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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)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO
RIGHTS SHARES FOR EVERY ONE SHARE HELD
ON THE RECORD DATE AT HK\$0.18 PER RIGHTS SHARE
WITH BONUS ISSUE ON THE BASIS OF ONE BONUS SHARE
FOR EVERY ONE RIGHTS SHARE TAKEN UP UNDER
THE RIGHTS ISSUE
AND
RESUMPTION OF TRADING**

Underwriter



KINGSTON SECURITIES LTD.

PROPOSED RIGHTS ISSUE (WITH THE BONUS ISSUE)

The Company proposes to raise not less than approximately HK\$200.31 million and not more than approximately HK\$201.48 million, before expenses, by issuing not less than 1,112,841,060 Rights Shares and not more than 1,119,309,218 Rights Shares to the Qualifying Shareholders by way of the Rights Issue at the Subscription Price of HK\$0.18 per Rights Share on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date.

* For identification purposes only

Subject to the satisfaction of the conditions of the Rights Issue, the Bonus Shares will be issued to the first registered holders of the Rights Shares on the basis of one (1) Bonus Share for every one (1) Rights Share taken up under the Rights Issue. On the basis of not less than 1,112,841,060 Rights Shares and not more than 1,119,309,218 Rights Shares to be issued under the Rights Issue, not less than 1,112,841,060 Bonus Shares and not more than 1,119,309,218 Bonus Shares will be issued.

Allied Summit, a controlling Shareholder (as defined under the Listing Rules), has irrevocably undertaken to the Company and the Underwriter that, (a) the Shares beneficially owned by it shall remain registered in its name from the date of its Undertaking up to and including the date on which dealings in the fully-paid Rights Shares and the Bonus Shares are expected to commence on the Stock Exchange (or such later date as may be agreed between the Company and the Underwriter in writing); and (b) it shall subscribe and pay for, or procure the subscription and payment for, its entitlement of 648,487,902 Rights Shares prior to the Latest Time For Acceptance.

The Rights Shares (other than the Rights Shares that will be provisionally allotted to Allied Summit pursuant to the Undertaking) will be fully underwritten by the Underwriter, on the terms and subject to the conditions of the Underwriting Agreement, details of which are set out in the section headed “Underwriting Agreement” of this announcement.

The estimated net proceeds from the Rights Issue will be not less than approximately HK\$193.85 million and not more than HK\$195.01 million. It is expected that the proceeds from the Rights Issue will be principally used for the development of the businesses of the Group, details of which are set out in the paragraph headed “Reasons for the Rights Issue (with the Bonus Issue), Financial and trading prospect and Proposed use of proceeds” of this announcement.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) and the Bonus Shares.

IMPLICATIONS UNDER THE LISTING RULES

In compliance with Rule 7.19(6) of the Listing Rules, the Rights Issue (with the Bonus Issue) must be made conditional on approval of the Independent Shareholders by way of poll at the SGM. As at the date of this announcement, Allied Summit is a controlling Shareholder. Allied Summit and its associates will abstain from voting in favour of the resolution approving the Rights Issue (with the Bonus Issue) and the transactions contemplated thereunder at the SGM.

The Rights Issue (with the Bonus Issue) is conditional on, among other things, being approved by the Independent Shareholders at the SGM. An independent board committee comprising all the independent non-executive Directors will be established by the Company to advise the Independent Shareholders as to whether the terms of the Rights Issue (with the Bonus Issue) are fair and reasonable and as to voting in respect thereof at the SGM. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

GENERAL

A circular containing, among other things, (i) further details about the Rights Issue (with the Bonus Issue); (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights Issue (with the Bonus Issue); (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Rights Issue (with the Bonus Issue); and (iv) the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

Subject to, among other things, the approval of the Rights Issue (with the Bonus Issue) by the Independent Shareholders at the SGM, the Prospectus Documents will be despatched to the Qualifying Shareholders and the Prospectus will be despatched to the Non-Qualifying Shareholders for information purposes only as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 20 August 2013 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange (under stock code “2931” from 9:00 a.m. on Thursday, 15 August 2013 to 4:00 p.m. on Wednesday, 18 September 2013 at the temporary trading counter as disclosed in the announcement of the Company dated 14 August 2013) with effect from 9:00 a.m. on 21 August 2013.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue (with the Bonus Issue) is conditional upon, among other things, fulfillment of the conditions set out under the paragraph headed “Conditions of the Rights Issue (with the Bonus Issue)” of this announcement. In particular, the Rights Issue (with the Bonus Issue) is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue (with the Bonus Issue) may or may not proceed. Any Shareholders or potential investors contemplating selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue (with the Bonus Issue) are fulfilled will bear the risk that the Rights Issue (with the Bonus Issue) cannot become unconditional and may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares and/or nil-paid Rights Shares, and if they are in any doubt about their position, they should consult his/her/its own professional advisers.

