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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 February 2013 (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 Facility of up to HK\$60 million 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 exceed(s) 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.

On 5 February 2013 (after trading hours), the Lender, entered into the Loan Agreement with the Borrower and the Guarantor, pursuant to which the Lender has agreed the Loan Facility of up to HK\$60 million to the Borrower.

Loan Agreement

Date : 5 February 2013 (after trading hours)

Parties : the Lender, the Borrower and the Guarantor

The Borrower is an investment holding company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrower, the Guarantor and their respective ultimate beneficial owner(s) are Independent Third Parties.

Amount of the Loan Facility

Up to HK\$60 million

* *For identification purposes only*

Term

Six (6) months from the date of initial drawdown under the Loan Facility, which may be extended if so agreed by the parties to the Loan Agreement.

Arrangement Fee

The Lender shall be entitled to an arrangement fee at the rate of two percent (2%) on the Loan Facility in the sum of HK\$1,200,000.

Drawing and collaterals

The Lender shall have absolute discretion as to whether to make available any sum for drawdown under the Loan Facility. Any sum for drawdown under the Loan Facility is also subject to, *inter alia*, the provision of securities or collaterals, with principal value of not less than the sum of the drawing, by the Borrower.

Repayment

The Borrower shall repay the Loan in full in one lump sum together with all interest accrued thereon 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 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).

Interest

Interest on the Loan shall accrue at the rate of three per cent. (3%) per month. Interest on the Loan shall be calculated on the actual number of days elapsed on the basis of a 365-day year. The Borrower shall repay the entire Loan and interest accrued thereon on the Repayment Date.

If the Borrower defaults in repayment on the due date of any part of the Loan, interest or other amounts payable hereunder, 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 actual number of days elapsed on the basis of a 365-day year.

Reasons for and benefits of 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 and forestry business.

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 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 exceed(s) 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:

“Board”	the board of Directors
“Borrower”	the borrower under the Loan Agreement
“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 Borrower's guarantor under the Loan Agreement
“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 enquires, 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 aggregate principal amount drawn down and for the time being outstanding under the Loan Facility
“Loan Agreement”	the loan agreement dated 5 February 2013 and entered into between the Lender, the Borrower and the Guarantor in relation to the provision of the Loan Facility
“Loan Facility”	the loan facility of up to HK\$60 million pursuant to the Loan Agreement
“PRC”	the People’s Republic of China
“Repayment Date”	the date falling six (6) months from the date of initial drawdown under the Loan Facility, which may be extended if so agreed by the parties to the Loan Agreement
“Share(s)”	the ordinary share(s) of HK\$0.08 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
Deputy Chairman and Executive Director

Hong Kong, 5 February 2013

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

Executive Directors

Mr. Ng Kwok Fai (*Chairman*)
Mr. Huang Chuan Fu (*Deputy Chairman*)
Mr. Liang Jian Hua
Ms. Jia Hui
Mr. Jiang Yi Ren

Independent non-executive Directors

Mr. Cheng Po Yuen
Mr. Wong Chun Hung
Mr. Wong Sze Kai

Non-executive Director

Mr. Chan Kin Sang

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