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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 16 October 2012 (after trading hours), the Lender entered into the Supplemental Loan Agreement with the Borrower and the Guarantor, pursuant to which the Lender, the Borrower and the Guarantor has agreed to, among other things, extend the term of the Loan Agreement by six (6) months to 15 April 2013, and as a result of such extension, the interest rate on the Loan Agreement will be increased from 12% to 15% per annum.

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the entering into of the Supplemental Loan Agreement exceeds 5% but less than 25%, the entering into of the Supplemental 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.

Reference is made to the announcement of the Company dated 28 November 2011 in relation to the provision of the Loan Agreement with the loan principal of HK\$45,000,000. As at the date of this announcement, the total outstanding amount due from the Borrower pursuant to the Loan Agreement amounted to HK\$49,778,630 (which comprises the principal amount of HK\$45,000,000 and accrued interests of approximately HK\$4,778,630).

On 16 October 2012 (after trading hours), the Lender entered into the Supplemental Loan Agreement with the Borrower and the Guarantor, pursuant to which the Lender, the Borrower and the Guarantor have agreed to, among other things, extend the term of the Loan Agreement by six (6) months to 15 April 2013, and as a result of such extension, the interest rate on the Loan Agreement will be increased from 12% to 15% per annum.

* For identification purposes only

SUPPLEMENTAL LOAN AGREEMENT

Date: 16 October 2012 (after trading hours)

Parties: the Lender, the Borrower and the Guarantor

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 Directors' knowledge, information and belief having made all reasonable enquiries, the Borrower and its ultimate beneficial owners, i.e. the Guarantor, are Independent Third Parties.

PRINCIPAL AMOUNT OF THE LOAN

HK\$49,778,630

As at the date of this announcement, the total outstanding amount due from the Borrower pursuant to the Loan Agreement amounted to HK\$49,778,630 (which comprises the principal amount of HK\$45,000,000 and accrued interests of approximately HK\$4,778,630).

TERM

Six (6) months from the date of the Supplemental Loan Agreement which may be extended for a further six (6) months if so agreed by the parties thereto.

REPAYMENT

The Borrower will repay the Loan in full in one lump sum together with all interest accrued thereon and all other monies payable under the Loan Agreement (as supplemented by the Supplemental Loan Agreement) on the Repayment Date.

SHARE CHARGE

The Security Documents have been entered into between the Lender and the Borrower, and the Charged Shares have been charged in favour of the Lender as security for the performance of the Borrower's obligations under the Loan Agreement (as supplemented by the Supplemental Loan Agreement).

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 Supplemental Loan Agreement) further security and assurances as the Lender shall consider appropriate to secure the obligations of the Borrower under the Loan Agreement (as supplemented by the Supplemental Loan Agreement) and/or to demand immediate repayment of the Loan and all interest accrued thereon and all other monies payable under the Supplemental Loan Agreement.

INTEREST

Interest on the Loan shall accrue at the rate of fifteen per cent. (15%) per annum. Interest on the Loan 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, 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 fifteen per cent. (15%) per annum. Such interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

REASONS FOR THE ENTERING INTO OF THE SUPPLEMENTAL 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.

The Board is of the view that the entering into of the Supplemental Loan Agreement allows the Company to earn more interest income from the Loan with the interest rate increasing from 12% to 15% per annum, as such, the Directors consider that the Supplemental Loan Agreement is entered into upon normal commercial terms following arm's length negotiations between the parties to the Supplemental Loan Agreement and that the conditions and terms of the Loan Agreement (as supplemented by the Supplemental Loan Agreement) are fair and reasonable and are in the interests of the Group and 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 Supplemental Loan Agreement exceeds 5% but less than 25%, the entering into of the Supplemental 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”	Fortune Source International Limited, a company incorporated in the British Virgin Islands with limited liability
“Charged Shares”	issued shares of a listed company on the main board of the Stock Exchange, which have been charged in favour of the Lender as security for the performance of the Borrower's obligations under the Loan Agreement (as supplemented by the Supplemental 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 ultimate beneficial owner of the Borrower
“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, 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 loan of HK\$49,778,630 to the Borrower pursuant to the terms and conditions of the Loan Agreement (as supplemented by the Supplemental Loan Agreement)
“Loan Agreement”	the loan agreement dated 28 November 2011 entered into between the Lender, the Borrower and the Guarantor in relation to the provision of the Loan
“PRC”	the People’s Republic of China
“Repayment Date”	15 April 2013, being the date falling six (6) months from the date of the Supplemental Loan Agreement which may be extended for further six (6) months if so agreed by the parties thereto
“Security Documents”	any documents as may have been or may on or after the date of the Loan Agreement (as supplemented by the Supplemental Loan Agreement) be executed by the Borrower or any other person in favour of the Lender as security for the performance of the Borrower’s obligations under the Loan Agreement and all documents ancillary to or derived from any of them, including the Share Charge
“Share(s)”	the ordinary share(s) of HK\$0.08 each in the share capital of the Company
“Share Charge”	the share charge executed by the Borrower in favour of the Lender in respect of the Charged Shares

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Loan Agreement”	the supplemental loan agreement dated 16 October 2012 entered into between the Lender, the Borrower and the Guarantor to supplement the Loan Agreement
“%”	per cent.

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

Hong Kong, 16 October 2012

As at the date of this announcement, the directors of the Company 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

Non-executive director

Mr. Chan Kin Sang

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