PROPOSED RIGHTS ISSUE (WITH THE BONUS ISSUE)

Issue Statistics

Basis of the Rights Issue	: two (2) Rights Shares for every one (1) Share held on the Record Date
Basis of the Bonus Issue	: One (1) Bonus Share for every one (1) Rights Share taken up
Subscription Price	: HK\$0.18 per Rights Share with nominal value of HK\$0.001 each
Number of Shares in issue as at the date of this announcement	: 556,420,530 Shares
Number of Shares in issue (assuming no new Share being issued other than full exercise of the Longjiang Option and no Share being repurchased by the Company on or before the Record Date)	: 559,654,609 Shares
Number of Rights Shares	: not less than 1,112,841,060 Rights Shares (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date) and not more than 1,119,309,218 Rights Shares (assuming no new Share being issued other than full exercise of the Longjiang Option and no Share being repurchased by the Company on or before the Record Date)
Number of Bonus Shares	: not less than 1,112,841,060 Bonus Shares (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date) and not more than 1,119,309,218 Bonus Shares (assuming no new Share being issued other than full exercise of the Longjiang Option and no Share being repurchased by the Company on or before the Record Date)

As at the date of this announcement, save as and except for the Longjiang Option, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Accordingly, a maximum number of 3,234,079 new Shares will be issued upon full exercise of the Longjiang Option on or before the Record Date.

Assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date, the total number of 2,225,682,120 Shares based on 1,112,841,060 Rights Shares and 1,112,841,060 Bonus Shares represents:

- (i) approximately 400.00% of the Company's existing issued share capital as at the date of this announcement; and
- (ii) approximately 80.00% of the Company's issued share capital as enlarged by the issue of the Rights Shares and the Bonus Shares.

Assuming no new Share being issued other than full exercise of the Longjiang Option and no Share being repurchased by the Company on or before the Record Date, the total number of 2,238,618,436 Shares based on 1,119,309,218 Rights Shares and 1,119,309,218 Bonus Shares represents:

- (i) approximately 402.32% of the Company's existing issued share capital as at the date of this announcement; and
- (ii) approximately 80.00% of the Company's issued share capital as enlarged by the issue of the Rights Shares and the Bonus Shares.

Subscription Price

The Subscription Price of HK\$0.18 per Rights Share is payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 33.33% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 34.78% to the average closing price of approximately HK\$0.276 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 42.86% over the theoretical ex-entitlement price of HK\$0.126 per Share after the Rights Issue (after taking into consideration of the Bonus Issue), based on the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Last Trading Day.

Since every one (1) Bonus Share will be issued upon the subscription of one (1) Rights Share, for illustrative purpose, the average price for each Share to be allotted and issued under the Rights Issue (with the Bonus Issue) will be HK\$0.09, which represents:

- (i) a discount of approximately 66.67% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 67.39% to the average closing price of approximately HK\$0.276 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and

- (iii) a discount of approximately 28.57% to the theoretical ex-entitlement price of HK\$0.126 per Share after the Rights Issue (after taking into consideration of the Bonus Issue), based on the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Last Trading Day.

Basis of determining the Subscription Price and the Bonus Issue

The Subscription Price and the Bonus Issue were determined by the Company and the Underwriter after arm's length negotiations with reference to the historical prices and trading liquidities of the Shares. Since the Shares were generally illiquid in the open market and the historical closing price of the Shares showed a sliding trend during the past twelve months, it is difficult for the Company to attract the Qualifying Shareholders to further invest in it through the Rights Issue. Furthermore, the Group is in urgent need for capital to satisfy the Escrow Money for the Proposed Acquisition. Details of the Proposed Acquisition are set out below in the section headed "Reasons for the Rights Issue (with the Bonus Issue), Financial and trading prospect and Proposed use of proceeds" of this announcement.

Given that the Bonus Issue can (i) effectively reduce the average price per Rights Share taken up; and (ii) provide incentives to the Qualifying Shareholders to subscribe for the Rights Shares, the Directors (excluding the independent non-executive Directors who will give their view on the Rights Issue (with the Bonus Issue) after taking into account the advice of the independent financial adviser) consider the Subscription Price fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Rights Issue (with the Bonus Issue) is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus to the Non-Qualifying Shareholders for information purposes only.

To qualify for the Rights Issue (with the Bonus Issue), a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, owners of the Shares must lodge any transfers of the Shares (together with the relevant share certificates) with the Registrar, being Computershare Hong Kong Investor Services Limited at shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 9 October 2013.

Closure of Register of Member

The register of members of the Company will be closed from Thursday, 10 October 2013 to Tuesday, 15 October 2013, both dates inclusive and the Record Date will be on Tuesday, 15 October 2013. No transfer of Shares will be registered during this period.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. A copy of the Prospectus will be filed with the Registrar of Companies in Bermuda prior to or as soon as reasonably practicable after publication of the Prospectus.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue (with the Bonus Issue) to the Overseas Shareholders (if any). If, based on legal advice, the Directors consider that it is necessary or expedient not to offer the Rights Shares (with the Bonus Issue) to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue (with the Bonus Issue) will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Rights Issue (with the Bonus Issue), to be despatched to the Qualifying Shareholders on the Posting Date. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them on the Posting Date.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefits of the Company. Any unsold entitlement of the Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares, will be made available for excess application on EAFs by the Qualifying Shareholders.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue (with the Bonus Issue), subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Basis of Provisional Allotment

The basis of the provisional allotment shall be two (2) Rights Shares for every one (1) Share held on Record Date, being not less than 1,112,841,060 Rights Shares (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date) and not more than 1,119,309,218 Rights Shares (assuming no new Share being issued other than full exercises of the Longjiang Option and no Share being repurchased by the Company on or before the Record Date). Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for by no later than the Latest Time For Acceptance.

Fractions of Rights Shares (if any)

The Company will not provisionally allot fractions of the Rights Shares in nil-paid form. All fractions of the Rights Shares will be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market. The Company will retain the proceeds from such sale(s) for its own benefit. Any unsold aggregated fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders.

