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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)

PLACING OF NEW SHARES

On 21 January 2011 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, to not less than six independent Placees for up to 15,400,000 new Shares at a price of HK\$0.73 per Placing Share.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares. If such condition is not fulfilled, the Placing will not proceed.

The maximum number of 15,400,000 Placing Shares represents approximately 19.98% of the entire issued share capital of the Company of 77,072,777 Shares as at the date of this announcement and approximately 16.65% of the Company's entire issued share capital as enlarged by the Placing. The net proceeds from the Placing of approximately HK\$10.88 million (assuming the Placing Shares are fully placed and after all relevant expenses) will be used for general corporate and working capital of the Group or/and the future development of the finance businesses of the Group.

* *For identification purpose only*

THE PLACING AGREEMENT

- Date: 21 January 2011 (after trading hours)
- Placing Agent: To the best of the Company's knowledge, information and belief after making reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.
- Placees: The Placing Shares will be placed to not less than six Placees (which will be independent individual, corporate and/or institutional investors) and their ultimate beneficial owners will be Independent Third Parties. It is expected that no Placee will become a substantial Shareholder (as such term is defined in the Listing Rules) immediately following completion of the Placing.
- Number of Placing Shares: Up to 15,400,000 new Shares, to be placed by the Placing Agent on a best effort basis. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 19.98% of the entire issued share capital of the Company of 77,072,777 Shares as at the date of this announcement and approximately 16.65% of the Company's entire issued share capital as enlarged by the Placing. The nominal value of the Placing Shares is HK\$0.385 million as at the date of this announcement.
- Placing Price: HK\$0.73 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on the Stock Exchange. The Placing Price represents:
- (a) a discount of approximately 13.10% to the closing price of HK\$0.840 per Share as quoted on the Stock Exchange on 21 January 2011, being the date of the Placing Agreement; and
 - (b) a discount of approximately 19.07% to the average closing price of approximately HK\$0.902 per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately prior to the date of the Placing Agreement.

The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Placing is estimated to be approximately HK\$10.88 million (assuming the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK\$0.707.

- Placing Commission: The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the Placing.
- General Mandate: The Placing Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the Company's special general meeting held on 7 January 2011 up to 15,414,555 Shares. As at the date of this announcement, no Share has been issued pursuant to the said general mandate.
- Ranking of Placing Shares: The Placing Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Placing Shares.
- Conditions to the Placing: The Placing is conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares.
- Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Placing Shares.
- The Placing is not subject to Shareholders' approval.
- Completion of the Placing: Subject to the satisfaction of all the conditions set out above, the Placing is expected to be completed on or before 28 February 2011 or such later time and/or such other date as the Placing Agent and the Company may agree.
- Termination: The Placing Agent may terminate the Placing Agreement prior to completion of the Placing Agreement if in the opinion of the Placing Agent the success of the Placing or the business or financial prospects of the Group would or is likely to be materially and adversely affected by:
- (a) any material breach of any of the representations and warranties set out in the Placing Agreement; or
 - (b) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than 5 trading days (other than in connection with the Placing); or
 - (c) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or

- (d) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (e) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (f) a change or development involving a prospective change in taxation in Hong Kong, Bermuda or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Group or its present or prospective shareholders in their capacity as such; or
- (g) any change or deterioration in the conditions of local, national or international securities markets.

EFFECT OF THE PLACING ON SHAREHOLDING

The shareholdings in the Company as at the date of this announcement (extracted from the Disclosure of Interests forms filed in the website of the Stock Exchange) and immediately after completion of the Placing are and will be as follows:

| Shareholders | As at the date of this announcement | | Immediately after completion of Placing | |
|--------------------------------|-------------------------------------|---------------|---|---------------|
| | No. of Shares | % | No. of Shares | % |
| Budiono Widodo (<i>Note</i>) | 4,544,480 | 5.90 | 4,544,480 | 4.92 |
| Existing public Shareholders | 72,528,297 | 94.10 | 72,528,297 | 78.43 |
| Places | — | — | 15,400,000 | 16.65 |
| Total | <u>77,072,777</u> | <u>100.00</u> | <u>92,472,777</u> | <u>100.00</u> |

Note: The former Director. Interest deemed to be owed by Dr. Budiono Widodo.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF THE PROCEEDS

The Company is principally engaged in the business of money lending and provision of credits.

