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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 – PROVISION OF LOAN

On 20 January 2015, the Lender entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to provide a loan with principal amount of up to HK\$36,000,000 to the Borrower in accordance with the terms thereunder.

Prior to 20 January 2015, the Lender entered into the Prior Loan Agreements with the Borrower which have not been due as at the date of this announcement.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of entering into of the Loan Agreement (when aggregated with the Prior Loan Agreements pursuant to Rule 14.22 of the Listing Rules) exceed 5% but are less than 25%, entering into of the Loan Agreement constitutes as 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 LOAN AGREEMENT

Date : 20 January 2015

Parties : the Lender and the Borrower

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 Loan

Up to HK\$36,000,000

Term

The Business Day falling on the twelfth (12) month from the date of drawdown, which may be extended if so agreed by the parties to the Loan Agreement.

Drawing

The Lender shall have absolute discretion as to whether to make available any sum for drawdown under the Loan Agreement.

Repayment

Subject to the Lender's overriding right of repayment on demand, the Borrower shall repay the Loan in full in one lump sum together with all interest accrued thereon and all other monies payable under the Loan Agreement on the Repayment Date.

Prepayment

The Borrower may prepay to the Lender the whole or any part of the Loan provided that:

- (a) the Borrower shall have given to the Lender a 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

- (b) 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 Loan shall accrue at the rate of 10% per annum with reference to the credit policy of the Lender. Interest charged on the Loan shall be calculated on the basis of a 365-day year and the actual number of days elapsed. The Borrower shall repay accrued interest on the Loan in arrears on the Repayment Date.

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, the Borrower shall pay additional interest on such overdue sums from the due date until payment in full (before and after judgment, if applicable) at the rate which is 10% per annum. Such interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

Share Mortgages

The First Share Mortgage has been given by the Borrower to pledge by way of mortgage the First Mortgaged Shares in favour of the Lender as collateral for all the monies owed to the Lender from time to time.

To further protect the interests of the Lender, the Second Share Mortgage has been given by a company wholly-owned by the Borrower to pledge by way of mortgage the Second Mortgaged Shares in favour of the Lender as collateral for all the monies owed to the Lender from time to time.

The First Mortgaged Shares and the Second Mortgaged Shares represent an interest in a land located in the PRC. In addition, the Lender shall have the right from time to time at its absolute and sole discretion require or demand any other collateral, irrespective of whether the monetary value of the same is equivalent to or over the outstanding indebtedness owing from the Borrower to the Lender.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE LOAN AGREEMENT

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

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

GENERAL

As the applicable percentage ratios (as defined under the Listing Rules) in respect of entering into of the Loan Agreement (when aggregated with the Prior Loan Agreements pursuant to Rule 14.22 of the Listing Rules) exceed 5% but are less than 25%, entering into of the Loan Agreement constitutes as 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

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	board of Directors.
“Borrower”	the borrower under the Loan Agreement and the Prior Loan Agreements, being an individual.
“Business Day(s)”	a day (other than a Saturday, a Sunday and a public holiday) on which the licensed banks in Hong Kong are generally open for business in Hong Kong.
“Company”	Pacific Plywood Holdings Limited (太平洋實業控股有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange.
“Director(s)”	the director(s) of the Company.

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“First Mortgaged Shares”	(i) all the shares of a company incorporated in the British Virgin Islands with limited liability legally and beneficially owned by the Borrower; (ii) any shares acquired in respect of such First Mortgaged Shares by reason of a division or combination of shares, share dividend, reclassification, rights issue or otherwise; and (iii) all other shares in such company from time to time legally or beneficially owned by the Borrower.
“First Share Mortgage”	the share mortgage dated 20 January 2015 given by the Borrower to pledge by way of mortgage the First Mortgaged Shares in favour of the Lender as collateral for all the monies owed to the Lender from time to time.
“Group”	the Company and its subsidiaries.
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.
“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 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 amount drawn down by the Lender pursuant to the terms and conditions of the Loan Agreement.

“Loan Agreement”	the loan agreement dated 20 January 2015 entered into between the Lender and the Borrower in relation to the provision of a loan with principal amount of up to HK\$36,000,000 to the Borrower in accordance with the terms thereunder.
“PRC”	People’s Republic of China.
“Prior Loan Agreements”	the loan agreements dated 24 September 2014, 27 October 2014 and 19 November 2014 entered into between the Lender and the Borrower in relation to the provision of a loan of US\$380,000 with an interest rate of 15% per annum, a loan of HK\$25,000,000 with an interest rate of 10% per annum and a loan of HK\$3,900,000 with an interest rate of 15% per annum respectively, which are all with a term of twelve (12) months from the date of drawdown subject to further written agreement between the parties thereto on any possible extension pursuant to the terms and conditions thereunder.
“Repayment Date”	the Business Day falling on the twelfth (12) month from the date of drawdown, which may be extended if so agreed by the parties to the Loan Agreement.
“Second Mortgaged Shares”	(i) all the shares of a company incorporated in Hong Kong with limited liability legally and owned by a company wholly-owned by the Borrower; (ii) any shares acquired in respect of such Second Mortgaged Shares by reason of a division or combination of shares, share dividend, reclassification, rights issue or otherwise; and (iii) all other shares in such company from time to time legally or beneficially owned by the company wholly-owned by the Borrower.
“Second Share Mortgage”	the share mortgage dated 20 January 2015 given by a company wholly-owned by the Borrower to pledge by way of mortgage the Second Mortgaged Shares in favour of the Lender as collateral for all the monies owed to the Lender from time to time.

“Share(s)”	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.
“US\$”	United States dollars, the lawful currency of the United States of America.
“%”	per cent.

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

Hong Kong, 20 January 2015

As at the date of this announcement, the Directors 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. Zheng Zhen
Mr. Lau Yiu Tung

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