Application for Excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares may be made by completing the EAFs for application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for by no later than the Latest Time For Acceptance. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

1. preference will be given to applications for topping-up odd lots holdings to whole lot holdings; and
2. subject to availability of excess Rights Shares after allocation under principle (1) above, any further remaining excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied for by them (i.e. the Qualifying Shareholders applying for smaller numbers of the Rights Shares are allocated with a higher percentage of successful application but will receive less number of Rights Shares; whereas the Qualifying Shareholders applying for larger numbers of Rights Shares are allocated with a smaller percentage of successful application but will receive higher number of Rights Shares).

In the event that the Company discovered certain applications may have been made with the intention to abuse the mechanism whereby preference would have been given to applications for topping up odd-lot holdings, the Company will change the allocation method for the excess Rights Shares on a fair and equitable basis.

Investors with their Shares held by a nominee company (including HKSCC) should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

Investors whose Shares are held by their nominee(s) (including HKSCC) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Wednesday, 9 October 2013.

Status of the Rights Shares and the Bonus Shares

The Rights Shares and the Bonus Shares, when allotted and fully paid, will rank *pari passu* in all respects among themselves and with the Shares then in issue. Holders of fully-paid Rights Shares and the Bonus Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of the allotment of the Rights Shares and the Bonus Shares, both in their fully-paid forms.

Certificates of the Rights Shares and the Bonus Shares

Subject to the fulfillment or waiver (as appropriate) of the conditions of the Rights Issue (with the Bonus Issue), certificates for all fully-paid Rights Shares and the Bonus Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Thursday, 7 November 2013. Share certificates will be issued for the fully-paid Rights Shares and the Bonus Shares.

Refund Cheques for Rights Issue (with the Bonus Issue)

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Thursday, 7 November 2013 by ordinary post to the applicants at their own risk.

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms and the Bonus Shares to be issued and allotted pursuant to the Rights Issue (with the Bonus Issue).

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) and the Bonus Shares on the Stock Exchange, the Rights Shares (in both their nil-paid and fully-paid forms) and the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in each of their nil-paid and fully-paid forms, the Bonus Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Rights Shares (in both their nil-paid and fully-paid forms) and the Bonus Shares to be admitted into CCASS.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 40,000) and the Bonus Shares which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Conditions of the Rights Issue (with the Bonus Issue)

The Rights Issue (with the Bonus Issue) is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (i) the passing of all the necessary resolution(s) by the Board and the Shareholders (where applicable, the Independent Shareholders) at the SGM approving, confirming and ratifying (as appropriate):
 - (a) the Rights Issue (with the Bonus Issue) and the transactions contemplated thereunder and authorising the Directors to allot and issue the Rights Shares (in their nil-paid and fully-paid forms) and the Bonus Shares; and
 - (b) the Underwriting Agreement and the performance of the transactions contemplated thereunder by the Company;

each in accordance with the Bye-laws and the Listing Rules on or before the Record Date;

- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively not later than the Posting Date one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) in accordance with section 342C of the Companies Ordinance as having been approved by resolutions of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (iii) the delivery and filing of the Prospectus with the Registrar of Companies in Bermuda prior to or as soon as reasonably practicable after publication of the Prospectus;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue (with the Bonus Issue), on or before the Posting Date;
- (v) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked, listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) and the Bonus Shares by no later than the first day of their dealings;
- (vi) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time For Termination;

- (vii) the compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement and the representations and warranties given by the Company under the Underwriting Agreement remaining true and correct and not misleading in all material respects;
- (viii) if required, the Bermuda Monetary Authority granting consent to the issue of the Rights Shares and the Bonus Shares;
- (ix) there being no Specified Event occur prior to the Latest Time For Termination; and
- (x) compliance by Allied Summit with its undertaking and obligations under the Undertaking given by Allied Summit to the Company and the Underwriter from the date of the Undertaking up to the Latest Time for Acceptance.

The conditions set out above (other than condition vii which can only be waived by the Underwriter) are incapable of being waived. If the above conditions are not satisfied and/or waived in whole or in part by the Latest Time For Termination or such other time and date as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and (save for any antecedent breach of the Underwriting Agreement and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise.

Undertaking

As at the date of this announcement, Allied Summit, the controlling Shareholder, is interested in 324,243,951 Shares, representing approximately 58.27% of the issued share capital of the Company. Allied Summit has irrevocably undertaken to the Company and the Underwriter that (a) all the Shares legally and beneficially owned by it as at the date of the Undertaking shall remain registered in its name up to and including the date on which dealings in the fully-paid Rights Shares and the Bonus Shares are expected to commence on the Stock Exchange (or such later date as may be agreed between the Company and the Underwriter in writing); and (b) it shall subscribe and pay for or procure the subscription and payment for, its entitlement of 648,487,902 Rights Shares, being the rights entitlement which will be provisionally allotted to it under the Rights Issue prior to the Latest Time For Acceptance.

