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**HUARONG FINANCIAL SERVICES
ASSET MANAGEMENT L.P.**

(A Cayman Islands exempted limited partnership)

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

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

**JOINT ANNOUNCEMENT
(1) UPDATE ON SPECIAL DEALS IN RELATION TO
LISTED SHARES DISPOSAL,
PROPOSED CN AMENDMENTS AND CN TRANSFER
AND
(2) EXTENSION OF LONG STOP DATES OF
THE SALE AND PURCHASE AGREEMENT AND
THE CN MODIFICATION DEED**

**Joint financial advisers to
Huarong Financial Services
Asset Management L.P.**

**Financial adviser to
Pacific Plywood Holdings Limited**



* For identification purposes only

References are made to (i) the announcements jointly issued by Pacific Plywood Holdings Limited (the “**Company**”) and Huarong Financial Services Asset Management L.P. (the “**Offeror**”) dated (a) 5 October 2016 in respect of, amongst others, the Sale and Purchase Agreement, the Special Deals and the Offer (the “**First Joint Announcement**”); (b) 18 October 2016 in relation to the update on the Special Deals (the “**Second Joint Announcement**”); (c) 26 October 2016 in relation to the delay in despatch of the Circular and the Composite Document (the “**First Delay Despatch Announcement**”); (d) 15 November 2016 in relation to the Second Supplemental Sale and Purchase Agreement and the Second Supplemental CN Transfer Agreement (the “**Third Joint Announcement**”); (e) 30 December 2016 in relation to the extension of the long stop dates (the “**Extension Announcement**”); and (f) 6 January 2017 in relation to the delay in despatch of the Composite Document (the “**Second Delay Despatch Announcement**”); and (ii) the announcements dated (a) 2 December 2016, 23 December 2016 and 28 February 2017 in relation to the delay in despatch of the Circular issued by the Company (the “**Further Delay Despatch Announcements**”); and (b) 5 January 2017 in relation to the new business model proposal (the “**Adoption of New Business Model Proposal Announcement**”) (together with the First Joint Announcement, the Second Joint Announcement, the First Delay Despatch Announcement, the Third Joint Announcement, the Extension Announcement, the Second Delay Despatch Announcement and the Further Delay Despatch Announcements collectively being the “**Announcements**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless the context requires otherwise.

(1) UPDATE ON THE SPECIAL DEALS

A. The Listed Shares Disposal

On 31 March 2017 (after trading hours), the Company and the Listed Shares Disposal Purchaser entered into a deed of termination in relation to the termination of the Listed Shares Disposal Agreement (as amended and supplemented by the Supplemental Listed Shares Disposal Agreement), pursuant to which the Listed Shares Disposal will no longer proceed.

Furthermore, subject to further negotiation, the Shares Vendor, the Offeror, Mr. Ma (the “**Previous Guarantor**”) and Mr. Su (the “**Guarantor**”) intend to enter into an amended and restated agreement to vary and restate the Sale and Purchase Agreement (the “**Amended and Restated Sale and Purchase Agreement**”) and to vary certain terms and conditions thereof, pursuant to which, among others, (i) Mr. Ma will be released from all of the various covenants, undertakings and other obligations thereunder (save for the confidentiality provisions) and Mr. Su will replace Mr. Ma as the guarantor under the Sale and Purchase Agreement; (ii) as security for the performance of the Shares

