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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)

COMPLETION OF PLACING OF THE PLACING CONVERTIBLE NOTES

The Board is pleased to announce that the conditions under the Placing Agreement were fulfilled and that the Placing has been completed on 16 May 2011 pursuant to the terms of the Placing Agreement.

Reference is made to the Company's announcement dated 8 March 2011 and the circular dated 28 March 2011 (the "**Circular**") in relation to, among other matters, the Placing of the Placing Convertible Notes. Capitalized terms used herein shall have the same meanings as defined in the Circular.

The Board is pleased to announce that the conditions under the Placing Agreement were fulfilled and that the Placing has been completed on 16 May 2011 pursuant to the terms of the Placing Agreement. The Placing Convertible Notes in an aggregate principal amount of HK\$100,000,000 have been placed by the Placing Agent to not less than six placees (the "**Placees**"). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placees and, if applicable, their ultimate beneficial owners, are Independent Third Parties. Upon full conversion of the Placing Convertible Notes, none of the Placees will become a substantial shareholder of the Company.

* *For identification purpose only*

Subject to the Rights Issue becoming unconditional on 18 May 2011, the Conversion Price will be adjusted from HK\$0.58 per Conversion Share (the Placing Convertible Notes will be convertible into 172,413,793 new Shares) to HK\$0.082 per Conversion Share (the Placing Convertible Notes will be convertible into 1,219,512,192 new Shares).

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

Hong Kong, 16 May 2011

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

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