Underwriting Agreement

- Date : 19 August 2013 (after trading hours)
- Underwriter : Kingston Securities Limited
- Total number of Rights Shares : not less than 1,112,841,060 Rights Shares (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date) and not more than 1,119,309,218 Rights Shares (assuming no new Share being issued other than full exercise of the Longjiang Option and no Share being repurchased by the Company on or before the Record Date)

- Total number of Bonus Shares : not less than 1,112,841,060 Bonus Shares (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date) and not more than 1,119,309,218 Bonus Shares (assuming no new Share being issued other than full exercise of the Longjiang Option and no Share being repurchased by the Company on or before the Record Date)
- Total number of Underwritten Shares : not less than 464,353,158 Rights Shares (having taken into account the Undertaking and on the basis that no new Share being issued, and no Share being repurchased, on or before the Record Date) and not more than 470,821,316 Rights Shares (having taken into account the Undertaking and on the basis that no new Share being issued other than full exercise of the Longjiang Option and no Share being repurchased by the Company on or before the Record Date), being the total number of Rights Shares less 648,487,902 Rights Shares that Allied Summit has undertaken to subscribe and pay for or procure subscription and payment for pursuant to the Undertaking
- Underwriting commission : payable by the Company to the Underwriter at 3.5% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares. The commission rates were determined after arms' length negotiations between the Company and the Underwriter with reference to, among other things, the scale of the Rights Issue (with the Bonus Issue) and the market rate, and the Board considers (excluding the independent non-executive Directors who will give their view on the Rights Issue (with the Bonus Issue) after taking into account the advice of the independent financial adviser) that the underwriting commission rate is fair and reasonable and in the interests of the Company and the Shareholders as a whole

In the event of the Underwriter being called upon to subscribe for or procure subscribers to subscribe for the Untaken Shares, the Underwriter has agreed to use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (i) shall be an Independent Third Party and not acting in concert with the Directors or chief executive of the Company or substantial Shareholders of the Company or their respective associates; and (ii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue (with the Bonus Issue) such that the Company will be able to comply with the minimum public float requirement sets out under Rule 8.08(1) of the Listing Rules.

Unless the Underwriting Agreement shall have otherwise been terminated by the Underwriter pursuant to its right of termination on or before the Latest Time For Termination, if the Underwriter shall default in complying with any of its obligations under the Underwriting Agreement, the Company shall be entitled to claim against the defaulting underwriter for loss and damage.

Termination of the Underwriting Agreement

If, prior to the Latest Time For Termination:

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue and/or the Bonus Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of any of the Underwriter materially and adversely affect the business or the financial or trading position of the Group as a whole or is materially adverse in the context of the Rights Issue and/or the Bonus Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of any of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue and/or the Bonus Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue and/or the Bonus Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of any of the Underwriter are likely to materially or adversely affect the success of the Rights Issue and/or the Bonus Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue and/or the Bonus Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout; or

- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Rights Issue and/or the Bonus Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Circular or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue (with the Bonus Issue); or
- (viii) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time For Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time For Termination:

- (i) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time For Termination.

If prior to the Latest Time For Termination, any such notice as referred to above is given by any of the Underwriter, the obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Shareholding structure of the Company in respect of the Rights Issue (with the Bonus Issue)

Set out below is the shareholding structure of the Company (as extracted from the Disclosure of Interests forms posted on the website of the Stock Exchange) immediately before and after completion of the Rights Issue (with the Bonus Issue):

(i) *Assuming there is no new Share being issued and no Share being repurchased by the Company on or before the Record Date:*

	As at the date of this announcement		Immediately after completion of the Rights Issue (with the Bonus Issue)			
			All Rights Shares are subscribed by the Qualifying Shareholders		None of the Rights Shares are subscribed by the Qualifying Shareholders (except for the Underwriter and Allied Summit) (Notes 1 & 2)	
	Number of Shares	(Note 5) %	Number of Shares	(Note 5) %	Number of Shares	(Note 5) %
Substantial Shareholder:						
Allied Summit (Note 3)	324,243,951	58.27	1,621,219,755	58.27	1,621,219,755	58.27
Public:						
Underwriter (Note 4)	3	0.00	15	0.00	928,706,319	33.38
Other public Shareholders	<u>232,176,576</u>	<u>41.73</u>	<u>1,160,882,880</u>	<u>41.73</u>	<u>232,176,576</u>	<u>8.35</u>
Total	<u>556,420,530</u>	<u>100.00</u>	<u>2,782,102,650</u>	<u>100.00</u>	<u>2,782,102,650</u>	<u>100.00</u>

(ii) *Assuming no new Share being issued other than full exercise of the Longjiang Option and no Share being repurchased by the Company on or before the Record Date:*

	Immediately after completion of the Rights Issue (with the Bonus Issue)					
	As at the date of this Announcement (assuming full exercise of the Longjiang Option)		All Rights Shares are subscribed by the Qualifying Shareholders		None of the Rights Shares are subscribed by the Qualifying Shareholders (except for the Underwriter and Allied Summit) (Notes 1 & 2)	
	Number of Shares	(Note 5) %	Number of Shares	(Note 5) %	Number of Shares	(Note 5) %
Substantial Shareholder:						
Allied Summit (Note 3)	324,243,951	57.94	1,621,219,755	57.94	1,621,219,755	57.94
Public:						
Underwriter (Note 4)	3	0.00	15	0.00	941,642,635	33.65
Other public Shareholders	<u>235,410,655</u>	<u>42.06</u>	<u>1,177,053,275</u>	<u>42.06</u>	<u>235,410,655</u>	<u>8.41</u>
Total	<u>559,654,609</u>	<u>100.00</u>	<u>2,798,273,045</u>	<u>100.00</u>	<u>2,798,273,045</u>	<u>100.00</u>

Notes:

