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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 — EXTENSION OF LOAN**

On 20 December 2013, the Lender entered into the Second Supplemental Loan Agreement with the Borrower and the Guarantor, pursuant to which the Lender, the Borrower and the Guarantor have agreed to, among other things, extend the term of the Loan Agreement (as supplemented by the First Supplemental Loan Agreement) by five (5) months to 19 May 2014, and as a result of such extension, the interest rate will be increased from 15% to 18% per annum.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the entering into of the Second Supplemental Loan Agreement exceed 5% but are less than 25%, the entering into of the Second Supplemental 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 Shareholders' approval requirement under the Listing Rules.

Reference is made to the announcements of the Company dated 28 November 2011 and 16 October 2012 in relation to the provisions of the Loan Agreement with the loan principal of HK\$45,000,000 and the First Supplemental Loan Agreement with the loan principal of HK\$49,778,630.

On 20 December 2013, the Lender entered into the Second Supplemental Loan Agreement with the Borrower and the Guarantor, pursuant to which the Lender, the Borrower and the Guarantor have agreed to, among other things, extend the term of the Loan Agreement (as supplemented by the First Supplemental Loan Agreement) by five (5) months to 19 May 2014, and as a result of such extension, the interest rate will be increased from 15% to 18% per annum.

\* *For identification purposes only*

## **SECOND SUPPLEMENTAL LOAN AGREEMENT**

Date: 20 December 2013

Parties: the Lender, the Borrower and the Guarantor

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 Directors' knowledge, information and belief having made all reasonable enquiries, the Borrower and its ultimate beneficial owners, i.e. the Guarantor, are Independent Third Parties.

### **PRINCIPAL AMOUNT OF THE LOAN**

Up to HK\$57,000,000

### **TERM**

Five (5) months from the date of the Second Supplemental Loan Agreement which is extendable for another five (5) months subject to mutual agreement.

### **REPAYMENT**

The Borrower will repay the Loan in full in one lump sum together with all interest accrued thereon and all other monies payable under the Loan Agreement (as supplemented by the First Supplemental Loan Agreement and the Second Supplemental Loan Agreement (collectively the "**Supplemental Loan Agreements**") on the Repayment Date.

### **SHARE CHARGE**

The Security Documents have been entered into between the Lender and the Borrower, and the Charged Shares have been charged in favour of the Lender as security for the performance of the Borrower's obligations under the Loan Agreement (as supplemented by the Supplemental Loan Agreements).

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 Supplemental Loan Agreement) further security and assurances as the Lender shall consider appropriate to secure the obligations of the Borrower under the Loan Agreement (as supplemented by the Supplemental Loan Agreements) and/or to demand immediate repayment of the Loan and all interest accrued thereon and all other monies payable under the Second Supplemental Loan Agreement.

### **INTEREST**

Interest on the Loan shall accrue at the rate of eighteen per cent. (18%) per annum. Interest on the Loan shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

If the Borrower defaults in repayment on the due date of any part of the Loan, interest or other amounts payable under the Loan Agreement (as supplemented by the Supplemental Loan Agreements), the Borrower shall pay additional interest on such overdue sums from

the due date until payment in full (before and after judgment) at the rate which is eighteen per cent. (18%) per annum. Such interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

## **REASONS FOR THE ENTERING INTO OF THE SECOND SUPPLEMENTAL 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.

The Board is of the view that the entering into of the Second Supplemental Loan Agreement allows the Company to earn more interest income from the Loan with the higher interest rate on the higher principal amount. Besides, the market value of the Charged Shares (based on the closing price of the Charged Shares as at the date of the Second Supplemental Loan Agreement) approximates to HK\$82.7 million which exceeds the principal amount of the Loan. As such, the Directors consider that the Second Supplemental Loan Agreement is entered into upon normal commercial terms following arm's length negotiations between the parties to the Second Supplemental Loan Agreement and that the conditions and terms of the Loan Agreement (as supplemented by the Supplemental Loan Agreements) are fair and reasonable and are in the interests of the Group and 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 Supplemental Loan Agreement exceed 5% but are less than 25%, the entering into of the Second Supplemental 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 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”	Fortune Source International Limited, a company incorporated in the British Virgin Islands with limited liability
“Charged Shares”	issued shares of a listed company on the main board of the Stock Exchange, which have been charged in favour of the Lender as security for the performance of the Borrower's obligations under the Loan Agreement (as supplemented by the Supplemental Loan Agreements)

“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
“Directors”	directors of the Company
“First Supplemental Loan Agreement”	the supplemental loan agreement dated 16 October 2012 entered into between the Lender, the Borrower and the Guarantor to supplement the Loan Agreement
“Group”	the Company and its subsidiaries
“Guarantor”	the ultimate beneficial owner of the Borrower
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 of the Company in accordance with the Listing Rules
“Lender”	Joy Wealth Finance Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of the Company and is a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan up to HK\$57,000,000 to the Borrower pursuant to the terms and conditions of the Loan Agreement (as supplemented by the Supplemental Loan Agreements)
“Loan Agreement”	the loan agreement dated 28 November 2011 entered into between the Lender, the Borrower and the Guarantor in relation to the provision of a loan in a principal amount of HK\$45,000,000
“PRC”	the People’s Republic of China
“Repayment Date”	19 May 2014, being the date falling five (5) months from the date of the Second Supplemental Loan Agreement which is extendable for another five (5) months subject to mutual agreement

“Security Documents”	any documents as may have been or may on or after the date of the Loan Agreement (as supplemented by the Supplemental Loan Agreements) be executed by the Borrower or any other person in favour of the Lender as security for the performance of the Borrower’s obligations under the Loan Agreement and all documents ancillary to or derived from any of them, including the Share Charge
“Second Supplemental Loan Agreement”	the supplemental loan agreement dated 20 December 2013 entered into between the Lender, the Borrower and the Guarantor to supplement the Loan Agreement and the First Supplemental Loan Agreement
“Share(s)”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Share Charge”	the share charge executed by the Borrower in favour of the Lender in respect of the Charged Shares
“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, 20 December 2013

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.