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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)**

### **UPDATES ON PROFIT WARNING**

This announcement is made by Pacific Plywood Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

Reference is made to the announcement of the Company dated 30 June 2014 in relation to profit warning for the six months ended 30 June 2014 (the “**Profit Warning Announcement**”).

The board of directors of the Company (the “**Board**”) wishes to update shareholders of the Company (the “**Shareholders**”) and potential investors that, upon further review and based on a preliminary valuation result of the goodwill in respect of the forestry business (the “**Goodwill**”), the Group is expected to record a net loss for the six months ended 30 June 2014 (the “**Net Loss**”) as compared to the net profit for the six months ended 30 June 2013.

As disclosed in the Profit Warning Announcement, the net profit is dragged down due to the absence of fair value gain of convertible instruments designated as financial assets at fair value through profit or loss in current period. Moreover, based on the aforesaid valuation result, which is still being considered and reviewed by the Board, the recoverable amount of the Goodwill is expected to be dropped and is lower than its carrying value as at 30 June 2014 giving rise to an impairment loss and leading to the Net Loss.

As disclosed in the announcement of the Company dated 12 May 2014 and as informed by the vendors, their representatives and the landowners are following up with the Department of Environment and Conservation and other related government authorities in the Independent State of Papua New Guinea (“**PNG**”) regarding the outstanding necessary

*\* For identification purpose only*

approvals, licenses, registrations, confirmation and/or permits as may be required to conduct forestry related business and to enjoy the logging concession right under the laws and regulations in the PNG (the “**Official Approvals**”) continuously. Nonetheless, as at 30 June 2014 and the date of this announcement, there is no material progress in these regards that may unveil the uncertainty in relation to the grant of the Official Approvals within the time frame as previously expected. Against such circumstances, a more conservative approach in valuing the Goodwill for reflecting such possible risks and uncertainties is adopted (i.e. the discount rate is higher for addressing the underlying uncertainty and the inflow of revenue is deferred for addressing the delay, *ceterus paribus*). Accordingly, the Goodwill is declined and thus, the impairment loss is triggered. Whilst the assumptions in relation to the Goodwill as considered and disclosed since in the circular of the Company dated 29 February 2012 and up to the annual report of the Company dated 25 March 2014 are reasonable, they are inherently subject to economic and competitive uncertainties and contingencies that are beyond the control of the Company and the parties thereto. Despite of the slow progress for the Official Approvals, as previously advised by the PNG legal adviser, the Environment Permit could be granted after the Approval In Principle has been issued under the Law of the PNG in the absence of any irregularities and on the assumption that the application for the Clearance Authority are in order and in the absence of any unforeseen circumstances. There is no conclusive evidence that comes to the attention of the Company that there is material legal impediment to obtain the Clearance Authority as at the date of this announcement. The Group shall continue to follow up with the vendors, the relevant government authorities and professionals regarding the forestry business and its valuation and shall comply with all relevant requirements, and where necessary, make further announcement(s) in accordance with the Listing Rules and the SFO.

The information contained in this announcement is only based on the latest information currently available to the Company. It should be noted that the Company is still in the process of finalizing the unaudited consolidated financial information and the valuation review in respect of the assets of the Group for the six months ended 30 June 2014 and such results may be subject to adjustments and further review by the Company. The interim results of the Company for the six months ended 30 June 2014 is expected to be announced on 14 August 2014.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 6 August 2014

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