- The above scenario is for illustrative purpose only and will unlikely occur.
- The Company will ensure the compliance with the public float requirements under Rule 8.08 of the Listing Rules upon completion of the Rights Issue (with the Bonus Issue).
- Allied Summit is beneficially owned as to 80% by Mr. Su Weibiao and 20% by Mr. Ng Kwok Fai.
- In the event of the Underwriter being called upon to subscribe for or procure subscription for the Untaken Shares:
 - the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it to exceed 16.5% of the voting rights of the Company upon the completion of the Rights Issue (with the Bonus Issue); and
 - the Underwriter shall use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (i) shall be an Independent Third Party and not acting in concert with the Directors or chief executive of the Company or substantial Shareholders of the Company or their respective associates ; and (ii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue (with the Bonus Issue) such that the Company will be able to comply with the minimum public float requirement sets out under Rule 8.08(1) of the Listing Rules.
- The percentages are subject to rounding difference, if any.

Expected timetable

The expected timetable for the Rights Issue (with the Bonus Issue) is set out below:

Event	2013 (Hong Kong time)
Expected date of despatch of the Circular and form of proxy of the SGM.	not later than Monday, 16 September
Latest time for return of form of proxy for the SGM (not less than 48 hours before the SGM)	9:30 a.m. on Wednesday, 2 October
Latest time for lodging transfer of Shares in order to qualify for attendance and voting at the SGM.	4:30 p.m. on Wednesday, 2 October
Register of members closes (both days inclusive).	Thursday, 3 October to Friday, 4 October
Record date for attendance and voting at the SGM.	Thursday, 3 October
Expected date of the SGM	9:30 a.m. on Friday, 4 October
Announcement of results of the SGM.	Friday, 4 October
Last day of dealings in the Shares on a cum-rights basis.	Monday, 7 October
First day of dealings in the Shares on an ex-rights basis	Tuesday, 8 October
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue (with the Bonus Issue)	4:30 p.m. on Wednesday, 9 October
Register of members closes (both dates inclusive)	Thursday, 10 October to Tuesday, 15 October
Record Date	Tuesday, 15 October
Register of members re-opens	Wednesday, 16 October
Prospectus Documents expected to be despatched	Wednesday, 16 October
First day of dealings in nil-paid Rights Shares.	Friday, 18 October
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on Tuesday, 22 October

Last day of dealings in nil-paid Rights Shares	Friday, 25 October
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Wednesday, 30 October
Rights Issue expected to become unconditional	Monday, 4 November
Announcement of results of acceptance and excess application of the Rights Shares	Wednesday, 6 November
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or before	Thursday, 7 November
Certificates for the Rights Shares and Bonus Shares expected to be despatched on or before	Thursday, 7 November
Expected first day of dealings in fully-paid Rights Shares and Bonus Shares commence	9:00 a.m. on Friday, 8 November

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

The last day of dealing in the Shares on a cum-rights basis is Monday, 7 October 2013. The Shares will be dealt in on an ex-rights basis commencing from Tuesday, 8 October 2013. Dealings in the Rights Shares in the nil-paid form are expected to take place from Friday, 18 October 2013 to Friday, 25 October 2013 (both days inclusive). Shareholders and potential investors should note that dealing in the Shares and/or nil-paid Rights Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue (with the Bonus Issue) will not proceed.

Any dealings in the Shares from the date of this announcement and up to 4:00 p.m. on Monday, 4 November 2013, being the time and date by which all the conditions of the Rights Issue (with the Bonus Issue) are to be fulfilled and when the right of the Underwriter to terminate the Underwriting Agreement is to lapse, and any dealings in the Rights Shares in their nil-paid form between Friday, 18 October 2013 and Friday, 25 October 2013, both days inclusive, are accordingly subject to the risk that the Rights Issue (with the Bonus Issue) may not proceed. Shareholders and potential investors

should therefore exercise caution when dealing in the Shares or the Rights Shares in their nil-paid form and, if they are in any doubt about their position, they should consult their professional adviser(s).

REASONS FOR THE RIGHTS ISSUE (WITH THE BONUS ISSUE), FINANCIAL AND TRADING PROSPECT AND PROPOSED USE OF PROCEEDS

Existing businesses of the Group

Set out below are the major business segments of the Group:

Money Lending and Provision of Credits Business

The Group is principally engaged in money lending and provision of credits business. As at the date of this announcement, its wholly-owned subsidiary, Joy Wealth Finance Limited (“**Joy Wealth**”) had provided a wide variety of loans with an accumulated amount of approximately HK\$684 million with interest rates ranging from 8% to 48% per annum, among which approximately HK\$516 million loan principal had been repaid while approximately HK\$168 million loan principal remained outstanding.

As set out in the annual report of the Company for the year ended 31 December 2012, the money lending segment recorded revenue of approximately HK\$29,981,000 for the year ended 31 December 2012, representing approximately 86.35% of the total revenue of the Group. Since money lending and provision of credit business is the major business segment of the Group and contributed stable interest income to the Group, the Board will continue to expand this segment and continue to seek for high net-worth customers to generate further revenues for the Group. Further details of the latest loan proposals received by Joy Wealth are set out in the latter section of this announcement.

Securities Investments Business

As at the date of this announcement, the Group had invested in Simsen International Corporation Limited (stock code: 993) as a strategic investment, with the intention to utilize the platform provided by Simsen International Corporation Limited to further promote the finance business of Joy Wealth and Million Wealth (as defined below).

