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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
IN RELATION TO
THE AMENDED AND RESTATED SALE AND
PURCHASE AGREEMENT**

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

**Financial adviser to
Pacific Plywood Holdings Limited**



**Lego Corporate
Finance Limited**
力高企業融資有限公司



KINGSTON CORPORATE FINANCE LTD.

VEDA | CAPITAL
智略資本

* 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**”); (f) 6 January 2017 and 7 April 2017 in relation to the delay in despatch of the Composite Document (the “**Delay Despatch Announcements**”); and (g) 31 March 2017 in relation to the update on the Special Deals and the extension of the long stop dates (the “**Fourth Joint Announcement**”); and (ii) the announcements dated (a) 2 December 2016, 23 December 2016, 28 February 2017, 13 April 2017 and 17 May 2017 in relation to the delay in despatch of the Circular issued by the Company (the “**Further Delay Despatch Announcements**”); (b) 5 January 2017 in relation to the new business model proposal (the “**Adoption of New Business Model Proposal Announcement**”); and (c) 15 May 2017 and 1 June 2017 in relation to the updates on the Amended and Restated Sale and Purchase Agreement (the “**Updates Announcements**”) (together with the First Joint Announcement, the Second Joint Announcement, the First Delay Despatch Announcement, the Third Joint Announcement, the Extension Announcement, the Delay Despatch Announcements, the Fourth Joint Announcement, the Further Delay Despatch Announcements, Adoption of New Business Model Proposal Announcement and the Updates 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.

The Board announces that on 7 June 2017, the Shares Vendor, the Offeror, Mr. Ma (the “**Previous Guarantor**”) and Mr. Su (the “**Guarantor**”) entered into an amendment and restatement 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:

1. (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 Amended and Restated 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 first ranking security documents in respect of the entire issued share capital of the Shares Vendor (the “**Revised Share Charges**”) 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 Charges, the CN Modification Deed and the tax deed. The Revised Convertible Notes Charge shall be subject to partial release on the date falling on the first (1st) anniversary of the Sale and Purchase Completion Date and every six (6) months after the date falling on the first (1st) anniversary of the Sale and Purchase Completion Date which the principal amount of the Convertible Notes to be released from the Revised Convertible Notes Charge shall be calculated based on the formula below:

$$A = \frac{(AOR + ALS)}{(TOR + TLS)} \times B$$

Where

A = the principal amount of the Convertible Notes to be partially released (rounded down to the nearest whole number)

AOR = the amount of the Outstanding Receivables received by the Group during the period commencing from the Sale and Purchase Completion Date and ending on the date falling on the first (1st) anniversary of the Sale and Purchase Completion Date or the preceding six-month period (as the case may be)

ALS = the amount of proceeds from the disposal of the Listed Sale Shares and the Shortfall Amount (as defined below) received by the Group during the period commencing from the Sale and Purchase Completion Date and ending on the date falling on the first (1st) anniversary of the Sale and Purchase Completion Date or the preceding six-month period (as the case may be)

TOR = the total amount of the Outstanding Receivables as at the Sale and Purchase Completion Date

TLS = HK\$856,609,340 (which is the maximum amount of the Shortfall Amount (as defined below) that the Shares Vendor may be liable to pay to the Company in relation to the Listed Sale Shares)

B = HK\$2,182,400,000

2. The Reference NAV should be amended as HK\$2,189,168,000 (total net asset value of the Group as at 31 March 2016 of HK\$4,023,025,000 less goodwill of HK\$2,182,663,000 and intangible asset of HK\$1,194,000 plus the Guaranteed Profit of HK\$350,000,000, being the agreed adjusted reference net asset value of the Group as at 31 March 2016 based on the unaudited management accounts of the Group for the period from 1 January 2016 up to and including 31 March 2016;
3. Sale and Purchase Conditions

The Sale and Purchase Conditions (III), (IV), (V), (VII) and (VIII) are amended and restated as below:

