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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 FULFILLMENT OF GUARANTEED PROFIT FOR THE YEAR ENDED 31 DECEMBER 2016

This announcement is made by Pacific Plywood Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2) 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 September 2015 (the “**Circular**”) in relation to, among other things, the Acquisition and the transactions contemplated thereunder and the announcement of the Company dated 21 April 2016 in relation to the fulfillment of Guaranteed Profit for the year ended 31 December 2015. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Circular.

As disclosed in the Circular, the Vendor has irrevocably and unconditionally guaranteed to the Company that the audited consolidated profit before tax of the Target Group (excluding any extraordinary items) for each of the year ended 31 December 2015 and 31 December 2016 shall not be less than the amount set opposite to the relevant Guaranteed Period as defined in the table below:

Guaranteed Period:	Guaranteed Profit:
1 January 2015 – 31 December 2015	HK\$100,000,000
1 January 2016 – 31 December 2016	HK\$350,000,000

* *For identification purposes only*

The Company wishes to announce that the audited consolidated profit before tax of the Target Group (excluding any extraordinary items) for the financial year ended 31 December 2016 as shown in the audited accounts of the Target Group prepared by the Company's auditors amounted to approximately HK\$398,930,000 and hence the Guaranteed Profit for the Guaranteed Period from 1 January 2016 to 31 December 2016 has been met.

Accordingly, the Retained Convertible Notes in the principal amount of HK\$933,330,000 for the Guaranteed Period from 1 January 2016 to 31 December 2016 have been released to the Vendor on 16 March 2017. The Directors (including the independent non-executive Directors) are of the view that the release of the Retained Convertible Notes in the principal amount of HK\$933,330,000 is made in accordance with the terms of the Sale and Purchase Agreement.

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

Hong Kong, 16 March 2017

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. Zheng Zhen

Mr. To Langa Samuelson

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