In order to expand its money lending platform to further promote and develop its money lending business and broaden its existing customer base, on 11 October 2012, Perpetual Master Limited, a wholly-owned subsidiary of the Company, entered into a subscription agreement to subscribe for the redeemable convertible preference shares of Million Wealth Capital Investment Limited (“**Million Wealth**”) at the subscription price of HK\$90,000,000, details of which are disclosed in the Company’s announcement dated 11 October 2012.

The Company has subscribed the convertible notes issued by China Environmental Energy Investment Limited (the “**China Environmental**”), a company whose shares are listed on the main board of the Stock Exchange (Stock code: 986), in the principal sum of HK\$95 million (the “**Convertible Notes**”). On 12 October 2012, the Company entered into a call option deed with the option holder, pursuant to which, the option holder can purchase from the Company the Convertible Notes up to a principal amount of HK\$60 million (the “**Call Option Deed**”), details of which are disclosed in the Company’s announcement dated 12

October 2012. As at the date of this announcement, the Convertible Notes with aggregate principal amount of HK\$80,245,000 are held by the Company. The Directors consider that this investment enables the Group to participate in the development of China Environmental and provides the Group with an opportunity to enjoy the potential upside of the share price performance of the shares of China Environmental through the possible conversion of part or whole of the Convertible Notes. Furthermore, through the Call Option Deed, the Company could realize the Convertible Notes at the pre-agreed selling price with a reasonable profit margin. If the Convertible Notes are not converted, the Group will receive attractive interest income from the Convertible Notes semi-annually. Details of this investment have been disclosed in the joint announcement of the Company and China Environmental dated 26 June 2012.

Looking forward, the Company will closely monitor its existing securities investments and explore all means to control the investment risks and gain a positive profit. In the meantime, the Group will keep looking for other suitable securities investment opportunities to broaden the Group's income sources.

Provision of Corporate Secretarial and Consultancy Services Business

The Group has been conducting the provision of corporate secretarial and consultancy services business through a wholly-owned subsidiary, namely Pacific Vision Advisory Services Limited (“**Pacific Vision**”), and has recruited a team of professionals in the areas of accounting, finance and company secretaries to provide services to its clients which include listed companies in Hong Kong.

Since its establishment in November 2011, Pacific Vision has successfully identified and has been providing on-going corporate secretarial services to both listed and corporate clients in Hong Kong. Pacific Vision also has successfully provided the consultancy services to several corporate investors. Although this business is flourishing gradually, due to keen competition in the market, the Group is struggling to identify sufficient new clients.

Looking for a period of two years ahead, it is expected there would be increasing demand for financial advisory and corporate consultancy services in the PRC under the economic environment and situation of the PRC. In order to capture this valuable business opportunity and to identify new clients, the Group planned to set up a branch office in the PRC to market, promote, develop and maintain the provision of corporate secretarial and consultancy services business in the PRC.

Forestry Business

On 12 April 2012, the Group has completed the acquisition (the “**Forest Acquisition**”) of 30% equity interest in Profit Grand Enterprises Limited (“**Profit Grand**”), which through its subsidiary has the harvesting right within a forest sized approximately 65,800 hectares in the PNG. The Company also holds an option to purchase the remaining 70% equity interest in Profit Grand Enterprises Limited.

The Group has from time to time been following up with the relevant government authorities regarding the outstanding necessary licenses and approvals required for the commencement of the forestry logging and harvesting in the PNG. The Company was informed by the PNG legal adviser that the outstanding necessary licenses and approvals are more likely to be

obtained in 2014. Up to the date of this announcement, the Group has been successfully granted the foreign enterprise certificate and the Environment Impact Statement (the “EIS”) has been submitted to the Department of Environment and Conservation (the “DEC”). The officer of the DEC has confirmed that all council members were satisfied with the submitted EIS. Environment Permit would be probably granted after the completion of several formality procedures before the end of 2013. The submission of the Clearance Authority had been delayed due to the Commission of Enquiry into the Special Agricultural Business Lease system. But currently, the Clearance Authority was in preparation for submission. The PNG legal adviser has confirmed that such enquiry is not a legal impediment as the Law of the PNG is clear that if the Clearance Authority application is in order, then the Forestry Authority must consider the application. As further advised by the PNG legal adviser, on the assumption that the applications 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 for the Group to obtain the Clearance Authority.

The management of the Group will keep closely following up the obtainment for all the necessary approvals, licenses, registrations, confirmation and/or permits as may be required to conduct forestry related business and to enjoy and exploit the logging concession under the laws and regulations in PNG.

Latest business plan of the Group

Apart from the existing businesses as mentioned above, the Group has been actively seeking for prospective investment opportunities. On 23 July 2013, a wholly-owned subsidiary of the Company, Alpha Riches Limited, entered into a framework agreement (the “**Framework Agreement**”) in relation to a possible acquisition of a parcel of land in Beijing, the PRC, details of which are disclosed in the Company’s announcement dated 23 July 2013. A refundable earnest money of HK\$20 million has been paid according to the terms of the Framework Agreement. The entering into of a formal agreement is subject to the deposit of the Escrow Money of HK\$180 million in cash to an escrow account by Alpha Riches Limited.

The parcel of land is situated in the innermost ring known as the Imperial City and surrounded by historic building such as the Forbidden City, the Tiananmen and Drum Tower. The supreme location at the heart of the country’s capital city marks its residents with the greatest social and political status while the nearby subway station and main streets provide easy access to various neighborhoods of Beijing, the PRC. The Proposed Acquisition provides an opportunity for the Group to tap into the recovering property market in the PRC and to generate diversified income and additional cash flow for the Group’s continuous development. The Company has engaged a PRC legal adviser to carry out the due diligence on the Proposed Acquisition and an independent valuer to prepare the valuation on the parcel of land.

