482)
Effect of dilutive potential ordinary shares:		
Change in fair value of convertible notes	**(1,460)**	—
Loss for the purpose of diluted loss per share	**(848)**	(1,482)

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

From discontinued operations

Basic and diluted earnings per share for the discontinued operation are US$14.75 cents and US$14.68 cents respectively per share (2009: basic and diluted loss per share of US$15.65 cents per share) based on the profit for the period from the discontinued operation approximately US$9,153,000 (2009: loss for the year from the discontinued operation approximately US$8,312,000) and the denominators detailed above for both basic and diluted earnings (loss) per share.

For the year ended 31 December 2009, diluted loss per share is the same as the basic loss per share as there was no dilutive potential ordinary shares in existence during that year.

8. DISCONTINUED OPERATIONS

During the year ended 31 December 2010, the Group entered into a sale and purchase agreement to dispose of its plywood business through disposal of its wholly-owned subsidiaries Ankan Holdings Limited (including its subsidiaries and an associated company), Georich Trading Limited and SMI Global Corporation (collectively referred to as the "Disposal Group"). The disposal was effected in order to focus resources for the expansion of the Group's other businesses. The disposal was completed on 30 December 2010. Details of which are set out in the circular of the Company dated 25 November 2010.

The profit (loss) for the period/year from the discontinued operation is analysed as follows:

	Period ended 30/12/2010 *US$'000*	Year ended 31/12/2009 *US$'000*
Loss of the plywood business for the period/year	**(9,439)**	(14,649)
Gain on disposal of the plywood business	**18,592**	6,337
Profit (loss) for the period/year from discontinued operations	**9,153**	(8,312)

The combined results of the Disposal Group for the period from 1 January 2010 to 30 December 2010, which have been included in the consolidated income statement, were as follows:

	Period ended 30/12/2010 *US$'000*	Year ended 31/12/2009 *US$'000*
Turnover	**51,318**	50,448
Cost of sales	**(49,132)**	(52,223)
Gross profit (loss)	**2,186**	(1,775)
Other income and gains	**1,494**	809
Selling and distribution expenses	**(4,258)**	(4,788)
Administrative expenses	**(6,879)**	(6,434)
Share of loss of an associate	**(24)**	(277)
Finance costs	**(1,958)**	(2,184)
Loss before taxation	**(9,439)**	(14,649)
Taxation	**—**	—
Loss for the period/year from discontinued operations (attributable to owners of the Company)	**(9,439)**	(14,649)
Net cash from (used in) operating activities	**9,569**	(5,033)
Net cash from investing activities	**20,651**	983
Net cash (used in) from financing activities	**(23,369)**	3,027
Net cash inflow (outflow)	**6,851**	(1,023)

Profit (loss) for the period/year from discontinued operations including the followings:

	2010	2009
	US$'000	*US$'000*
Auditor's remuneration	**55**	121
Cost of inventories sold	**49,132**	52,223
Depreciation of property, plant and equipment	**6,342**	7,342
Staff costs (excluding directors' emoluments)		
— Salaries, wages and other benefits	**1,450**	1,905
— Contributions to retirement contribution plan	**198**	201
	1,648	2,106
Minimum lease payment under operating leases of respect of land and buildings	**68**	82
Net foreign exchange losses	**2,563**	262
Provision for impairment of receivables	**—**	8
Reversal of inventories to net realisable value	**—**	(228)
Share of loss of an associate	**24**	277
Gain on disposal of property, plant and equipment	**(1,162)**	(4)
Gain on disposal of subsidiaries	**(18,592)**	(6,337)

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2010 (2009: nil).

10. LOAN RECEIVABLES

	31/12/2010	31/12/2009	1/1/2009
	US$'000	*US$'000*	*US$'000*
Loan receivables	**18,752**	—	—
Current portion included under current assets	**(18,110)**	—	—
Amount due after one year	**642**	—	—

The term of loans entered with customers ranges from 1 month to 5 years. All installment loans receivable are denominated in Hong Kong dollars. The installment loans receivable carry effective interest ranging from 12% to 48% per annum. An aged analysis of the loan receivables net of impairment loss at the end of the reporting period, based on the loan agreement commencement date, is as follows:

