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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 PROPOSED INTRODUCTION OF THIRD-PARTY INVESTOR FOR CAPITAL CONTRIBUTION TO A NON-WHOLLY-OWNED SUBSIDIARY

CONTRIBUTION AGREEMENT

On 28 December 2017 (after trading hours of the Stock Exchange), 北京匯聚, 中通融金 and Century Fine entered into the Contribution Agreement, pursuant to which 中通融金 will contribute RMB50,000,000 to 北京匯聚. Upon the completion of the Contribution, the registered capital of 北京匯聚 will increase from US\$100,000 to US\$5,979,732. 北京匯聚 will be held as to 27.81% and 72.19% by 中通融金 and Century Fine, respectively.

IMPLICATIONS UNDER THE LISTING RULES

As the beneficial interest of the Company in 北京匯聚 will be diluted from 96% to 69.30% upon the completion of the Contribution, the Contribution constitutes a deemed disposal of the Company under Rule 14.29 of the Listing Rules. Pursuant to Rule 14.07 of the Listing Rules, as the applicable percentage ratios in respect of the Contribution exceed 5% but are less than 25%, the transaction contemplated under the Contribution Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

* *For identification purposes only*

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CONTRIBUTION AGREEMENT

Date: 28 December 2017

Parties:

- (a) 北京匯聚;
- (b) 中通融金; and
- (c) Century Fine.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquires, 中通融金 and its ultimate beneficial owner(s) are third-parties independent of the Company and its connected persons (as defined in the Listing Rules).

Contribution:

Before entering into the Contribution Agreement, 北京匯聚 was wholly-owned by Century Fine.

Pursuant to the Contribution Agreement, 中通融金 will contribute a total of RMB50,000,000 to 北京匯聚. Of such contribution, RMB10,880,000 will be recognised as the registered capital, and RMB39,120,000 will be recognised as the capital reserve, of 北京匯聚. As at the date of this announcement, the total registered capital of 北京匯聚 amounts to US\$100,000. Upon the completion of the Contribution, the total registered capital of 北京匯聚 will increase to US\$5,979,732, of which US\$4,316,657 and US\$1,663,075, representing approximately 72.19% and 27.81% of the shareholding of 北京匯聚, respectively, are contributed by Century Fine and 中通融金 respectively. After the completion of the Contribution, 北京匯聚 will continue to be consolidated in the audited consolidated financial statements of the Group as a subsidiary.

The amount of the contribution of 中通融金 was arrived at after arm's length negotiations between the parties to the Contribution Agreement on normal commercial terms with reference to their respective shareholding in 北京匯聚.

CONDITIONS PRECEDENT OF THE CONTRIBUTION

The completion of the Contribution is subject to the satisfaction or waiver, if applicable, of the following conditions precedent:

- (a) 中通融金 having completed and being satisfied by the due diligence on 北京匯聚;
- (b) there being no injunction or similar order in effect that may prohibit or restrict 中通融金 from completing the Contribution;
- (c) the internal resolution and decision making procedures having been completed by the parties, as well as the approval procedures, if required, having been completed by the relevant authorities, in respect of the Contribution;
- (d) the applicable transaction instruments being executed by the parties subsequent to the completion of the Contribution;
- (e) the current operations of 北京匯聚 being continued in the normal course, including no material adverse changes in the financial position, business environment, future prospects, operations and other aspects of 北京匯聚; and
- (f) the statements and warranties (including but not limited to those made previously) made by 北京匯聚 and Century Fine under the Contribution Agreement being true, accurate and not misleading.

REASONS FOR AND BENEFITS OF THE CONTRIBUTION

- (a) The Contribution will introduce a strategic investor with relevant industry experience and business strengths to the Caijia Website and its subsidiaries. It will lay the foundations of subsequent new business models by helping the Caijia Website to expand its working capital and consolidate resources across the industry in the future. Based on current estimation, the Contribution to 北京匯聚 will create significant synergies and optimise returns to the Shareholders and, therefore, is strategically important to the Company.
- (b) The Contribution is an equity financing activity and does not involve the repayment of any principal or financial charges.

The Directors consider that the Contribution Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE CONTRIBUTION AND PROPOSED USE OF PROCEEDS

It is expected that the Group will not incur any gain or loss from the Contribution. The Company intends to use the proceeds from the Contribution as the registered capital of 北京匯聚 to develop its business.

INFORMATION ON THE COMPANY

The Company is an investment holding company and, through its subsidiaries, is principally engaged in the businesses of the operation of peer-to-peer (P2P) financing platform and other loan facilitation services under the “Caijia” brand, money lending, and provision of credit and securities investments.

