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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 9 December 2013, the Lender entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to provide a loan facility of HK\$30 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 is(are) 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: 9 December 2013

Parties: the Lender and the Borrower

The Borrower is a company incorporated in the British Virgin Islands with limited liability and the principal activity of which is investment holding.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Borrower is an Independent Third Party.

* for identification purposes only

Amount of the Loan Facility

HK\$30 million

Term

One (1) month from the date of the Loan Agreement, which may be extended for another three (3) months if so agreed by the parties to the Loan Agreement.

Drawing

Subject to certain conditions as set out in the Loan Agreement, including, but not limited to the Lender receiving such other securities or collaterals in the form and substance acceptable to the Lender, with principal value of not less than the sum of the drawing stipulated in the notice of drawing, as may be required by the Lender at its absolute discretion, the Lender shall have absolute discretion as to whether to make available any sum for drawdown under the Loan Agreement.

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 all or part of the outstanding indebtedness payable under the Loan Agreement.

Prepayment

The Borrower may prepay to the Lender the whole or any part of the Loan provided that: (i) 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 (ii) 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 0.1% per day during the first month from the date of the Loan Agreement. Thereafter, if the Repayment Date is extended pursuant to the terms of the Loan Agreement, interest on the Loan shall accrue at the rate of 0.1% per day. Interest on the Loan shall be calculated on the actual number of days elapsed from and including the date of drawdown to but excluding the date that the Loan shall be repaid in full on the basis of a 365-day year. The Borrower shall repay accrued interest on the Loan in arrears on the Repayment Date.

Share mortgage

A share mortgage has been given by the Borrower to pledge by way of a first legal and equitable mortgage the Mortgaged Shares in favour of the Lender as collateral for the Loan.

Guarantee

The Guarantor has provided the Guarantee in favor of the Lender for the Borrower's obligations and liabilities under the Loan Agreement.

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, 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 is(are) 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
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“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
“Director(s)”	director(s) of the Company

“Group”	the Company and its subsidiaries
“Guarantee”	the personal guarantee provided by the Guarantor in favor of the Lender for the Borrower’s obligations and liabilities under the Loan Agreement
“Guarantor”	being an individual and an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 in accordance with the Listing Rules
“Lender”	Joy Wealth Finance Limited, a wholly-owned subsidiary of the Company which is a licensed money lender in 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 Agreement
“Loan Agreement”	the loan agreement dated 9 December 2013 and entered into between the Lender and the Borrower in relation to the provision of the Loan Facility
“Loan Facility”	a loan facility of HK\$30 million pursuant to the Loan Agreement
“Mortgaged Shares”	<ul style="list-style-type: none"> (i) ordinary shares of a company listed on the Main Board of the Stock Exchange legally and beneficially owned by the Borrower, with aggregate market value of over HK\$40 million based on the recent closing prices as quoted on the Stock Exchange; (ii) any shares acquired in respect of such mortgaged shares by reason of a division or combination of shares, share dividend, reclassification or otherwise; and (iii) all other shares in such company from time to time legally or beneficially owned by the Borrower;

“Repayment Date”	subject to the Lender’s customary overriding right of repayment on demand and terms of the Loan Agreement, the date falling one (1) month from the date of the Loan Agreement subject to further written agreement between the Lender and the Borrower on any possible extension for further three (3) months
“Security Document”	the mortgage of the Mortgaged Shares, the Guarantee and any other agreements, mortgages, charges and other documents executed from time to time by any person as security for the Borrower’s obligations thereunder or under any other relevant documents
“Share(s)”	the ordinary share(s) of HK\$0.001 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 Chairman

Hong Kong, 9 December 2013

As at the date of this announcement, the directors of the Company 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. Wong Sze Kai
Mr. Zheng Zhen

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