	31/12/2010	31/12/2009	1/1/2009
	US$'000	US$'000	US$'000
0 — 30 days	**4,881**	—	—
31 — 90 days	**8,018**	—	—
91 — 180 days	**4,214**	—	—
181 — 365 days	**1,543**	—	—
Over 365 days	**96**	—	—
	18,752	—	—

11. TRADE AND OTHER RECEIVABLES

	31/12/2010	31/12/2009	1/1/2009
	US$'000	*US$'000*	*US$'000*
Trade receivables	—	1,375	10,343
Bills receivables	—	689	481
Less: impairment loss recognised in respect of trade receivables	—	(912)	(7,452)
	—	1,152	3,372
Prepayments	**22**	583	465
Other receivables	**1,359**	30	837
Less: impairment loss recognised in respect of other receivables	—	(22)	(22)
	1,381	591	1,280
Total trade and other receivables	**1,381**	1,743	4,652

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

	31/12/2010	31/12/2009	1/1/2009
	US$'000	*US$'000*	*US$'000*
Within 90 days	—	463	2,714
91 — 180 days	—	—	1,110
181 — 365 days	—	—	5,852
Over 365 days	—	912	667
	—	1,375	10,343

12. DERIVATIVE FINANCIAL ASSET

	31/12/2010	31/12/2009	1/1/2009
	US$'000	*US$'000*	*US$'000*
Derivatives:			
Current:			
Put option	**1,082**	—	—

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

13. CONVERTIBLE NOTES

On 19 October 2010, the Company, entered into a purchase agreement with Favor Way Investments Limited ("Favor Way"), and independent third party, for acquisition of Delta Wealth. Pursuant to the said purchase agreement, the Company issued to Favor Way, convertible notes at its nominal value of HK$48,000,000 (equivalent to approximately US$6,176,000).

The terms of conversion based on the securities holders agreement are as follows:

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

	US$'000
The movement of the convertible note for the year is set out below:	
Issued during the year	6,982
Fair value change in the profit and loss	(1,460)
Carrying amount at the end of the year	5,522

None of the convertible notes has been converted into ordinary shares of the Company during the year.

14. BORROWINGS AND BANK OVERDRAFTS

	31/12/2010	31/12/2009	1/1/2009
	US$'000	*US$'000*	*US$'000*
Current			
Banker's acceptance and other banking facilities	—	10,361	12,055
Bank borrowing			
— short term bank borrowing	—	52,880	52,240
Collateralised borrowings	—	606	229
Other borrowings	**4,601**	—	—
	4,601	63,847	64,524
Bank overdrafts	—	2,877	2,521
	4,601	66,724	67,045

	31/12/2010	31/12/2009	1/1/2009
	US$'000	*US$'000*	*US$'000*
Analysed as:			
Secured	**—**	53,486	52,469
Unsecured	**4,601**	13,238	14,576
Total borrowings	**4,601**	66,724	67,045

	31/12/2010	31/12/2009	1/1/2009
	US$'000	*US$'000*	*US$'000*
Carrying amounts repayable:			
On demand or within one year	**4,601**	13,887	15,694
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**—**	49,960	48,830
	4,601	63,847	64,524
Less: Amounts due within one year shown under current liabilities	**(4,601)**	(63,847)	(64,524)
	—	—	—

15. SHARE CAPITAL

	Number of shares	**Amount**	**Amount**
	'000	*HK$'000*	*US$'000*
Authorised:			
At 1 January and 31 December 2009			
Ordinary share of HK$0.025 each	8,000,000	200,000	25,806
Capital reorganization	192,000,000	—	—
At 31 December 2010			
Ordinary share of HK$0.001 each	200,000,000	200,000	25,806
Issued and fully paid:			
At 1 January and 31 December 2009	1,327,779	33,194	4,278
Issue of shares	586,540	6,960	897
Issue of shares upon acquisition of a subsidiary	12,500	313	40
Capital reorganisation	—	(38,540)	(4,960)
At 31 December 2010	1,926,819	1,927	255

16. OTHER RESERVES

	Contributed surplus US$'000	Translation reserve US$'000	Total US$'000
At 1 January 2009	7,250	(2,382)	4,868
Other comprehensive expense for the year	—	(2,523)	(2,523)
At 31 December 2009	7,250	(4,905)	2,345
Other comprehensive income for the year	—	622	622
Capital reduction during the year	4,960	—	4,960
Contributed surplus utilised	(4,960)	—	(4,960)
Release of contributed surplus upon disposal of subsidiaries	(7,250)	—	(7,250)
Release of translation upon disposal of subsidiaries	—	4,261	4,261
At 31 December 2010	—	(22)	(22)

The contributed surplus of the Group as at 31 December 2009 mainly represented the waiver of an amount due to Directors of subsidiaries and the difference between the net assets of the subsidiaries acquired pursuant to a group reorganisation in 1995 over the nominal value of the company's consideration in exchange therefore.