Vendor's obligations under the Amended and Restated Sale and Purchase Agreement, the Shares Vendor will execute or procure to be executed in favour of the Offeror, a first ranking security document in respect of the Convertible Notes (if applicable, as amended by the CN Modification Deed) (the "**Revised Convertible Notes Charge**") and a first ranking security document in respect of the entire issued share capital of the Shares Vendor (the "**Revised Share Charge**") in favour of the Offeror to secure, among others, the performance of the obligations of the Shares Vendor and the Guarantor under the Amended and Restated Sale and Purchase Agreement, the Revised Convertible Notes Charge, the Revised Share Charge, the CN Modification Deed and the tax deed; and (iii) the Shares Vendor undertakes in the event that any of the Listed Sale Shares are disposed of or transferred to any person after the Sale and Purchase Completion by the Company (the "**Restated Listed Shares Disposal**") and the gross proceeds from the Restated Listed Shares Disposal is less than the value to be agreed between the Shares Vendor and the Offeror under the Amended and Restated Sale and Purchase Agreement (the "**Agreed Value**"), the Shares Vendor will pay to the Company without any deduction or set-off the shortfall between the Agreed Value and the gross proceeds from the Restated Listed Shares Disposal. In the event that the gross proceeds from the Restated Listed Shares Disposal is more than the Agreed Value (the "**Surplus**"), the Company will not be obliged to pay the Surplus to the Shares Vendor.

The Shares Vendor confirms that as at the date of this joint announcement, save for the Initial Consideration received by the Shares Vendor and the remaining balance of the consideration to be received by the Shares Vendor pursuant to the Sale and Purchase Agreement upon Sale and Purchase Completion, the Offeror, its nominees or representatives has not and will not pay any other consideration in whatever form to the Shares Vendor, its nominees or representatives, its ultimate beneficial owners and/or parties acting in concert with any of them in connection with the Sale and Purchase Agreement and the Revised Special Deals (as defined below) or otherwise.

B. Proposed CN Amendments

Subject to further negotiation, the Company and the CN Holder intend to enter into the second supplemental modification deed to amend certain terms of the CN Modification Deed (as amended and supplemented by the Supplemental CN Modification Deed), pursuant to which the Company will no longer undertake that so long as any Amended and Restated Convertible Notes in the amount of not less than HK\$1,000,000,000 remains outstanding, the Company shall not increase its issued share capital by over 25% in any single transaction or increase its issued share capital by over 50% in any financial year of the Company save with the approval of a resolution of the Majority Noteholder(s) (the "**CN Modification Deed Amendment**").

Subject to further negotiation, the Shares Vendor, the Offeror, the Previous Guarantor and Mr. Su intend to enter into the Amended and Restated Sale and Purchase Agreement, pursuant to which the Offeror will irrevocably and unconditionally undertake to the Shares Vendor and Mr. Su that so long as any Convertible Notes or Amended and Restated Convertible Notes (as the case may be) in the amount of not less than HK\$1,000,000,000 remains outstanding, save with the approval of a resolution of any one or more holders holding the Convertible Notes or Amended and Restated Convertible Notes (as the case may be) or being proxies or representatives in respect of the Convertible Notes or Amended and Restated Convertible Notes (as the case may be) and representing, in the aggregate, not less than 50.1 per cent. of the aggregate principal amount of the Convertible Notes or Amended and Restated Convertible Notes (as the case may be) then outstanding, it shall use its best endeavours (including without limitation, exercising the voting rights (whether on a show of hands or a poll and whether in person or by proxy) attaching to the Shares beneficially owned by the Offeror, its associates or the parties acting in concert (as such term is defined in the Takeovers Code) with it at the general meeting(s) of the Company) to procure the Company not to issue any Shares and/or issue or grant any rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares or any securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Shares (or shall grant any such rights in respect of existing securities so issued), the effect of which is to cause or is capable of causing an increase in the issued share capital of the Company by over 25% in any single transaction or an increase in the issued share capital of the Company by over 50% in any financial year of the Company, in each case, subject to compliance with applicable law and the Listing Rules.

C. CN Transfer

On 31 March 2017 (after trading hours), the Shares Vendor entered into a deed of termination with Triple Sino Limited and the Previous Guarantor in relation to the termination of the CN Transfer Agreement (as amended and supplemented by the Supplemental CN Transfer Agreement and the Second Supplemental CN Transfer Agreement), pursuant to which the CN Transfer will no longer proceed.