- III. (a) each of the Securities Business Disposal Agreement (which was completed on 22 November 2016) and the CN Modification Deed having been duly executed by all the parties thereto and becoming unconditional in all respects in accordance with their terms (save for the condition requiring the Amended and Restated Sale and Purchase Agreement to become unconditional or be completed (as the case may be)), including the obtaining of all necessary approvals thereof by the Shareholders in accordance with the applicable law; (b) the completion of the Securities Business Disposal Agreement having occurred; and (c) the deed of termination in respect of each of the Shares Disposal Agreement and the CN Transfer Agreement having been duly executed by all the parties thereto;
- IV. the consents for the Special Deals (excluding the CN Transfer and the Listed Shares Disposal which were both terminated on 31 March 2017 as disclosed in the Fourth Joint Announcement) (the “**Revised Special Deals**”) having been duly granted by the Executive and each of the matters subject to the Revised Special Deals having been approved by the Independent Shareholders in accordance with applicable law;
- V. the Stock Exchange not having indicated that the Company does not have sufficient operation or assets upon completion of the Securities Business Disposal Agreement;
- VII. the Stock Exchange having approved or otherwise consented to the transfer of the Sale Shares;
- VIII. the approval from the Independent Shareholders in respect of the Proposed CN Amendments and the Right of First Offer having been obtained.

As at the date of this joint announcement, none of the above conditions have been satisfied.

4. Sale and Purchase Completion

The Sale and Purchase Completion should be amended as:

Subject to fulfilment of the Sale and Purchase Conditions or the waiver thereof by the Offeror, the Sale and Purchase Completion shall take place on the Sale and Purchase Completion Date (or such other time as may be agreed between the Shares Vendor and the Offeror).

5. The Undertakings

- (i) Termination of the undertaking given by each of the Shares Vendor and the Previous Guarantor that the consideration of the Listed Shares Disposal shall be received by the Group within 6 months from the Sale and Purchase Completion Date.
- (ii) Termination of (a) in the event that the Outstanding Receivables is more than HK\$300,000,000 as at the Sale and Purchase Completion Date, each of the Shares Vendor and the Previous Guarantor covenants that it/he shall on written demand by the Offeror (on behalf of Joy Wealth Finance) pay Joy Wealth Finance or procure Joy Wealth Finance to be paid as follows: an amount of not less than HK\$300,000,000 in respect of any unsettled portion of the Outstanding Receivables on or before the date falling on two (2) calendar months from the Sale and Purchase Completion Date and the remaining balance on or before the date falling on or before nine (9) calendar months from the Sale and Purchase Completion Date, respectively; or (b) in the event that the Outstanding Receivables is equal to or less than HK\$300,000,000 as at the Sale and Purchase Completion Date, each of the Shares Vendor and the Previous Guarantor covenants that it/he shall on written demand by the Offeror (on behalf of Joy Wealth Finance) pay Joy Wealth Finance or procure Joy Wealth Finance to be paid an amount equal to the unsettled portion of the Outstanding Receivables on the date falling on or before two (2) calendar months from the Sale and Purchase Completion Date (as the case may be).

The Undertakings is related to the Outstanding Receivables are amended and restated as follows:

In relation to the Outstanding Receivables of Joy Wealth Finance as at the Sale and Purchase Completion Date, each of the Shares Vendor and the Guarantor shall on written demand by the Offeror (on behalf of Joy Wealth Finance) pay Joy Wealth Finance or procure Joy Wealth Finance to be paid without any deduction or set-off and whether or not the Outstanding Receivables is due or payable in accordance with its terms, an amount equal to the unsettled portion of the Outstanding Receivables on or before the date falling on the fourth (4th) anniversary of the Sale and Purchase Completion Date.

- (iii) The Shares Vendor undertakes, in the event any of the Listed Sale Shares is disposed of or transferred to any person during the period commencing from the Sale and Purchase Completion Date and ending on the fourth (4th) anniversary of the Sale and Purchase Completion Date (the “**Disposal Period**”), to pay to the Company without any deduction or set-off the amount (if any) (the “**Shortfall Amount**”) by which the consideration received by the Company for each such share is less than:
 - (a) HK\$0.156, in the case of a IPIH Sale Share (subject to any share consolidation, reclassification or subdivision since the date of the Sale and Purchase Agreement and up to the Sale and Purchase Completion Date) (the “**IPIH Benchmark Price**”); and
 - (b) HK\$0.338, in the case of a KPM Sale Share (subject to any share consolidation, reclassification or subdivision since the date of the Sale and Purchase Agreement and up to the Sale and Purchase Completion Date) (the “**KPM Benchmark Price**”),

no later than the 30th Day following (a) the end of the Disposal Period; or (b) the date of receipt of a written notice served to the Shares Vendor by the Offeror in relation to the Shortfall Amount (whichever is later) and the Shortfall Amount shall be determined solely by the Offeror.