THE AUDITOR'S REPORT

Basis for qualified opinion on corresponding figures

The Group disposed one of the Group's subsidiaries, Ankan (China) Holdings Limited, the indirect controlling shareholder of Dalian Global Wood Products Company Limited ("Dalian Global") in June 2009. The Board was unable to make available to the auditor the accounting records and related documents of Dalian Global. The auditor was unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of the profit for the year from discontinued operations of US$5,517,000 as recorded in the Group's consolidated income statement for the year ended 31 December 2009, and of the related disclosures to the consolidated financial statements.

A qualified opinion arose from limitation in the scope of audit was issued in the auditor's report on the Group's and Company's consolidated financial statements for the year ended 31 December 2009 dated 8 April 2010. Our opinion on the corresponding figures for the year ended 31 December 2009 was qualified accordingly. Any adjustments found to be necessary would affect the Group's loss for the year ended 31 December 2009.

Qualified opinion

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for qualified opinion on corresponding figures paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BUSINESS REVIEW

Plywood business

The plywood business had been incurring losses for more than two years persistently and led the Group into a net liability position. Even though the plywood market rebounded from its bottom due to the limited supply of logs, the rise in raw materials prices and other related costs had led the operation of the plywood business strenuous and loss-making. The cash flow of the Group was tied up so as to serve the significant indebtedness which was utilized to finance the plywood business. This impaired the going concern of the Group. Against these backgrounds, the Group disposed the plywood business during the year for the sake of the shareholders' interest and the Group as a whole.

Money lending and provision of credits business

Upon the completion of the acquisition of 51% share interest of Delta Wealth in October 2010 and the aforesaid disposal of plywood business in December 2010, the Group had emerged from the plywood business to money lending and provision of credits business. Although there is still uncertainty in global financial market, the Board is optimistic about the future prospect of the money leading and provision of credits business. The Board is confident that the existing business will keep growing and be profitable in long run due to (i) the interest rate provided by both global banks and local banks will maintain at a low rate in the foreseeable future which will in turn stimulate the demand of borrowing; (ii) Hong Kong is a springboard for both individual and corporate investors in People's Republic of China (the "PRC") where the development and borrowing needs keep surging; and (iii) the consistent inflow of hot money and affluence into the Hong Kong financial market.

OUTLOOK

Given that (i) the economy of Hong Kong has been stepping up from the economic downturn; (ii) the quantitative easing program launched by the United States' government which should kindle investment and the funding needs; and (iii) the upsurge of interest rate in PRC banks which are our competitors as a result of PRC inflation-curbing policies. The Board expects there would be a persistently increasing demand on money lending and the provision of credits, e.g. personal loans from the general public in Hong Kong and it is a good timing for the Group to further develop the business of money lending and the provision of credits so as to create a sustainable growth in the long run.

Meanwhile, having disposed the loss-making plywood business, resource of the Group can be consolidated which help fuel the Group's growth and enable the Group to capture any profitable investment opportunities when they arise.

The Group will continue to explore ways to improve the financial performance of the Group, to diversify the Group's operations into new and more profitable businesses and to broaden the source of revenue.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2010, the Group recorded net current assets of approximately US$11.1 million, compared to net liabilities of approximately US$70.5 million as at 31 December 2009. The decrease in net current liabilities could be attributable to the successful disposal of (1) SMI Management & Co., Pte. Limited; (2) ManuplyWood Industries (S) Sdn Bhd; (3) Glowing Schemes Sendirian Berhad; (4) Daunting Services Limited; (5) Sevier Pacific Limited; and (6) Pacific Plywood Limited; and an associated company, Segereka Sendirian Berhad.