In view of the current market conditions, the Directors consider that the Placing represents a good opportunity to broaden the shareholders base and capital base of the Company and to raise capital for the Company for its future business developments. The Directors consider the terms of the Placing Agreement to be fair and reasonable and in the interest of the Group and the Shareholders as a whole.

Subject to the Placing being completed, the Company will bear all costs and expenses of approximately HK\$0.36 million in connection with the Placing. The net proceeds of approximately HK\$10.88 million from the Placing will be used for general corporate and working capital of the Group or/and the future development of the finance businesses of the Group.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following table summarizes the capital raising activities of the Group for the 12 months immediately before the date of this announcement:

| Date of announcement | Event | Net proceeds | Intended use of proceeds | Actual use of proceeds as at the date of this announcement |
|-----------------------------|--|--------------------------------|--|---|
| 2 March 2010 | Placing of new share under the general mandate | Approximately HK\$41.7 million | The net proceeds of HK\$41.7 million will be used for the general corporate and working capital of the Group | Approximately (i) HK\$4 million was applied as general corporate and working capital of the Group; (ii) HK\$2 million was utilized to satisfy the consideration of the acquisition of 51% equity interest in Delta Wealth Finance Limited (formerly known as Head & Shoulders Finance Limited before 20 January 2011); (iii) HK\$12 million was utilized for drawdown of the loan facility provided by the Company to Delta Wealth Finance Limited; (iv) HK\$23 million was utilized for drawdown of the loan facility provided by the Company to Delta Wealth Finance Limited; and (v) the remaining of HK\$0.7 million has been deposited into the bank account(s) of the Group |

| Date of announcement | Event | Net proceeds | Intended use of proceeds | Actual use of proceeds as at the date of this announcement |
|-----------------------------|---|--------------------------------|--|---|
| 30 November 2010 | Placing of new shares under the general mandate | Approximately HK\$32.6 million | The net proceeds of approximately HK\$32.6 million will be used for general corporate and working capital of the Group or/ and the future development of the finance businesses of the Group | HK\$30 million was utilized for drawdown of the loan facility provided by the Company to Delta Wealth Finance Limited and the remaining of HK\$2.6 million has been deposited into the bank account(s) of the Group |

DEFINITIONS:

Unless the context otherwise requires, the following terms shall have the meanings set out below:

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|------------------------|--|
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Board” | board of Directors |
| “Business Day” | a day (excluding Saturday) on which licensed banks in Hong Kong are generally open for business |
| “Company” | Pacific Plywood Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange |
| “connected person (s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Listing Rules” | the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |

| | |
|--------------------------------|--|
| “Independent Third Party(ies)” | an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the Listing Rules) |
| “Placee” | any individual, institutional or other professional investor procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agreement |
| “Placing” | the placing of the Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement |
| “Placing Agent” | Roofer Securities Limited |
| “Placing Agreement” | the placing agreement entered into between the Company and the Placing Agent dated 21 January 2011 in relation to the Placing |
| “Placing Price” | HK\$0.73 per Placing Share |
| “Placing Shares” | a maximum of 15,400,000 new Shares to be placed pursuant to the Placing Agreement |
| “Share(s)” | ordinary share(s) of HK\$0.025 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

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

Hong Kong, 21 January 2011

As at the date of this announcement, the executive Directors are Mr. Huang Chuan Fu, Ms. Jia Hui, Mr. Jiang Yi Ren and Mr. Liang Jian Hua and the independent non-executive Directors are Mr. Wong Chun Hung, Mr. Chan Kin Sang and Mr. Cheng Po Yuen.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited and the website of the Company for at least 7 days from the date of its posting.