For the avoidance of doubt, if and whenever there shall be a consolidation, reclassification or subdivision in relation to the IPIH Shares and/or KPM Shares (as the case may be), the IPIH Benchmark Price and the KPM Benchmark Price

(as the case may be) shall be adjusted by multiplying the IPIH Benchmark Price and the KPM Benchmark Price (as the case may be) before such consolidation, reclassification or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of IPIH Shares and/or KPM Shares (as the case may be) in issue immediately before such consolidation, reclassification or subdivision; and

B is the aggregate number of IPIH Shares and/or KPM Shares (as the case may be) in issue immediately after such consolidation, reclassification or subdivision.

For the avoidance of doubt, the maximum amount that the Shares Vendor may be liable to pay to the Company shall not in any event exceed HK\$846,596,400 in relation to the disposal of the IPIH Sale Shares and HK\$10,012,940 in relation to the disposal of the KPM Sale Shares.

- (iv) In addition to any offer, pledge, contract to sell, pledge or create any security interest, or grant any option, right or warrant to purchase, or otherwise transfer or dispose of the Convertible Notes under the Undertakings Consent Requirement, the Shares Vendor may, following the Sale and Purchase Completion, offer or contract to sell, transfer or dispose of all Convertible Notes owned by the Shares Vendor or interests therein in full to a third party (the “**CN Transferee**”) without being subject to the Undertakings Consent Requirement and the Right of First Offer and the Offeror shall, and shall use its reasonable endeavours to procure that the Company shall, give a written consent of such offer, contract, transfer or disposal; and (b) in the event that the Revised Convertible Notes Charge has not been released or discharged (as appropriate) in full, the Offeror shall take or procure to be taken all actions that may be reasonably necessary to release or discharge unto the Shares Vendor all the Convertible Notes from the Revised Convertible Notes Charge (the “**Revised Convertible Notes Charge Release**”), provided that:
- (a) such offer, contract, transfer or disposal may only occur once;
 - (b) each of the Shares Vendor and the Guarantor has performed and fulfilled its/ his respective obligations in the Undertakings as at the date of the Amended and Restated Sale and Purchase Agreement;

- (c) in the event that any Convertible Notes (the “**Released Convertible Notes**”) is released or discharged (as appropriate) unto the Shares Vendor from the Revised Convertible Notes Charge pursuant to the Revised Convertible Notes Charge Release during the period commencing from the Sale and Purchase Completion Date and ending on the fourth (4th) anniversary of the Sale and Purchase Completion Date, the CN Transferee has undertaken to and with the Offeror and agreed in writing to execute a first ranking security document in respect of the Convertible Notes in such principal amount equal to the principal amount of the Released Convertible Notes in favour of the Offeror within the same day immediately following the release and discharge of the Released Convertible Notes; and
- (d) the Offeror has received an undertaking from the CN Transferee agreeing to be bound by such restrictions or obligations as the CN Chargor on the terms of the Undertakings Consent Requirement and the Right of First Offer and otherwise on terms satisfactory to the Offeror and the Shares Vendor.
- (v) The Offeror irrevocably and unconditionally undertakes to the Shares Vendor and the Guarantor that so long as any Convertible Notes 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 being proxies or representatives in respect of the Convertible Notes and representing, in the aggregate, not less than 50.1 per cent. of the aggregate principal amount of the Convertible Notes then outstanding, it shall use its reasonable 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.

As at the date of this joint announcement, as advised by the parties to the Amended and Restated Sale and Purchase Agreement, no CN Transferee has been identified.

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 Initial Consideration to be received by the Shares Vendor pursuant to the Amended and Restated 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 Amended and Restated Sale and Purchase Agreement and the Revised Special Deals or otherwise.

As at the date of this joint announcement, save for the Amended and Restated Sale and Purchase Agreement and the Revised Special Deals, there is no other agreement, arrangement or understanding existing or will exist between the Offeror or parties acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders (including the Shares Vendor, Guarantor and their respective concert parties) having any connection with or dependence upon the Offer, the Amended and Restated Sale and Purchase Agreement and the Revised Special Deals.

Save for aforementioned, all other terms and conditions of the Sales and Purchase Agreement or Amended and Restated Sale and Purchase Agreement (as the case may be) shall remain unchanged and continue in full force and effect.

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, 7 June 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.