Capital structure

During the year ended 31 December 2010

In October 2010, the Company issued 12,500,000 ordinary shares of the Company as consideration shares as part of the consideration of HK$52,000,000 in total for the acquisition of 51% of the equity interest and shareholders loan of Delta Wealth.

On 2 March 2010 and 30 November 2010, the Company entered into two separate placing agreements which were completed on 29 March 2010 and 9 December 2010 respectively. Consequently, 265,540,000 ordinary shares at a placing price of HK$0.158 per share compared to market price of HK$0.196 on 1 March 2010 and 321,000,000 ordinary shares at a placing price of HK$0.105 per placing share compared to market price of HK$0.106 on 30 November 2010 were successfully placed to independent placees. A net proceeds of HK$41.7 million (equivalent to approximately US$5.4 million) and HK$32.61 million (equivalent to approximately US$4.2 million) were raised by the Company respectively for general corporate and working capital of the Group and/or the future development of the Group.

Besides, there is an outstanding convertible notes with a principal amount of HK$48,000,000 at an initial conversion price of HK$0.16 per conversion share exercisable into 300,000,000 ordinary shares of the Company with par value of HK$0.025 per ordinary share upon conversion in full.

At the special general meeting of the Company held on 30 November 2010, a special resolution proposing the capital reorganization was passed and the details were as followings:

(i) to reduce the par value of each issued ordinary share from HK$0.025 to HK$0.001; and

(ii) to subdivide each authorized but unissued ordinary share into 25 new shares of HK$0.001 each.

Upon the completion of the said capital reorganization on 1 December 2010 the number of issued ordinary share of the Company was 1,605,819,448 with a nominal value of HK$0.001 each.

As at 31 December 2010, the number of issued ordinary share of the Company was 1,926,819,448 with a nominal value of HK$0.001 after the aforesaid placing of 321,000,000 ordinary shares.

On 20 December 2010, the Board further announced a proposal for share consolidation and for change in board lot size as followings:

(i) to consolidate every 25 issued and unissued ordinary shares of nominal value of HK$0.001 each into one consolidated share of nominal value of HK$0.025; and

(ii) to change the board lot size of the shares from 20,000 ordinary shares into 2,000 consolidated shares.

Subsequent to the financial year ended 31 December 2010

The aforesaid share consolidation and change in board lot size was completed on 10 January 2011 and the total number of issued ordinary share of the Company was 77,072,777 with par value of HK$0.025 per share. The conversion price of the HK$48,000,000 aforesaid convertible notes was adjusted to HK$4.00 per conversion share due to the share consolidation.

On 21 January 2011, the Company entered into a placing agreement to place 15,400,000 new ordinary shares at a price of HK$0.73 per placing share. Furthermore, the Company entered into a supplemental agreement with placing agent, pursuant to which the placing price has been revised to HK0.74 per placing share. A net proceeds of approximately HK$11.03 million was raised and for general corporate and working capital of the Group or/and the future development of the Company. Such placing of shares was completed on 1 February 2011 and the total number of issued ordinary share became 92,472,777 with par value of HK$0.025 per share.

On 8 March 2011, the Company proposed to raise gross proceeds of approximately HK$221.93 million, before expenses, by issuing 2,774,183,310 rights shares to the qualifying shareholders by way of the rights issue at the subscription price of HK$0.08 per rights share on the basis of thirty rights shares for every one existing share held on 26 April 2011. This proposed rights issue is subject to the approval of the independent shareholders of the Company in April 2011.

On 8 March 2011, the Company proposed to place convertible notes of up to HK$100,000,000 in a maximum of three tranches. This proposed placing of convertible notes is subject to the approval of the shareholders of the Company in April 2011.

Following the aforesaid proposed rights issue and placing of convertible notes, the board lot size is proposed to be changed from 2,000 shares per lot to 40,000 shares per lot and there will be a potential adjustment of the conversion price of the outstanding convertible bonds with a principal amount of HK$48,000,000. This proposed change in board lot size is subject to the approval of the shareholders of the Company in April 2011.

Significant investment, acquisitions and disposal

In April 2010, the Group entered into an agreement with an independent third party for the sale of its commercial property in Singapore for a consideration of $23,000,000 Singapore dollar. The sale was completed in July 2010.

