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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 18 January 2016, the Lender entered into the Supplemental Loan Agreement with the Borrower, pursuant to which the Lender has agreed to provide the Supplemental Loan Facility of up to HK\$58,000,000 to the Borrower in accordance with the terms thereunder and extended the repayment date of the Loan to the Repayment Date under the Supplemental Loan Agreement.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the entering into of the Supplemental Loan Agreement (when aggregated with the Loan Agreement pursuant to Rule 14.22 of the Listing Rules) exceed 5% but less than 25%, the entering into of the 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 the Shareholders' approval requirement under the Listing Rules.

Reference is made to the announcement of the Company dated 19 August 2015 in relation to the entering of the Loan Agreement in relation to the provision of the Loan Facility.

* *For identification purpose only*

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THE SUPPLEMENTAL LOAN AGREEMENT

Date : 18 January 2016

Parties : the Lender and the Borrower

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

Amount of the Supplemental Loan Facility

Up to HK\$58,000,000

Term

The Business Day falling on the second (2nd) month from the date of drawdown of the Supplemental Loan Facility, which may be extended for another two (2) months if so agreed by the parties to the Supplemental Loan Agreement.

Repayment

Subject to the Lender's overriding right of repayment on demand, the Borrower shall repay the Loan and Supplemental Loan in full in one lump sum together with all interest accrued thereon and all other monies payable under the Loan Agreement and Supplemental Loan Agreement on the Repayment Date. In addition, the Lender shall have the right from time to time in its absolute and sole discretion require or demand any collateral which is with a value equivalent or over the outstanding amount from the Borrower.

Prepayment

The Borrower may prepay to the Lender the whole or any part of the Supplemental Loan Facility 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).

Conditions

- (a) The Borrower may not utilize any amount of the Supplemental Loan Facility under the Supplemental Loan Agreement unless the Lender has first received from the Borrower, in the form and substance acceptable to the Lender, inter alia, (i) evidence that all authorisations have been obtained and all necessary filings, registrations and other formalities have been or will, as soon as practical, be completed in order to ensure that the Supplemental Loan Agreement and such other documents in connection therewith are valid, enforceable and legally binding; and (ii) such other documents, evidence and financial and other information in connection with the Supplemental Loan Agreement and the transactions contemplated herein as the Lender may reasonably request; and
- (b) The Lender shall have absolute discretion as to whether to make available any sum for any drawdown under the Supplemental Loan Agreement.

Interest

Interest on the Supplemental Loan shall accrue at the rate of twelve per cent. (12%) per annum with reference to the credit policy of the Lender. Interest charged on the Supplemental Loan shall be calculated on the actual number of days elapsed from and including the date of drawdown up to but excluding the date that any amount shall be repaid in full on the basis of a 365-day year. The Borrower shall repay accrued interest on the Supplemental Loan on the Repayment Date.

If the Borrower defaults in repayment on the due date of any part of the Supplemental Loan, interest or other amounts payable under the Supplemental Loan Agreement, 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 twelve per cent. (12%) per annum. Such interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SUPPLEMENTAL 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 Supplemental Loan Agreement is conducted in the ordinary and usual course of business of the Group and it provides interest income to the Group and the terms of which are entered on normal and commercial terms. The provision of the Supplemental Loan Facility shall be financed by internal resources of the Group. The Directors consider that the Supplemental Loan Agreement is entered into upon normal commercial terms following arm's length negotiations between the parties to the Supplemental Loan Agreement and that the conditions and terms of the Supplemental Loan Agreement are fair and reasonable and are 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 the entering into of the Supplemental Loan Agreement (when aggregated with the Loan Agreement pursuant to Rule 14.22 of the Listing Rules) exceed 5% but less than 25%, the entering into of the 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 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 Supplemental Loan Agreement, which is a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Growth Enterprise Market of the Stock Exchange and its principal activity is investment holding
“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
“Group”	the Company and its subsidiaries
“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 amount drawn down by the Lender pursuant to the terms and conditions of the Loan Agreement
“Loan Agreement”	the loan agreement dated 19 August 2015 entered into between the Lender and the Borrower in relation to provision of the Loan Facility
“Loan Facility”	the loan facility of up to HK\$50,000,000 provided by the Lender to the Borrower with term of ninety (90) days from 19 August 2015 subject to further written agreement between the parties thereto on any possible extension and at an interest rate of twelve per cent (12%) per annum.
“PRC”	People’s Republic of China

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“Repayment Date”	the date falling on the second (2nd) month from the date of drawdown which may be extended for another two (2) months if so agreed by the parties thereto
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Supplemental Loan”	the amount drawn down by the Lender pursuant to the terms and conditions of the Supplemental Loan Agreement
“Supplemental Loan Agreement”	the loan agreement dated 18 January 2016 and entered into between the Lender and the Borrower in relation to the provision of the Supplemental Loan Facility
“Supplemental Loan Facility”	the loan facility of up to HK\$58,000,000 to be provided by the Lender to the Borrower pursuant to the terms and conditions of the Supplemental Loan Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 18 January 2016

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. To Langa Samuelson

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