

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult an exchange participant or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in the Pacific Plywood Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, exchange participant or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## **PACIFIC PLYWOOD HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 767)**

### **NOTICE OF ANNUAL GENERAL MEETING, RE-ELECTION OF DIRECTORS AND GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES**

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The notice of Annual General Meeting of Pacific Plywood Holdings Limited to be held at Aberdeen, Level 3, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Friday, 16th June, 2006, at 10:00 a.m. ("AGM") is set out in Appendix 1A to this circular.

Whether or not you are able to attend the AGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Hopewell Centre, 46th Floor, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the AGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

18th April, 2006

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## DEFINITIONS

*In this circular, the following expressions shall have the following meanings unless the context requires otherwise:*

“AGM”	the annual general meeting of the Company to be held at Aberdeen, Level 3, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Friday, 16th June, 2006 at 10:00 a.m., the notice of which is set out in Appendix IA to this circular or, where the context so admits, any adjournment thereof;
“Controlling Shareholder”	as defined under paragraph 1.01 of the Listing Rules;
“Company”	Pacific Plywood Holdings Limited, a company incorporated in Bermuda with limited liability;
“Directors”	the directors of the Company;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	17th April, 2006, being the latest practicable date prior to the printing this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Management Bonus Fund”	an amount not exceeding five (5) per cent. of the consolidated net profit after taxation and minority interests but before extraordinary items of the Company as reported in the audited annual accounts of the Company;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shareholders”	holders of Shares;
“Shares”	shares of HK\$0.025 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers.

## LETTER FROM THE CHAIRMAN



### **PACIFIC PLYWOOD HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 767)**

*Executive Directors:*

Budiono Widodo (*Chairman*)  
Sardjono Widodo  
Liao Yun Kuang  
Yu Chien Te

*Registered office:–*

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Non-executive Directors:*

Chen Chung I  
Kusnadi Pipin  
Sudjono Halim

*Principal place of business:–*

Room 1802  
88 Gloucester Road  
Wanchai  
Hong Kong

*Independent Non-executive Directors:*

Marzuki Usman  
Kusnadi Widjaja  
Ngai Kwok Chuen

18th April, 2006

*To the shareholders of the Company*

Dear Sir or Madam,

**NOTICE OF ANNUAL GENERAL MEETING,  
RE-ELECTION OF DIRECTORS  
AND  
GENERAL MANDATES TO ISSUE SHARES  
AND REPURCHASE SHARES**

#### **INTRODUCTION**

The Company will propose at the AGM resolutions to re-elect the retiring Directors and to dispose of vacant office(s) and grant to the Directors the general mandates for issue of Shares and repurchase by the Company of its own Shares. The latest general mandates granted to the Directors were approved in the Company's annual general meeting held on 17th June, 2005.

The purpose of this circular is to provide you with further information and details about these resolutions to be proposed at the AGM.

# LETTER FROM THE CHAIRMAN

## ANNUAL GENERAL MEETING

A notice convening the AGM is set out in Appendix IA to this circular. At the AGM, resolutions will be proposed to approve, inter alia, the re-election of Directors and the general mandates to issue Shares and repurchase Shares.

The procedure by which Shareholders may demand a poll at any general meeting of the Company is set out in Appendix IB to this circular.

## RE-ELECTION OF DIRECTORS

In accordance with Bye-law 99 of the Company's Bye-laws and Code Provision A.4 under Appendix 14 to the Listing Rules, Mr. Budiono Widodo, Mr. Sardjono Widodo, Mr. Liao Yun Kuang, and Mr. Kusnadi Pipin will retire at the AGM and, being eligible, will offer themselves for re-election. Information of these retiring directors as required to be disclosed under the Listing Rules is set out in Appendix II to this circular.

## GENERAL MANDATE FOR ISSUE OF SHARES

At the AGM, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to exercise all powers of the Company to issue and otherwise deal with Shares up to a limit equal to 20 per cent. of the issued share capital of the Company as at the date of the passing of such resolution. Another ordinary resolution will be proposed to increase the limit of this 20 per cent. by the amount of any Shares repurchased by the Company up to a maximum of 10 per cent. of the issued share capital of the Company at the date of the passing of the relevant resolution. Shareholders should note that this mandate will continue in force until the conclusion of the next annual general meeting following the AGM or any earlier date as referred to in paragraph (b) and (c) of resolution no. 4(A)(iii) set out in the notice of the AGM.

## GENERAL MANDATE FOR THE REPURCHASE OF SHARES

At the AGM, an ordinary resolution will also be proposed that the Directors be given a general and unconditional mandate to exercise all powers of the Company to repurchase Shares subject to the criteria set out in this circular. In particular, Shareholders should note that the maximum number of Shares that the Company may repurchase pursuant to the mandate will be such number of Shares as represented 10 per cent. of the share capital of the Company in issue as at the date of passing the relevant resolution. Shareholders should also note that the authority relates only to repurchase made on the Stock Exchange and otherwise in accordance with the Listing Rules and the repurchase mandate will continue in force until the conclusion of the next annual general meeting following the AGM or any earlier date as referred to in paragraph (b) and (c) of resolution no. 4(B)(iii) set out in the notice of the AGM.

