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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 14 January 2014 (after trading hours), the Lender entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to provide the Loan Facility of up to HK\$62,100,000 to the Borrower.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the entering into of the Loan Agreement (when aggregated with the Previous Loan) exceed 5% but 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 the Shareholders' approval requirement under the Listing Rules.

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Loan Agreement

Date : 14 January 2014 (after trading hours)

Parties : the Lender and the Borrower

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

Amount of the Loan Facility

Up to HK\$62,100,000

* *For identification purpose only*

Term

Six (6) months from the date of drawdown of any amount of the Loan Facility, which may be extended for another six (6) months if so agreed by the parties to the Loan Agreement.

Repayment

The Borrower shall repay the Loan Facility 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.

Prepayment

The Borrower may prepay to the Lender the whole or any part of the Loan Facility 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).

Drawing

Subject to certain conditions as set out in the Loan Agreement, including but not limited to (i) the Share Mortgage being duly executed by the Borrower in favour of the Lender; and (ii) 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 Loan Agreement.

Interest

Interest on the Loan Facility shall accrue at the rate of twelve per cent. (12%) per annum with reference to the credit policy of the Lender. Interest charged on the Loan Facility 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 Facility, 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.

Share Mortgage

The 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 Facility.

In addition, 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 of the same is equivalent to or over the outstanding indebtedness owing from the Borrower to the Lender.

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 and 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 and it provides interest income to the Group and the terms of which are entered on normal and commercial terms. The 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 ratios (as defined under the Listing Rules) in respect of the entering into of the Loan Agreement (when aggregated with the Previous Loan) exceed 5% but 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 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
“Borrower”	the borrower under the Loan Agreement
“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
“Group”	the Company and its subsidiaries
“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 Agreement”	the loan agreement dated 14 January 2014 and entered into between the Lender and the Borrower in relation to the provision of the Loan Facility
“Loan Facility”	the loan facility of up to HK\$62,100,000 to be provided by the Lender to the Borrower pursuant to the terms and conditions of the Loan Agreement
“Mortgaged Shares”	(i) certain ordinary shares of a company listed on the Main Board of the Stock Exchange legally and beneficially owned by the Borrower; (ii) any shares acquired in respect of such Mortgaged Shares by reason of a division or combination of shares, share dividend, reclassification, rights issue or otherwise; and (iii) all other shares in such company from time to time legally or beneficially owned by the Borrower
“PRC”	People’s Republic of China
“Previous Loan”	the loan facility of HK\$9,000,000 with an interest rate of 12% per annum and a term of ten (10) months from the date of drawdown which is subject to agreement between the parties thereto for any possible extension provided by the Lender to the Borrower pursuant to the terms and conditions of a loan agreement dated 19 December 2013 which is secured by a share mortgage dated 19 December 2013
“Repayment Date”	the date falling on six (6) months from the date of drawdown of any amount of the Loan Facility, which may be extended for another six (6) months if so agreed by the parties to the Loan Agreement
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company

“Share Mortgage”	the share mortgage 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 Facility
“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, 14 January 2014

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.