In the event that the legally binding Amended and Restated Sale and Purchase Agreement is signed, further announcement(s) will be made by the Company in compliance with the Takeovers Code and the Listing Rules. The Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

(2) EXTENSION OF LONG STOP DATES

A. Extension of Sale and Purchase Long Stop Date

As stated in the Announcements, the Sale and Purchase Completion is conditional upon the fulfilment (or as appropriate, waiver by the Offeror) of the Sale and Purchase Conditions on or before the Sale and Purchase Long Stop Date. Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Sale and Purchase Long Stop Date shall be 31 March 2017 (or such later date as the Offeror and the Shares Vendor may agree in writing). As additional time is required for the fulfilment (or as appropriate, waiver by the Offeror) of the Sale and Purchase Conditions to the Sale and Purchase Completion, the Company has been advised by the Offeror and the Shares Vendor that the parties to the Sale and Purchase Agreement have entered into a letter on 31 March 2017 to extend the Sale and Purchase Long Stop Date to 30 June 2017 (or such later date as the Offeror and the Shares Vendor may agree in writing).

Save for disclosed in this joint announcement, all other terms and conditions of the Sale and Purchase Agreement shall remain unchanged and continue in full force and effect.

B. Extension of the CN Modification Deed Long Stop Date

Pursuant to the terms and conditions of the CN Modification Deed (as amended and supplemented by the Supplemental CN Modification Deed), if the conditions precedent to the CN Modification Deed are not fulfilled on or before 31 March 2017 or such later date as the Company and the CN Holder may agree (the “**CN Modification Long Stop Date**”), the provisions of the CN Modification Deed shall become null and void.

As referred to in the above mentioned the intention of the Company and the CN Holder that the Proposed CN Amendments shall become effective simultaneously with the completion of the Sale and Purchase Agreement, the parties to the CN Modification Deed entered into a letter on 31 March 2017 for the extension of the CN Modification Long Stop Date from 31 March 2017 to 30 June 2017 or such later date as may be agreed between the Company and the CN Holder.

Save for disclosed in this joint announcement, all other terms and conditions of the CN Modification Deed shall remain unchanged and continue in full force and effect.

As additional time is required to ascertain and finalise the information to be included in the Circular, which includes, amongst other things, further details on the Special Deals (excluding the CN Transfer and the Listed Shares Disposal) (the “**Revised Special Deals**”) and the relevant information for disclosure in the letter from the Board in the Circular, the parties to the Sale and Purchase Agreement require more time to satisfy the Sale and Purchase Conditions in particular the fulfilment of the approval from the Independent Shareholders for the Revised Special Deals, the abovementioned long stop dates were extended.

The Circular, which will contain, among other things, information regarding the Revised Special Deals, the Revised Business Model and the respective transactions contemplated thereunder, the recommendation from the Independent Board Committee and the advice of the Independent Financial Adviser on the Revised Special Deals, the Revised Business Model and the respective transactions contemplated thereunder and the notice of the SGM, is expected to be despatched to the Shareholders on or before 14 April 2017.

WARNING: THE OFFER IS A POSSIBILITY ONLY. AS THE OFFER WILL ONLY BE MADE, AMONG OTHERS, UPON THE REVISED SPECIAL DEALS BECOME UNCONDITIONAL AND THE SALE AND PURCHASE COMPLETION, ALL OF WHICH ARE SUBJECT TO A NUMBER OF CONDITIONS, THE OFFER MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE THEREFORE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES, AND IF THEY ARE IN DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

By order of the board of
Huarong International Capital Limited
as the general partner of
HUARONG FINANCIAL SERVICES
ASSET MANAGEMENT L.P.
Bai Tianhui
Director

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

Hong Kong, 31 March 2017

As at the date of this joint 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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror) and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, Mr. Bai Tianhui and Mr. Han Binke are the directors of the general partner of the Offeror. As at the date of this joint announcement, the Offeror has no director.

The directors of the general partner of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group, the Shares Vendor, the Guarantor, the Previous Guarantor, their respective associates and parties acting in concert with them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement (other than the opinions expressed by the Group, the Shares Vendor, the Guarantor, the Previous Guarantor, their respective associates and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

The English text of this joint announcement shall prevail over its Chinese text.