On 24 September 2010, the Company entered into an agreement to acquire 51% of the entire share capital of Delta Wealth. The acquisition was completed in October 2010.

On 29 October 2010, the Group entered into an agreement with an independent third party for the disposal of its subsidiaries including (1) SMI Management & Co., Pte. Limited; (2) ManuplyWood Industries (S) Sdn Bhd; (3) Glowing Schemes Sendirian Berhad; (4) Daunting Services Limited; (5) Sevier Pacific Limited; and (6) Pacific Plywood Limited; and an associated company, Segereka Sendirian Berhad. The disposal was completed on 30 December 2010.

Save for disclosed above, there was no significant acquisition or disposal that should be notified to the shareholders of the Company for the year ended 31 December 2010.

Employees

As at 31 December 2010, the Group had 17 staff, 5 of whom worked in the office of Delta Wealth, a non-wholly owned subsidiary of the Company. In-house training programmes were provided for staff to enhance skills and job knowledge. Management would continue to foster close co-operation with the staff.

Details of charges on assets

The pledges of certain property, plant and equipment and leasehold land with a net book value of approximately US$48,761,000, floating charges on certain inventories of approximately US$7,884,000, trade receivables of approximately US$284,000, bank balances of approximately US$568,000, other assets of approximately US$927,000, noted as at 30 June 2010 interim report were released as at 31 December 2010.

As at 31 December 2010, the Group did not have any corporate guarantee given to any entity. None of fixed assets and current assets was pledged.

Future plans for material investment or capital assets

Upon the completion of the acquisition of 51% share interests of Delta Wealth in October 2010 and the completion of the disposal of the plywood manufacturing and distribution business of the Group in December 2010, the Group is principally engaged in the business of money lending and provision of credits.

The Company disposed its loss-making plywood manufacturing and distribution business in December 2010. Such disposal put an end to the more-than-two-year loss of the Group and contributed a net gain (after netting of the loss of plywood business for the current year) amounting approximately US$9,153,000 to the Group. Even though the plywood market recovered from its bottom, the operation remained difficult and continued with net losses in current year due to the limited supply of logs and increased in raw materials prices and other related costs. This led the Group exposed to a stringent cash flow and a net liabilities position which might adversely affect the going concern of the Group. In view of the above and the fact that the continuation of the plywood manufacturing and distribution business might not be in the interests of the Company and Shareholder(s) as a whole, the plywood business was then discarded.

Although the Company has disposed the plywood manufacturing and distribution business, the Board will continue with the plywood related business by exploring upstream plywood business opportunities (i.e. the forestry business) provided that such business is beneficial to the Group in the future.

To improve the profitability and the financial position, the Group stretched into the money lending and provision of credits business by acquiring 51% share interests of Delta Wealth in October 2010. On 27 October 2010 and 10 November 2010, the Group granted two facilities to Delta Wealth with principal amount of HK$12,000,000 and HK$138,000,000 respectively to expand the scale and broaden customer bases of the business.

Although there is still uncertainty in global financial market, the Board is optimistic about the future prospect of the money leading and provision of credits business and is confidence that the business will keep growing and be profitable in long run due to (i) the economy of Hong Kong has been stepping up from the economic downturn; (ii) the quantitative easing program launched by the United States' government which should kindle investment and the funding needs; and (iii) the upsurge of interest rate in PRC banks which are our competitors as a result of PRC inflation-curbing policies. The Board expects there would be a persistently increasing demand on money lending and the provision of credits, e.g. personal loans from the general public in Hong Kong, and it is a good timing for the Group to further develop the business of money lending and the provision of credits so as to create a sustainable growth in the long run.

Besides the business of money lending and provision of credits, the Group has been being eager to seek for opportunities to be identified to improve the overall performance of the Group. On 6 July 2010, 18 October 2010 and 3 March 2011, the Company entered into non-binding memorandums of understanding with Markmore Sdn Berhad, a company incorporated in Malaysia in relation to its intention to explore the investment opportunity in oilfields business located in Kazakhstan. The Board considers that the aforesaid oilfields possess abundant potential due to the quantity of the reserves in the aforesaid oilfields and regard that the oil industry can diversify the existing business of the Company and widen the income base of the Group.

