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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 TRANSACTIONS
PROVISION OF LOANS**

On 20 December 2013, the Lender entered into the First Loan Agreement with the First Borrower, pursuant to which the Lender has agreed to provide a loan facility of HK\$50,000,000 to the First Borrower.

On 20 December 2013, the Lender entered into the Second Loan Agreement with the Second Borrower, pursuant to which the Lender has agreed to provide a revolving loan facility of up to HK\$50,000,000 to the Second Borrower.

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

On 20 December 2013, the Lender entered into the First Loan Agreement with the First Borrower, pursuant to which the Lender has agreed to provide a loan facility of HK\$50,000,000 to the First Borrower.

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* For identification purposes only

THE FIRST LOAN AGREEMENT

Date : 20 December 2013

Parties : the Lender and the First Borrower

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

Amount of the First Loan Facility

HK\$50,000,000

Term

Two (2) months from the date of the First Loan Agreement, which may be extended for another three (3) months if so agreed by the parties to the First Loan Agreement.

Drawing

Subject to certain conditions as set out in the First 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 First Loan Agreement.

Repayment

The First Borrower shall repay the loan under the First Loan Facility in full in one lump sum together with all interest accrued thereon and all other monies payable under the First Loan Agreement on the First Repayment Date.

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

Prepayment

The First Borrower may prepay to the Lender the whole or any part of the loan under the First Loan Facility provided that: (i) the First 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 First Loan Facility shall accrue at the rate of 24% per annum during the first two months from the date of the First Loan Agreement. Thereafter, if the First Repayment Date is extended pursuant to the terms of the First Loan Agreement, interest on the First Loan Facility shall accrue at the rate of 24% per annum. Interest on the First Loan Facility 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 under the First Loan Facility shall be repaid in full on the basis of a 365-day year. The First Borrower shall repay accrued interest on the loan in arrears on the First Repayment Date.

Share mortgage

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

Guarantee

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

THE SECOND LOAN AGREEMENT

Date : 20 December 2013

Parties : the Lender and the Second Borrower

The Second Borrower is a company incorporated in Hong Kong with limited liability. It is a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and its principal activity is money lending. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Second Borrower and its ultimate beneficial owner are Independent Third Parties.

Amount of the Second Loan Facility

Up to HK\$50,000,000 which is revolving in nature in which any part of the Second Loan Facility that is repaid or prepaid may be re-borrowed by the Second Borrower, subject to the terms and conditions of the Second Loan Agreement.

Term

Twelve (12) months from the date of the Second Loan Agreement subject to further written agreement between the Lender and the Second Borrower on any possible extension for further twelve (12) months.

Drawing

Subject to certain conditions as set out in the Second Loan Agreement, including but not limited to the Lender receiving such collaterals in the form and substance acceptable to the Lender 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 Second Loan Agreement.

Repayment

The Second Borrower shall repay the loan under the Second Loan Facility in full in one lump sum together with all interest accrued thereon and all other monies payable under the Second Loan Agreement on the Second Repayment Date.

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

Prepayment

The Second Borrower may prepay to the Lender the whole or any part of the loan under the Second Loan Facility provided that the Second 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.

During availability period specified under the Second Loan Agreement, any amounts repaid or prepaid under the Second Loan Facility may be re-borrowed by the Second Borrower, subject to the terms and conditions of the Second Loan Agreement.

Interest

Interest on the Second Loan Facility shall accrue at the rate which is ten per cent. (10%) per annum and shall be calculated on the actual number of days elapsed on the basis of a 365 day year. The Second Borrower shall repay the entire loan amount and interest accrued thereon on the Second Repayment Date.

If the Second Borrower defaults in repayment on the due date of any part of the loan under the Second Loan Facility, interest or other amounts payable hereunder, the Second Borrower shall pay interest on such overdue sums from the due date until payment in full (before and after judgment) at the rate which is ten per cent. (10%) per annum. Such interest shall be calculated on the actual number of days elapsed on the basis of a 365 day year.

Collaterals

From the date of drawdown(s) of the loan by the Second Borrower, the Second Borrower shall grant or procure to grant to the Lender collaterals, which may include receivables, securities, or any other assets that is liquid in nature, with total monetary value of not less than 160% of the sum of all the drawdown(s).

The Lender shall have the right from time to time at its absolute and sole discretion require or demand any other collateral, irrespective of whether the monetary value is equivalent to or over the outstanding amount owing from the Second Borrower to the Lender.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE FIRST LOAN AGREEMENT AND THE SECOND 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.

Each of the entering into of the First Loan Agreement and the Second 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 First Loan Agreement and the Second Loan Agreement are entered into upon normal commercial terms following arm's length negotiations between the parties thereto and that the conditions and terms of the First Loan Agreement and the Second Loan Agreement are fair and reasonable and are in the interests of the Shareholders as a whole. For the avoidance of doubt, the First Borrower and the Second Borrower are independent of and not connected with each other.

GENERAL

As the applicable percentage ratio (as defined under the Listing Rules) in respect of each of the entering into of the First Loan Agreement and the Second Loan Agreement exceed 5% but less than 25%, each of the entering into of the First Loan Agreement and the Second Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules respectively and is subject to the announcement requirement but exempt from the Shareholders' approval requirement under the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	board of Directors
“Business Day(s)”	a day (other than a Saturday, a Sunday and a public holiday) on which the licensed banks in Hong Kong are generally open for business in Hong Kong

“Company”	Pacific Plywood Holdings Limited (太平洋實業控股有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“First Borrower”	the borrower under the First Loan Agreement
“First Guarantor”	being an individual who is the sole shareholder of the First Borrower and is an Independent Third Party
“First Loan Agreement”	the loan agreement dated 20 December 2013 and entered into between the Lender and the First Borrower in relation to the provision of the First Loan Facility
“First Loan Facility”	the loan facility of HK\$50,000,000 provided by the Lender to the First Borrower pursuant to the terms and conditions of the First Loan Agreement
“First Repayment Date”	subject to the Lender’s customary overriding right of repayment on demand and terms of the First Loan Agreement, the date falling two (2) months from the date of the First Loan Agreement subject to further written agreement between the Lender and the First Borrower on any possible extension for further three (3) months
“Group”	the Company and its subsidiaries
“Guarantee”	the personal guarantee provided by the First Guarantor in favor of the Lender for the First Borrower’s obligations and liabilities under the First Loan Agreement
“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 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

“Mortgaged Shares”	(i) ordinary shares of a company listed on the Main Board of the Stock Exchange legally and beneficially owned by the First Borrower, with aggregate market value of over HK\$80 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 First Borrower
“Second Borrower”	the borrower under the Second Loan Agreement
“Second Loan Agreement”	the loan agreement dated 20 December 2013 and entered into between the Lender and the Second Borrower in relation to the provision of the Second Loan Facility
“Second Loan Facility”	the revolving loan facility of up to HK\$50,000,000 to be provided by the Lender to the Second Borrower pursuant to the terms and conditions of the Second Loan Agreement
“Second Repayment Date”	the date falling on the twelve (12) months from the date of the Second Loan Agreement subject to further written agreement between the Lender and the Second Borrower on any possible extension for further twelve (12) months
“Share(s)”	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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 20 December 2013

As at the date of this 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. Wong Sze Kai

Mr. Zheng Zhen

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