As at the date of this announcement, the Group has approximately HK\$18 million cash on hand and is reserved for monthly operating expenses of approximately HK\$2 million each for the coming 12 months, which is insufficient for the payment of Escrow Money and thus the Group requires additional source of fund. If the Group is not be able to pay the Escrow

Money by the long stop date of the Framework Agreement, the Group will not be able to enter into the formal agreement with the vendor and miss out such an valuable investment opportunity.

Fund raising methods comparison

The Company has attempted to seek for debt financing from both commercial banks and financial institutions. However, the Company was unable to obtain any debt financing at terms acceptable to the Company.

Given that debt financing is not available to the Company, the Board has considered other fund raising methods available to the Group. Among different fund raising methods, the Directors have focused on evaluating the possibilities of carrying out fund raising through rights issue or open offer as they are relatively larger in scale as compared to placing of new shares in view of the recent market capitalization of the Company. In addition, rights issue or open offer are pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation and causes no interests burden to the Group.

In comparison between rights issue and open offer, the Rights Issue (with the Bonus Issue) allows the Qualifying Shareholders who participate to (a) increase its interests in the shareholding of the Company by (i) acquiring additional rights entitlement in the open market (subject to the availability); and/or (ii) applying through excess applications for Rights Shares or (b) decreasing its interests in the shareholding of the Company by disposing their rights entitlements in the open market (subject to availability). As an open offer does not allow the trading of rights entitlements, the Rights Issue (with the Bonus Issue) is preferred.

Intended use of proceeds

The gross proceeds from the Rights Issue (with the Bonus Issue) will be not less than approximately HK\$200.31 million and not more than HK\$201.48 million before expenses. The estimated expenses in relation to the Rights Issue (with the Bonus Issue), including the financial, legal, and other professional advisory fees, underwriting commission, printing and translation expenses will be borne by the Company. The estimated net proceeds of the Rights Issue (with the Bonus Issue) will be not less than approximately HK\$193.85 million and not more than approximately HK\$195.01. The Company intends to apply the net proceeds from the Rights Issue (with the Bonus Issue) as to (i) HK\$180 million for the payment of the Escrow Money and (ii) the remaining for money lending and provision of credit business and/or corporate and general working capital of the Group.

In the event that the Proposed Acquisition does not proceed, the Company will reallocate the net proceeds from the Rights Issue (with the Bonus Issue) as to (i) not less than HK\$180 million for the money lending and provision of credit business; (ii) not more than HK\$20 million on the securities investments business and corporate and general working capital of the Group.

At present, the Group has received 6 loan proposals, among which, 5 proposals are from 5 respective borrowers which have proposed to pledge securities/convertible securities issued by companies which shares are listed on the Stock Exchange as collaterals. Set out below is a summary of the major terms on the 5 loan proposals:

	Borrower A	Borrower B	Borrower C	Borrower D	Borrower E
Principal	HK\$60 million to HK\$100 million	HK\$270 million	HK\$100 million	HK\$200 million	HK\$100 million
Interest rate (per annum)	36%	36%	36%	48%	36%
Term	1 year	1 year	1 year	1 year	1 year

The summarized principal terms of the five loan proposals illustrated above are subject to further negotiations with the respective borrower and may or may not materialize. Further announcement(s) will be made by the Company in this regard in accordance with the Listing Rules as and when appropriate.

Independent Shareholders and Qualifying Shareholders

The proposed Rights Issue (with the Bonus Issue) shall be conducted on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date with Bonus Issue on the basis of one (1) Bonus Share for every one (1) Rights Share taken up. The Board considers that any potential dilution impact should be balanced against by the following factors:

- Independent Shareholders are given the chances to express their views on the terms of the Rights Issue (with Bonus Issue) and the Underwriting Agreement through their votes at the SGM;
- Qualifying Shareholders have their choices whether to accept the Rights Issue (with the Bonus Issue) or not;
- Qualifying Shareholders have the opportunity to realize their nil-paid rights to subscribe for the Rights Shares in the market;
- the Rights Issue offers Qualifying Shareholders a chance to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical and prevailing market price of the Shares; and
- those Qualifying Shareholders who choose to accept the Rights Issue (with Bonus Issue) in full can maintain their respective existing shareholding interests in the Company after the Rights Issue (with Bonus Issue).

Having considered the above, the Board considers the potential dilution effect on the shareholding interests of the Qualifying Shareholders, which may only happen when the Qualifying Shareholders do not subscribe for their pro-rata Rights Shares, to be acceptable.

Having taken into account the terms of the Rights Issue (with the Bonus Issue), the Board (excluding the independent non-executive Directors who will give their view on the Rights Issue (with the Bonus Issue) after taking into account the advice of the independent financial adviser) considers that the Rights Issue (with the Bonus Issue) is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Furthermore, it also offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company to participate in the future development of the Company should they wish to do so. In addition, the Bonus Issue will be an additional incentive for the Qualifying Shareholders to take part in the Rights Issue. **However, those Qualifying Shareholders who do not take up the Rights Shares (with the Bonus Shares) to which they are entitled should note that their shareholdings in the Company will be diluted.**

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising exercise in the past twelve months immediately prior to the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

In compliance with Rule 7.19(6) of the Listing Rules, the Rights Issue (with the Bonus Issue) must be made conditional on approval of the Independent Shareholders by way of poll at the SGM. As at the date of this announcement, Allied Summit is a controlling Shareholder. Allied Summit and its associates will abstain from voting in favour of the resolution approving the Rights Issue (with the Bonus Issue) and the transactions contemplated thereunder at the SGM.