An explanatory statement giving the particulars under the Listing Rules in respect of the aforesaid mandate is set out in the Appendix III of this circular.

## LETTER FROM THE CHAIRMAN

### RECOMMENDATION

Your Directors believe that the general mandate for issue of Shares and repurchase of Shares are in the interests of the Company and Shareholders and, accordingly, recommend you to vote in favour of all the relevant resolutions to be proposed at the AGM.

Yours faithfully,  
For and on behalf of the Board  
**Budiono Widodo**  
*Chairman*

**PACIFIC PLYWOOD HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 767)**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of members of Pacific Plywood Holdings Limited (the "Company") will be held at Aberdeen, Level 3, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Friday, 16th June, 2006 at 10:00 a.m. for the following purposes:-

**ORDINARY BUSINESS**

1. To receive and consider the audited accounts and the Directors' report and auditors' report for the year ended 31st December, 2005.
2. To re-elect Directors and to fix their remuneration and to dispose of vacant office(s).
3. To appoint auditors and to authorize the board of Directors to fix their remuneration.

**SPECIAL BUSINESS**

4. To consider and, if thought fit, pass the following resolution as ordinary resolution:-
  - (A) "THAT:-
    - (i) subject to sub-paragraph (ii) of this resolution, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot and issue additional Shares in the capital of the Company and to make or grant offers, agreements, warrants and options which might require the exercise of such powers either during or after the Relevant Period, be and is hereby generally and unconditionally approved;
    - (ii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in sub-paragraph (i) of this resolution, otherwise than pursuant to a Rights Issue or the exercise of subscription or conversion rights under any warrants of the Company or any securities which are convertible into Shares of the Company or any share option scheme, shall not exceed twenty per cent of the nominal amount of the issued share capital of the Company on the date of this resolution and this approval shall be limited accordingly; and

(iii) for the purposes of this resolution:–

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:–

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution in general meeting.

“Rights Issue” means an offer of Shares open for a period fixed by the Directors to holders of Shares on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restriction or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

(B) **“THAT:–**

- (i) subject to paragraph (ii) below, the exercise by the Directors during the Relevant Period of all the powers of the Company to repurchase issued Shares in the capital of the Company, subject to and in accordance with all applicable laws and the Bye-laws of the Company, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of the share capital which the Company is authorized to repurchase pursuant to the approval in paragraph (i) above shall not exceed ten per cent of the aggregate nominal amount of the share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and
- (iii) for the purposes of this resolution:–

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:–

- (a) the conclusion of the next annual general meeting of the Company;



- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
  - (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution in general meeting.”
- (C) “**THAT** conditional upon resolution no. 4(B) above being passed, the aggregate nominal amount of the number of Shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution no. 4(B) above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to resolution no. 4(A) above”.

Pursuant to Bye-law 70 to Bye-law 74 of the Company's Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the rules of the relevant board of the stock exchange in the Relevant Territory or a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll ) demanded by:-

- (i) the chairman of the meeting; or
- (ii) at least three shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) any shareholder or shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or
- (iv) any shareholder or shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so required or so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

If a poll is required or demanded as aforesaid, it shall be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place, not being more than thirty days from the date of the meeting or adjourned meeting at which the poll was so required or demanded as the chairman directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was required or demanded. The demand for a poll (but not the requirement for a poll under the rules of the relevant board of the stock exchange of the Relevant Territory) may be withdrawn, with the consent of the chairman, at any time before the close of the meeting at which the poll was demanded or the taking of the poll, whichever is the earlier.

Any poll duly demanded on the election of a chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote. In case of any dispute as to the admission or rejection of any vote the chairman shall determine the same, and such determination shall be final and conclusive.

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

The following is the information, as required to be disclosed by the Listing Rules, on the retiring directors proposed to be re-elected at the AGM.

**Mr. Budiono Widodo**, aged 62, is a founder and the Chairman of the Group and is responsible for strategic development of the Group. He is also a director of each of the subsidiaries of the Company except Glowing schemes Sdn. Bhd. He started in the forestry business in Indonesia in 1979 and has over 15 years of experience in the timber industry, starting as a log exporter and then becoming a plywood manufacturer and trader. Apart from the plywood business, he is also engaged in other industries including property and hotels.

Mr. Widodo has a service contract with the Company for a term of one year from 1st July, 2005 and his remuneration under this service contract includes a fixed salary of approximately US\$456,000 per annum, a management bonus, equivalent to 50% of the Management Bonus Fund and other fringe benefits. Mr. Widodo is the father of Mr. Sardjono Widodo, Managing Director of the Company, and the father-in-law of Mr. Sudjono Halim, a non-executive director of the Company, and the controlling shareholder of the Company. Mr. Widodo has personal and corporate interests in 2,222,996,000 Shares within the meaning of Part XV of SFO.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements under paragraph 13.51(2) of the Listing Rules and there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

**Mr. Sardjono Widodo**, aged 38, is the Managing Director of the Group and a son of Mr. Budiono Widodo. He is also a director of each of the subsidiaries of the Company except Glowing Schemes Sdn. Bhd. He holds a Diploma in Mechanical Engineering and has been in the wood industry for over 10 years.

