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PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 767)

DISCLOSEABLE TRANSACTION

On 9 December 2013, the Lender entered into the First Loan Agreement with the Borrower, pursuant to which the Lender has agreed to provide the loan facility of HK\$30 million to the Borrower in accordance with the terms thereunder, details of which have been set out in the announcement of the Company dated 9 December 2013. The outstanding amount under the First Loan Agreement had been repaid in full as at the date of this announcement.

On 9 January 2014, the Lender entered into the Second Loan Agreement with the Borrower, pursuant to which the Lender has agreed to provide the Second Loan Facility of HK\$30 million to the Borrower in accordance with the terms thereunder.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the entering into of the Second Loan Agreement (when aggregated with the First Loan Agreement pursuant to Rule 14.22 of the Listing Rules) exceed 5% but are less than 25%, the entering into of the Second Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement but exempt from the Shareholders' approval requirement under the Listing Rules.

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* *For identification purpose only*

THE SECOND LOAN AGREEMENT

Date: 9 January 2014

Parties: the Lender and the Borrower

The Borrower is a company incorporated in the British Virgin Islands with limited liability and the principal activity of which is investment holding.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Borrower is an Independent Third Party.

Amount of the Second Loan Facility

HK\$30 million

Term

Three (3) months from the date of the Second Loan Agreement, which may be extended for another three (3) months if so agreed by the parties to the Second Loan Agreement.

Drawing

Subject to certain conditions as set out in the Second Loan Agreement, including, but not limited to the Lender receiving such other securities or collaterals in the form and substance acceptable to the Lender, with principal value of not less than the sum of the drawing stipulated in the notice of drawing, as may be required by the Lender at its absolute discretion, the Lender shall have absolute discretion as to whether to make available any sum for drawdown under the Second Loan Agreement.

Repayment

The Borrower shall repay the Second Loan in full in one lump sum together with all interest accrued thereon and all other monies payable under the Second Loan Agreement on the Repayment Date.

The Lender shall have the overriding right at any time by written notice to the Borrower to demand (apart from the other representations, warranties, covenants and undertakings given by the Borrower under the Second Loan Agreement) further security and assurances as the Lender shall consider appropriate to secure the obligations of the Borrower under the Second Loan Agreement and/or to demand immediate repayment of all or part of the outstanding indebtedness payable under the Second Loan Agreement.

Prepayment

The Borrower may prepay to the Lender the whole or any part of the Second Loan provided that: (i) the Borrower shall have given to the Lender not less than seven (7) Business Days' notice in writing of its intention to make such prepayment, specifying the amount to be prepaid and the date on which prepayment is to be made; and (ii) the Lender shall have consented in writing to such prepayment (the Lender shall have the unfettered right to give (with or without conditions) or withhold such consent at its sole and absolute discretion).

Interest

Interest on the Second Loan shall accrue at the rate of 24% per year from the date of the Second Loan Agreement. If the Repayment Date is extended pursuant to the terms of the Second Loan Agreement, interest on the Second Loan shall accrue at the rate of 24% per year. Interest on the Second Loan shall be calculated on the actual number of days elapsed from and including the date of drawdown to but excluding the date that the Second Loan shall be repaid in full on the basis of a 365-day year. The Borrower shall repay accrued interest on the Second Loan in arrears on the Repayment Date.

Share Charge

A share mortgage (as originally executed or amended from time to time) given by the Borrower to pledge by way of a first legal and equitable mortgage the Mortgaged Shares in favour of the Lender on the terms of the Security Documents as collateral for all the monies owed to the Lender from time to time.

Guarantee

The Guarantor has provided the Guarantee in favor of the Lender for the Borrower's obligations and liabilities under the Second Loan Agreement.

Reasons for and benefits of entering into of the Second Loan Agreement

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

Entering into of the Second Loan Agreement is conducted in the ordinary and usual course of business of the Group which provides interest income to the Group and the terms of which are entered on normal and commercial terms. The Directors (including the independent non-executive Directors) consider that the Second Loan Agreement is entered into upon normal commercial terms following arm's length negotiations between the parties to the Second Loan Agreement and that the conditions and terms of the Second Loan Agreement are fair and reasonable and are in the interests of the Shareholders as a whole.

GENERAL

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the entering into of the Second Loan Agreement (when aggregated with the First Loan Agreement pursuant to Rule 14.22 of the Listing Rules) exceed 5% but are less than 25%, the entering into of the Second Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement but exempt from the Shareholders' approval requirement under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Borrower”	the borrower under the Second Loan Agreement
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Pacific Plywood Holdings Limited, a company incorporated in Bermuda and the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“First Loan Agreement”	the loan agreement dated 9 December 2013 entered into between the Lender and the Borrower in relation to provision of a loan facility of HK\$30 million
“Group”	the Company and its subsidiaries
“Guarantee”	the personal guarantee provided by the Guarantor in favor of the Lender for the Borrower’s obligations and liabilities under the Second Loan Agreement
“Guarantor”	being an individual and an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Lender”	Joy Wealth Finance Limited, a wholly-owned subsidiary of the Company which is a licensed money lender in Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mortgaged Shares”	<ul style="list-style-type: none"> (i) ordinary shares of a company listed on the Main Board of the Stock Exchange, legally and beneficially owned by the Borrower, with aggregate market value which is over the outstanding indebtedness under the Second Loan Agreement based on the recent closing prices as quoted on the Stock Exchange; (ii) any shares acquired in respect of such mortgaged shares by reason of a division or combination of shares, share dividend, reclassification or otherwise; and (iii) all other shares in such company from time to time legally or beneficially owned by the Borrower
“Repayment Date”	subject to the Lender’s customary overriding right of repayment on demand and terms of the Second Loan Agreement, the date falling three (3) months from the date of the Second Loan Agreement subject to further written agreement between the Lender and the Borrower on any possible extension for further three (3) months
“Second Loan”	the aggregate principal amount drawn down and for the time being outstanding under the Second Loan Agreement
“Second Loan Agreement”	the loan agreement dated 9 January 2014 entered into between the Lender and the Borrower in relation to the provision of the Second Loan Facility
“Second Loan Facility”	a loan facility of HK\$30 million pursuant to the Second Loan Agreement
“Security Document”	the mortgage of the Mortgaged Shares, the Guarantee and any other agreements, mortgages, charges and other documents executed from time to time by any person as security for the Borrower’s obligations hereunder or under any other relevant documents
”Share(s)”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

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

Hong Kong, 9 January 2014

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

Executive Directors

Mr. Huang Chuan Fu (*Chairman*)

Mr. Liang Jian Hua

Ms. Jia Hui

Mr. Jiang Yi Ren

Independent non-executive Directors

Mr. Wong Chun Hung

Mr. Wong Sze Kai

Mr. Zheng Zhen

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