INFORMATION ON CENTURY FINE

Century Fine is an investment holding company incorporated in Hong Kong on 9 August 2010 and held as to 96% by the Company through Katar Global, a non-wholly-owned subsidiary. Century Fine, through its subsidiaries and structured contracts, is principally engaged in the operation of an online financing platform under the “Caijia” brand.

INFORMATION ON 中通融金

中通融金 is a wholly-owned subsidiary of Bison. To the best of the knowledge, information and belief of the Directors having made all reasonable enquires, 中通融金 and its ultimate beneficial owner(s) are independent of the Company and its connected persons (as defined under the Listing Rules).

INFORMATION ON 北京匯聚

北京匯聚 is engaged in the operation of the Caijia Website, which was established in December 2012 as one of the earliest online financing platforms in the PRC. The Caijia Website provides simple and efficient small- and micro-loan consultation services to borrowers while offering flexible and diversified wealth management solutions to investors based on the Internet and big data risk management techniques. With its solid and professional experience and continuous innovation, 財加金融 has become one of the first online financing companies recognised by mainstream financial institutions and maintained long-term asset business co-operation with FOTIC* (外貿信託), 鵬華資產 and other financial institutions. Operating in compliance with the relevant regulations, “CAIJIA” conducts all asset management and transaction activities through banks and third-party payment platforms in order to safeguard the funds of its investors.

The scope of business of 北京匯聚 includes: financial consultation; investment consultation; corporate management consultation; business information consultation; economics and trading consultation; and marketing planning. (For business activities for which approval is required, they can be carried out after obtaining the approvals from relevant authorities in accordance with the terms of such approval)

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According to the unaudited financial statements of 北京匯聚 prepared in accordance with the Generally Accepted Accounting Principles of the PRC, net profits of 北京匯聚 for the two years ended 31 December 2015 and 2016 are as follows:

	For the year ended 31 December	
	2015 (unaudited) <i>(RMB)</i>	2016 (unaudited) <i>(RMB)</i>
Profit (loss) before taxation and extraordinary items	-107,272.98	133,474,362.56
Profit (loss) after taxation and extraordinary items	-107,272.98	100,031,832.90

According to the unaudited financial statements of 北京匯聚 prepared in accordance with the Generally Accepted Accounting Principles of the PRC, net assets and total assets of 北京匯聚 as at 30 November 2017 amounted to approximated RMB129,776,090.79 and RMB131,340,562.37, respectively.

IMPLICATIONS UNDER THE LISTING RULES

As the beneficial interest of the Company in 北京匯聚 will be diluted from 96% to 69.30% upon the completion of the Contribution, the Contribution constitutes a deemed disposal of the Company under Rule 14.29 of the Listing Rules. Pursuant to Rule 14.07 of the Listing Rules, as the applicable percentage ratios in respect of the Contribution exceed 5% but are less than 25%, the transaction contemplated under the Contribution Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise states, the following terms and expressions shall have the following meanings:

“Bison”	北京貝森資本控股有限公司, a company incorporated in the PRC with limited liability
“Board”	the board of directors of the Company
“Century Fine”	Century Fine Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly-owned subsidiary of the Company

“Company”	Pacific Plywood Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Contribution”	the contribution of RMB50,000,000 to 北京匯聚 by 中通融金 in accordance with the terms of the Contribution Agreement
“Contribution Agreement”	a capital contribution agreement entered into on 28 December 2017 among 北京匯聚, 中通融金 and Century Fine in relation to the Contribution
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Katar Global”	Katar Global Limited, a company incorporated in the British Virgin Islands with limited liability and a non-wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	shares of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	the lawful currency of the United States of America

- “北京匯聚” 北京匯聚壹通財務諮詢有限公司, a company incorporated in the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company
- “中通融金” 中通融金基金管理(北京)有限責任公司, a company incorporated in the PRC with limited liability

By Order of the Board
Pacific Plywood Holdings Limited
Gao Zhenyun
Vice Chairlady

Hong Kong, 28 December 2017

As at the date of this announcement, the Directors are:

Executive Directors

Ms. Gao Zhenyun (*Vice Chairlady*)
Mr. Li Jiuhua

Independent non-executive Directors

Mr. Wong Chun Hung
Mr. Zheng Zhen
Mr. To Langa Samuelson

Non-executive Directors

Mr. Bai Tianhui (*Chairman*)
Mr. Yao Luo
Ms. Yu Yang