Although the financial performance of the Group was in a loss position in the past years due to the loss-making plywood manufacturing and distribution business, the completion of the disposal of the plywood manufacturing and distribution business and the expansion in the business of money lending and provision of credits have brought the Group out from the low ebb and have helped paving the way of prosperity of the Group. The management of the Group will use its best endeavour to explore any investment opportunities in promising industries and ways to improve the financial performance of the Group, which will enable the Group grow stronger and fruitful gradually.

Working capital and gearing ratio

The gearing ratios of the Group as at 31 December 2010 and 2009 were as follow:

	As at 31 December	
	2010	2009
	US$'000	*US$'000*
Total borrowings	**4,601**	66,724
Less: Cash and cash equivalents	**(8,122)**	(1,040)
Net debt	**(3,521)**	65,684
Total equity/(deficit)	**11,766**	(12,309)
Total capital	**8,245**	53,375
Gearing ratio (net debt to total capital)	**(43%)**	123%

The gearing ratio decreased to (43)% mainly because of the disposal of subsidiaries namely (1) SMI Management & Co., Pte. Limited; (2) ManuplyWood Industries (S) Sdn Bhd; (3) Glowing Schemes Sendirian Berhad; (4) Daunting Services Limited; (5) Sevier Pacific Limited; and (6) Pacific Plywood Limited; and an associated company, Segereka Sendirian Berhad, which were in a net liability position.

Foreign exchange exposure

The Group mainly earns revenue and incurs cost in Hong Kong dollars and not subject to foreign exchange risk. In addition, the Group did not have any related hedges as at 31 December 2010.

Contingent liabilities

As at 31 December 2010, the Group had no material contingent liabilities.

DIVIDEND

No final dividend for the year ended 31 December 2010 (2009: nil) had been proposed by the Directors.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the rules governing the listing of securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2010, with deviations from code provision A.2.1, A.4.1 and E.1.2.

Code provision A.2.1

Under code provision A.2.1, the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual.

In addition to his duties as former Chairman of the Company, Dr. Budiono Widodo is also responsible for the strategic planning and overseeing certain aspects of the Group's operation. Such duties overlap with those of Mr. Sardjono Widodo, the former Chief Executive Officer, who is his son. Nevertheless, the Board considers that this will not impair the balance of power and authority of the Board and the management of the Group. The balance of power and authority is ensured by the operation of the Board, which comprises nine to eleven Directors during the year ended 31 December 2010. All of them are experienced businessmen or professionals and they meet regularly to review the Group's performance. For decisions which may have significant effect on the Group's business, attendance of all Directors in a board meeting is secured as far as possible.

Code provision A.4.1

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

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

Code provision E.1.2

Under code provision E.1.2, the chairman of the board should attend the annual general meeting.

Due to certain urgent matters to be attended by former Chairman, Dr. Budiono Widodo did not attend the Company's 2010 annual general meeting. However, Dr. Budiono Widodo arranged Mr. Liao Yun Kuang, former President of the Company, to attend the Company's 2010 annual general meeting to answer questions raised by shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All existing Directors, upon specific enquiry, confirmed that they had complied with the required standard as set out in the Model Code during the year ended 31 December 2010.

AUDIT COMMITTEE

On 22 April 2010, Mr. Siah Chong Huat and Mr. Widjaja Kusnadi resigned while Mr. Wong Chun Hung and Mr. Chan Kin Sang were appointed as members of Audit Committee.

On 28 October 2010, Mr. Usman Marzuki resigned as a member of the Audit Committee.

On 24 November 2010, Mr. Cheng Po Yuen was appointed as a member of the Audit Committee and Mr. Wong Chun Hung was appointed as the chairman of the Audit Committee.

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

During the year ended 31 December 2010, the Audit Committee met to review the annual financial information for the year ended 31 December 2009 and the interim financial statements for the six months ended 30 June 2010. In December 2010, the Audit Committee communicated with the external auditor of the Company through telephone conference to discuss their audit plan for 2010 annual audit.

The Audit Committee has discussed and reviewed with management the consolidated financial statements for the year ended 31 December 2010.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

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

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

Independent Non-executive Directors
Mr. Chan Kin Sang
Mr. Cheng Po Yuen
Mr. Wong Chun Hung

By order of the Board
Liang Jian Hua
Chairman

Hong Kong, 29 March 2011