The Rights Issue (with the Bonus Issue) is conditional on, among other things, the Rights Issue (with the Bonus Issue) being approved by the Independent Shareholders at the SGM. An independent board committee comprising all the independent non-executive Directors will be established by the Company to advise the Independent Shareholders as to whether the terms of the Rights Issue (with the Bonus Issue) are fair and reasonable and as to voting in respect thereof at the SGM. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

GENERAL

A circular containing, among other things, (i) further details about the Rights Issue (with the Bonus Issue); (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights Issue (with the Bonus Issue); (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Rights Issue (with the Bonus Issue); and (iv) the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

Subject to, among other things, the approval of the Rights Issue (with the Bonus Issue) by the Independent Shareholders at the SGM, the Prospectus Documents will be despatched to the Qualifying Shareholders and the Prospectus will be despatched to the Non-Qualifying Shareholders for information purposes only as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 20 August 2013 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange (under stock code “2931” from 9:00 a.m. on Thursday, 15 August 2013 to 4:00 p.m. on Wednesday, 18 September 2013 at the temporary trading counter as disclosed in the announcement of the Company dated 14 August 2013) with effect from 9:00 a.m. on 21 August 2013.

DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Allied Summit”	Allied Summit Inc., a company incorporated in the British Virgin Islands, who in aggregated holds 324,243,951 Shares, representing approximately 58.27% of the issued share capital of the Company as at the date of this announcement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bonus Issue”	the proposed issue of Bonus Shares on the basis of one (1) Bonus Share for every one (1) Rights Share taken up under the Right Issue
“Bonus Share(s)”	the Shares to be allotted and issued pursuant to the Bonus Issue
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business throughout their normal business hours in Hong Kong
“Bye-laws”	the existing bye-laws of the Company as amended from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Circular”	the circular to be despatched to the Shareholders in relation to the Rights Issue (with the Bonus Issue) (together with the notice of the SGM)
“Clearance Authority”	the Forest Clearance Authority granted by the Forest Authority of PNG regarding lawful permission to clear forest areas and harvest merchantable logs
“Companies Act”	The Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Pacific Plywood Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“Escrow Money”	the deposit of HK\$180 million in cash to an escrow account by Alpha Riches Limited
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Shareholder(s)”	Shareholders other than Allied Summit
“Independent Third Party(ies)”	third parties independent of and not connected with the Directors, chief executive and substantial Shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Last Trading Day”	19 August 2013, being the date of the Underwriting Agreement, which is a Stock Exchange trading day
“Latest Time For Acceptance”	4:00 p.m. on Wednesday, 30 October 2013, or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents

“Latest Time For Termination”	4:00 p.m. on the third Business Day after the Latest Time For Acceptance or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time for the Underwriter to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longjiang Option”	an option conditionally granted by the Company to 中國龍江森林工業（集團）總公司 (China Longjiang Forest Industry (Group) General Corporation*) to subscribe for 3,234,079 Shares at the subscription price of HK\$8.00 per Share
“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, based on legal advice provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PNG”	the Independent State of Papua New Guinea
“Posting Date”	Wednesday, 16 October 2013 or such other date as the Underwriter may agree in writing with the Company, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only (as the case may be) to the Non-Qualifying Shareholders
“PRC”	the People’s Republic of China
“Proposed Acquisition”	a possible acquisition of a parcel of land in Beijing, the PRC as announced on 23 July 2013 by the Company
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue (with the Bonus Issue)

* For identification purposes only

“Prospectus Documents”	the Prospectus, PAL(s) and EAF(s)
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Tuesday, 15 October 2013 (or such other date as the Underwriter may agree in writing with the Company), as the date by reference to which entitlements to the Rights Issue (with Bonus Issue) are expected to be determined
“Registrar”	the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights issue to the Qualifying Shareholders for subscription at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	new Shares to be issued and allotted under the Rights Issue, being not less than 1,112,841,060 Shares (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date) and not more than 1,119,309,218 Shares (assuming no new Share being issued other than full exercise of the Longjiang Option and no Share being repurchased by the Company on or before the Record Date)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the Rights Issue (with the Bonus Issue) and transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the company
“Shareholder(s)”	the holder(s) of issued Share(s)

“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time For Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.18 per Rights Share with nominal value of HK\$0.001 each
“Takeovers Code”	the Code on Takeovers and Mergers of SFC
“Underwriter”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) regulated activity under SFO
“Underwriting Agreement”	the underwriting agreement dated 19 August 2013 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue (with the Bonus Issue)
“Underwritten Shares”	all the Rights Shares (other than the Rights Shares that will be provisionally allotted to Allied Summit) which are fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement
“Untaken Shares”	the Underwritten Shares which have not been taken up by the Qualifying Shareholders
“Undertaking”	the irrevocable undertaking dated 19 August 2013 given by Allied Summit to the Company and the Underwriter, details of which are set out in the section headed “Undertaking” in this announcement
“%” or “per cent.”	percentage or per centum

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

Hong Kong, 20 August 2013

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.