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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)

INSIDE INFORMATION

This announcement is made by Pacific Plywood Holdings Limited (the “**Company**”) (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 (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the circular of the Company dated 29 February 2012 (the “**Circular**”) in relation to the acquisition of 30% of the entire issued share capital of Profit Grand Enterprises Limited, which through its subsidiary has the logging rights within a forest sized approximately 65,800 hectares in the Independent State of Papua New Guinea (“**PNG**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

As a condition of the Agreement and upon the Completion on 12 April 2012, the Purchaser, the Vendors and the Guarantor entered into the Option Deed pursuant to which the Vendors have granted to the Purchaser the Option to purchase the Option Shares representing 70% of the entire issued share capital of the Target Company and the Option may be exercised at the sole discretion of the Purchaser according to the terms and conditions therein at any time during the period commencing the 13th month after the date of Completion and expiring the 12th month thereafter, that is 11 May 2014 (or such later date as may be agreed by both the Purchaser and the Vendors). As the parties thereto have not extended the Option Period, such period lapsed and the Option has expired on 11 May 2014 accordingly.

Despite the lapse of the Option, the Company is in the course of assessing the possibility for renewing the Option depending on the progress of the applications for the outstanding necessary approvals, licenses, registrations, confirmation and/or permits and further updates from the Vendors and/or the relevant government authorities and is negotiating with the Vendors in this connection. Up to the date of this announcement, the Company has not entered into any agreement, arrangement or understanding which constitutes a binding

* *For identification purposes only*

commitment on the Company or is discloseable pursuant to the Listing Rules and the SFO. The Company shall comply with all relevant requirements, and where necessary, make further announcement(s) in accordance with the Listing Rules and the SFO.

The Group has, however, from time to time been following up with the Vendors, the relevant government authorities and professionals regarding the outstanding necessary 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.

With regards to the progress on the application of the Environment Permit, the environment impact statement has been submitted to the Department of Environment and Conservation, accepted by the Environment Council and recommended to the Minister to issue the Approval in Principle which is pending to date (the “AIP”). 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 this regard continuously. As previously advised by the PNG legal adviser, the Environment Permit could be granted after the AIP 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, it is expected that there is no material legal impediment to obtain the Clearance Authority. In the event that all the outstanding necessary approvals, licenses, registrations, confirmation and/or permits are granted, the Group will not preclude the possibility for acquiring the remaining 70% of the entire issued share capital of the Target Company subject to the then circumstance.

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, 12 May 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.