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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 27 October 2014, the Lender entered into the First Loan Agreement with the First Borrower, pursuant to which the Lender has agreed to provide a loan with principal amount up to HK\$25,000,000 to the First Borrower in accordance with the terms thereunder.

Prior to 27 October 2014, the Lender entered into the Prior Loan Agreement with the First Borrower which has not been due as at the date of this announcement.

On 27 October 2014, the Lender entered into the Second Loan Agreement with the Second Borrower, pursuant to which the Lender has agreed to provide a loan with principal amount of up to HK\$53,000,000 to the Second Borrower in accordance with the terms thereunder.

Prior to 27 October 2014, the Lender entered into the Previous Loan Agreements with the Second Borrower and his associate which have been duly repaid in part as at the date of this announcement.

* *For identification purposes only*

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the entering into of the First Loan Agreement (when aggregated with the Prior Loan Agreement pursuant to Rule 14.22 of the Listing Rules) and the Second Loan Agreement (when aggregated with the Previous Loan Agreements pursuant to Rule 14.22 of the Listing Rules) exceed 5% but less than 25%, the entering into of the First Loan Agreement and Second Loan Agreement constitute as discloseable transactions for the Company under Chapter 14 of the Listing Rules and are subject to the announcement requirement but exempt from the Shareholders' approval requirement under the Listing Rules.

On 27 October 2014, the Lender entered into the First Loan Agreement with the First Borrower, pursuant to which the Lender has agreed to provide a loan with principal amount of up to HK\$25,000,000 to the First Borrower in accordance with the terms thereunder.

Prior to 27 October 2014, the Lender entered into the Prior Loan Agreement with the First Borrower which has not been due as at the date of this announcement.

On 27 October 2014, the Lender entered into the Second Loan Agreement with the Second Borrower, pursuant to which the Lender has agreed to provide a loan with principal amount of up to HK\$53,000,000 to the Second Borrower in accordance with the terms thereunder.

Prior to 27 October 2014, the Lender entered into the Previous Loan Agreements with the Second Borrower and his associate which have been duly repaid in part as at the date of this announcement.

THE FIRST LOAN AGREEMENT

Date : 27 October 2014

Parties : the Lender and the First Borrower

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

Amount of the First Loan

Up to HK\$25,000,000

Term

The Business Day falling on the twelveth (12) month from the date of drawdown, which may be extended 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 (i) the First Share Mortgage being duly executed by the First 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 First Loan Agreement.

Repayment

Subject to the Lender's overriding right of repayment on demand, the First Borrower shall repay the First Loan 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.

Prepayment

The First Borrower may prepay to the Lender the whole or any part of the First Loan provided that:

- (a) the First 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 First Loan shall accrue at the rate of 10% per annum with reference to the credit policy of the Lender. Interest charged on the First Loan shall be calculated on the basis of a 365-day year and the actual number of days elapsed. The First Borrower shall repay accrued interest on the First Loan in arrears on the First Repayment Date.

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

First Share Mortgage

The First Share Mortgage has been given by the First Borrower to pledge by way of a first legal and equitable mortgage the First Mortgaged Shares in favour of the Lender as collateral for all the monies owed to the Lender from time to time.

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 First Borrower to the Lender.

THE SECOND LOAN AGREEMENT

Date : 27 October 2014

Parties : the Lender and the Second Borrower

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

Amount of the Second Loan

Up to HK\$53,000,000

Term

The Business Day falling on fourth (4) month from the date of drawdown, which may be extended for another four (4) months if so agreed by the parties to the Second Loan Agreement.

Drawing

Subject to certain conditions as set out in the Second Loan Agreement, including but not limited to (i) the Second Share Mortgage being duly executed by the Second 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 Second Loan Agreement.

Repayment

Subject to the Lender's overriding right of repayment on demand, the Second Borrower shall repay the Second Loan 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.