Mr. Widodo has a service contract with the Company for a term of one year from 1st July, 2005 and his remuneration under this service contract includes a fixed salary of approximately US\$180,000 per annum, a management bonus, equivalent to 20% of the Management Bonus Fund and other fringe benefits. Mr. Widodo is not interested in the Shares within the meaning of Part XV of SFO.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements under paragraph 13.51(2) of the Listing Rules and there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

**Mr. Liao Yun Kuang**, aged 53, is the President of the Group. He is also a director of each of the subsidiaries of the Company except Changchun Winpro Wood Industries Co., Ltd. He holds a Bachelor Degree in Business Administration from Tam Kang University in Taiwan. Prior to joining the timber industry, Mr. Liao has worked for two large conglomerates in Taiwan and has more than 10 years experience in general management.

Mr. Liao has a service contract with the Company for a term of one year from 1st July, 2005 and his remuneration under this service contract and other arrangement with the Company includes a fixed salary of approximately US\$135,000, a management bonus, equivalent to 12% of the Management Bonus Fund and other fringe benefits. Mr. Liao has no relationship with any directors or senior management or substantial or controlling shareholders of the Company. Mr. Liao is not interested in the Shares within the meaning of Part XV of SFO.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements under paragraph 13.51(2) of the Listing Rules and there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

**Mr. Pipin Kusnadi**, aged 60, is the commissioner for over 10 companies in Jakarta and has been in the wood industry since 1991.

The appointment of Mr. Pipin as a non-executive director of the Company is for a term of one year from 28th June, 2005 and his annual director's remuneration is HK\$50,000. Mr. Pipin is a shareholder of and holds 5.4% interests in SMI International Limited, the Controlling Shareholder of the Company. Mr. Pipin is not interested in the Shares within the meaning of Part XV of SFO.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements under paragraph 13.51(2) of the Listing Rules and there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration in relation to the repurchase mandate as set out in resolution no. 4(B) of the notice of the AGM.

## **1. LISTING RULES**

The Listing Rules permit companies with their primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which is:-

### **Sources of funds**

Repurchase must be funded entirely from the Company's available cash flow or working capital facilities, which will be funds legally available for the purpose and in accordance with the memorandum of association and bye-laws of the company concerned and The Companies Act 1981 of Bermuda (as amended).

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, the Company has issued 5,580,897,243 Shares.

Subject to the passing of resolution no. 4(B) set out in the notice of the AGM and on the basis that no further Shares are issued prior to the AGM, the Company would be allowed under the repurchase mandate to purchase a maximum of 558,089,724 Shares, representing 10% of the issued share capital of the Company as at the date of passing the resolution.

## **3. REASONS FOR REPURCHASE**

The Directors believe that the granting of repurchase mandate is in the best interests of the Company and its shareholders. The exercise of the repurchase mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or earnings per share and will only be made when the Directors believe that such a purchase will benefit the Company and the Shareholders.

## **4. FUNDING OF REPURCHASES**

In repurchasing shares, the Company may only apply funds entirely from the Company's available cash flow or working capital facilities, which will be funds legally available for such purpose in accordance with its memorandum of association and bye-laws and The Companies Act 1981 of Bermuda (as amended). The Directors propose that repurchases of Shares be financed by the Company's distributable profits or proceeds from a fresh issue of Shares.

There might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31st December, 2005) in the event that repurchase mandate is carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise their power under the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels in the opinion of the Directors are from time to time appropriate for the Company.

## 5.      **SHARE PRICES**

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous months were as follows:-

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2005</b>		
April	0.034	0.028
May	0.031	0.025
June	0.031	0.025
July	0.029	0.021
August	0.033	0.023
September	0.034	0.025
October	0.029	0.025
November	0.029	0.021
December	0.029	0.022
<b>2006</b>		
January	0.030	0.021
February	0.030	0.022
March	0.045	0.024
April*	0.037	0.024

\*      *Up to the Latest Practicable Date.*

## 6.      **DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable they will exercise the powers of the Company to make repurchases under the repurchase mandate in accordance with the Listing Rules and the applicable laws of Hong Kong and The Companies Act 1981 of Bermuda (as amended).

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares of the Company to the Company or its subsidiaries under the repurchase mandate if such is approved by the Shareholders.

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or have undertaken not to do so, in the event that the repurchase mandate is approved by the Shareholders.

As at the Latest Practicable Date, SMI International Limited ("SIL") had registered an interest in 1,974,720,000 Shares representing approximately 35.38% of all the issued Shares. If the repurchase mandate is exercised in full, SIL's interest in the Company will be increased to 39.32%.

If on the exercise of the power to repurchase shares of the Company pursuant to the repurchase mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 8 of the Hong Kong Code on Share Repurchases. As a result, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Takeover Code.

Save as disclosed above, the Directors are not aware of any consequences which may arise under the Takeover Code as a result of any purchase of Shares made under the repurchase mandate.

## **7. SHARES REPURCHASES MADE BY THE COMPANY**

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the 6-month period prior to the date of this circular.