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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**

On 5 January 2012 (after trading hours), the Lender entered into the Loan Agreement with the Borrower and the Guarantor, pursuant to which the Lender has agreed to provide the Loan of HK\$50,000,000 to the Borrower.

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the entering into of the Loan Agreement exceeds 5% but less than 25%, the entering into of the 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 Shareholders' approval requirement under the Listing Rules.

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#### **Loan Agreement**

**Date:** 5 January 2012 (after trading hours)

**Parties:** the Lender, the Borrower and the Guarantor

The Borrower is an individual and the Guarantor is an investment holding company incorporated in the British Virgin Islands with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrower and the Guarantor are Independent Third Parties.

#### **Amount of the Loan**

HK\$50,000,000

\* *For identification purpose only*

## **Term**

Ninety (90) days from the date of drawdown which may be extended for further ninety (90) days if so agreed by the parties thereto.

## **Conditions of the Loan Agreement**

The obligation of the Lender to advance the Loan to the Borrower is conditional upon the Lender (or its nominee) having received:

- (1) an original of the Loan Agreement duly executed by the Borrower and the Guarantor;
- (2) an original of the CN Pledge duly executed by the Guarantor;
- (3) an original transfer form(s) in respect of the CN Pledge duly executed by the Guarantor with the name(s) of the transferee(s), date and consideration left blank or if the Lender so requires, in favour of the Lender or its nominee;
- (4) signed but undated resolutions of the directors of the Guarantor approving the transfer of the CN in the form acceptable to the Lender;
- (5) signed and dated letters of authority and undertaking from all the directors of the Guarantor authorising the Lender to date the letters undertaking to approve the CN pledged by or in favour of the Lender and/or its nominee in the form acceptable to the Lender; and
- (6) such other documents, evidence and financial and other information relating to any of the matters contemplated under the Loan Agreement and the Security Documents as the Lender may require.

## **Arrangement Fee**

The Borrower shall pay the Arrangement Fee to the Lender, in consideration of its arrangement of the Loan.

## **Repayment**

The Borrower will repay the Loan in full in one lump sum together with all interest accrued thereon, the outstanding Arrangement Fee and all other monies payable under the Loan Agreement on the Repayment Date.

The Lender shall have the overriding right at any time by written notice to the Borrower to demand (apart from the other representations, warranties, covenants and undertakings given by the Borrower under the Loan Agreement) further security and assurances as the Lender shall consider appropriate to secure the obligations of the Borrower under the Loan Agreement and/or to demand immediate repayment of the Loan and all interest accrued thereon and all other monies payable under the Loan Agreement.

## **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 not less than seven (7) Business Days' 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).

## **CN Pledge**

The CN Pledge has been entered into between the Lender and the Guarantor, and accordingly the CN has been pledged in favour of the Lender as security for the performance of the Borrower's obligations under the Loan Agreement.

## **Interest**

Interest on the Loan shall accrue at the rate of twelve per cent. 12% per annum. Interest on the Loan shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

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) at the rate which is 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 the 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, provision of credits, securities investments, and provision of corporate secretarial and consultancy services.

Entering into of the Loan Agreement is conducted in the ordinary and usual course of business of the Group which provides interest income to the Group and the terms of which are entered on normal and commercial terms. The Directors (including the independent non-executive 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 are in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the entering into of the Loan Agreement exceeds 5% but less than 25%, the entering into of the 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 Shareholders' approval requirement under the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Arrangement Fee”	HK\$500,000, being 1% of the Loan
“Board”	the board of Directors
“Borrower”	the borrower of the Loan Agreement
“Business Day(s)”	a day (other than a Saturday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CN”	the convertible notes in a principal amount of HK\$63.75 million, issued by a company listed on the main board of the Stock Exchange and held by the Guarantor
“CN Pledge”	the pledge of the CN (in form and substance satisfactory to the Lender) to be executed by the Guarantor in favour of the Lender
“Company”	Pacific Plywood Holdings Limited, a company incorporated in Bermuda and the Shares of which are listed on the main board of the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	the guarantor of the Loan Agreement, a company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 loan of HK\$50,000,000 to be provided by the Lender to the Borrower pursuant to the terms and conditions of the Loan Agreement
“Loan Agreement”	the loan agreement dated 5 January 2012 and entered into between the Lender, the Borrower and the Guarantor in relation to the provision of the Loan
“PRC”	the People’s Republic of China
“Repayment Date”	the date falling ninety (90) days from the date of drawdown which may be extended for further ninety (90) days if so agreed by the parties thereto
“Security Documents”	any documents as may have been or may be executed by the Borrower, the Guarantor or any other person in favour of the Lender as security for the performance of the Borrower’s obligations under the Loan Agreement and all documents ancillary to or derived from any of them, including the CN Pledge
“Share(s)”	the ordinary share(s) of HK\$0.025 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
“%”	per cent.

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

Hong Kong, 5 January 2012

*As at the date of this announcement, the executive Directors are Mr. Ng Kwok Fai (Chairman), Mr. Huang Chuan Fu (Deputy Chairman), Mr. Liang Jian Hua, Ms. Jia Hui, Mr. Jiang Yi Ren, the non-executive Director is Mr. Chan Kin Sang, and the independent non-executive Directors are Mr. Cheng Po Yuen, Mr. Wong Chun Hung and Mr. Li Sui Yang.*

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