Prepayment

The Second Borrower may prepay to the Lender the whole or any part of the Second Loan provided that:

- (a) the Second 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 Second Loan shall accrue at the rate of 10% per annum with reference to the credit policy of the Lender. Interest charged on the Second Loan shall be calculated on the basis of a 365-day year and the actual number of days elapsed. The Second Borrower shall repay accrued interest on the Second Loan in arrears on the Second Repayment Date.

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

Second Share Mortgage

The Second Share Mortgage has been given by the Second Borrower to pledge by way of a first legal and equitable mortgage the Second Mortgaged Shares in favour of the Lender as collateral for all the monies owed to the Lender from time to time.

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 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 and provision of credits, securities investments, provision of corporate secretarial and consultancy services and forestry business.

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 and they provide interest income to the Group and the terms of which are entered on normal and commercial terms. The 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 to the First Loan Agreement and the Second Loan Agreement 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 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 First Loan Agreement (when aggregated with the Prior Loan Agreement pursuant to Rule 14.22 of the Listing Rules) and the Second Loan Agreement (when aggregated with the Previous Loan Agreements pursuant to Rule 14.22 of the Listing Rules) exceed 5% but less than 25%, the entering into of the First Loan Agreement and Second Loan Agreement constitute as discloseable transactions for the Company under Chapter 14 of the Listing Rules and are 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:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules.
“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 First borrower under the First Loan Agreement.
“First Loan”	the amount drawn down by the Lender pursuant to the terms and conditions of the First Loan Agreement.

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“First Loan Agreement”	the loan agreement dated 27 October 2014 entered into between the Lender and the First Borrower in relation to the provision of a loan with principal amount of up to HK\$25,000,000 to the First Borrower in accordance with the terms thereunder.
“First Mortgaged Shares”	all the shares of a company incorporated in the British Virgin Islands with limited liability which is the legal and beneficial owner of a parcel of leasehold land and premises with the latest identifiable price of approximately US\$4.3 million.
“First Repayment Date”	the Business Day falling on the twelveth (12) month from the date of drawdown, which may be extended if so agreed by the parties to the First Loan Agreement.
“Group”	the Company and its subsidiaries.
“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, is a wholly-owned subsidiary of the Company and 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.
“PRC”	People’s Republic of China.

“Previous Loan Agreements”	the loan agreements dated 28 November 2011 and 17 July 2014 entered into between the Lender and the Second Borrower and his associate in relation to the provision of loans of approximately HK\$8,000,000 in aggregate with an interest rate of 14.4% per annum and a term of six (6) months from the date of drawdown subject to further written agreement between the parties thereto on any possible extension pursuant to the terms and conditions thereunder.
“Prior Loan Agreement”	the loan agreement dated 24 September 2014 entered into between the Lender and the First Borrower in relation to the provision of a loan of US\$380,000 with an interest rate of 15% per annum and a term of twelve (12) months from the date of drawdown subject to further written agreement between the parties thereto on any possible extension pursuant to the terms and conditions thereunder.
“Second Borrower”	the second borrower under the Second Loan Agreement.
“Second Loan”	the amount drawn down by the Lender pursuant to the terms and conditions of the Second Loan Agreement.
“Second Loan Agreement”	the loan agreement dated 27 October 2014 entered into between the Lender and the Second Borrower in relation to the provision of a loan with principal amount of up to HK\$53,000,000 to the Second Borrower in accordance with the terms thereunder.
“Second Mortgaged Shares”	(i) certain ordinary shares of a company listed on the Main Board of the Stock Exchange legally and beneficially owned by the Second Borrower, with aggregate market value of approximately HK\$68 million based on the recent closing prices as quoted on the Stock Exchange; and (ii) any shares acquired in respect of such mortgaged shares by reason of a division or combination of shares, share dividend, reclassification or otherwise.

“Second Repayment Date”	The Business Day falling on fourth (4) month from the date of drawdown, which may be extended for another four (4) months if so agreed by the parties to the Second Loan Agreement.
“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.
“US\$”	United States dollars, the lawful currency of the United States of America.
“%”	per cent.

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

Hong Kong, 27 October 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.