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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)**

- I. PLACING OF NEW SHARES UNDER GENERAL MANDATE;  
II. SUBSCRIPTION OF NEW SHARES  
UNDER SPECIFIC MANDATE;  
III. PLACING OF THE PLACING CONVERTIBLE NOTES  
UNDER SPECIFIC MANDATE;  
IV. PROPOSED CHANGE TO THE BOARD;  
AND  
V. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

**CN Placing Agent**



**United Simsen Securities Limited**

A member of SIMSEN INTERNATIONAL CORPORATION LIMITED

**(I) PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 18 October 2011 (after trading hours), the Company and the Share Placing Agent entered into the Share Placing Agreement pursuant to which the Share Placing Agent has conditionally agreed to procure the Share Placee(s), on a best effort basis, for 817,233,655 Placing Shares at the Share Placing Price of HK\$0.032 per Placing Share.

The total proceeds from the Share Placing will be HK\$26,151,477 and the estimated net proceeds from the Share Placing will be approximately HK\$25,300,000. The Board proposed to use the General Mandate to allot and issue the Placing Shares.

\* For identification purpose only

## **(II) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

On 18 October 2011 (after trading hours), the Company entered into the Share Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue 1,800,000,000 Subscription Shares at the Share Subscription Price of HK\$0.025 per Subscription Share.

The total proceeds from the Share Subscription will be HK\$45,000,000 and the estimated net proceeds from the Share Subscription will be approximately HK\$44,800,000. The Board proposed to seek the approval of the grant of a specific mandate to allot and issue the Subscription Shares at the SGM.

## **(III) PLACING OF THE PLACING CONVERTIBLE NOTES UNDER SPECIFIC MANDATE**

On 18 October 2011 (after trading hours), the Company and the CN Placing Agent entered into the CN Placing Agreement pursuant to which the CN Placing Agent has conditionally agreed to procure the CN Placee(s), on a best effort basis, at the CN Placing Price for the Placing Convertible Notes up to an aggregate principal amount of HK\$89,600,000.

The Placing Conversion Price shall be HK\$0.028 per Placing Conversion Share. Assuming the issue of the Placing Convertible Notes is completed, a maximum number of 3,200,000,000 Placing Conversion Shares will be allotted and issued if the conversion rights attached to the Placing Convertible Notes are exercised in full.

The total proceeds from the CN Placing will be HK\$89,600,000 and the estimated net proceeds from the CN Placing will be approximately HK\$87,000,000. The Board proposed to seek the approval of the grant of a specific mandate to allot and issue the Placing Conversion Shares at the SGM.

The Proceeds from the Share Placing, the Share Subscription and the CN Placing of HK\$157,100,000 in aggregate will be used for as to (i) not less than 60% of the Proceeds for the development of the Group's finance businesses and securities investments; and (ii) not more than 40% of the Proceeds for financing the acquisition of the Forest Projects and/or any other acquisition opportunities identified/to be identified by the Company, including but not limited to the other forestry businesses, details of which are set out in the paragraph headed "Reasons for the Share Placing, the Share Subscription and the CN Placing and use of proceeds" of this announcement.

## **(IV) PROPOSED CHANGE TO THE BOARD**

The Board would like to announce that Mr. Liang Jian Hua, currently the chairman of the Company and an executive Director, proposed to tender his resignation as the chairman of the Company upon completion of the Share Subscription due to his other business engagements but Mr. Liang will remain as an executive Director. The Board also proposed to appoint Mr. Ng as an executive Director and the chairman of the Company, with effect from the date of the completion of the Share Subscription.

## **(V) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The existing authorised share capital of the Company is HK\$200,000,000 divided into 8,000,000,000 Shares, of which 4,086,168,279 Shares are in issue as at the date of this announcement. In order to accommodate for the future expansion and growth of the Group, the Board proposes to increase the authorised share capital of the Company to HK\$400,000,000 divided into 16,000,000,000 Shares, by the creation of an additional 8,000,000,000 Shares. The Increase in Authorised Share Capital of the Company is conditional upon the approval of the Shareholders at the SGM.

### **IMPLICATION UNDER THE LISTING RULES**

The Board proposed to seek the approval from the Shareholders at the SGM in respect of (i) the Share Subscription Agreement and the CN Placing Agreement, including the grant of specific mandates to issue the Subscription Shares and the Placing Conversion Shares; and (ii) the Increase in Authorised Share Capital, and their respective transactions contemplated thereunder. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares, the Subscription Shares and the Placing Conversion Shares. The Share Subscription and the CN Placing are conditional upon, among other things, the passing of the necessary resolution(s) by the Shareholders at the SGM.

As at the date of this announcement, the Subscriber is owned as to 80% by Mr. Su and 20% by Mr. Ng. Mr. Su is interested in 142,000,000 Shares, representing approximately 3.48% of the issued share capital of the Company. As the Subscriber is considered to have material interest in the Share Subscription Agreement, the Subscriber, its ultimate beneficial owner and its associates are required to abstain from the voting at the SGM on the relevant resolution(s) to approve the Share Subscription Agreement, including the grant of specific mandate to issue the Subscription Shares, and the transactions contemplated thereunder. Save as aforementioned, to the best information, knowledge and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, none of the Director or Shareholder has material interest in the Share Subscription Agreement, the CN Placing Agreement and the Increase in Authorised Share Capital and shall be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Share Subscription Agreement and the CN Placing Agreement, including the grant of specific mandates to issue the Subscription Shares and the Placing Conversion Shares, the Increase in Authorised Share Capital, and their respective transactions contemplated thereunder.

**The Share Placing Agreement, the Share Subscription Agreement and the CN Placing Agreement may be terminated under certain circumstances. As the Share Placing Agreement, the Share Subscription Agreement and the CN Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **I. PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 18 October 2011 (after trading hours), the Company and the Share Placing Agent entered into the Share Placing Agreement pursuant to which the Share Placing Agent has conditionally agreed to procure Share Placee(s), on a best effort basis, for 817,233,655 Placing Shares at the Share Placing Price of HK\$0.032 per Placing Share.

### **The Share Placing Agreement**

The following is a summary of the principal terms of the Share Placing Agreement:

Date: 18 October 2011 (after trading hours)

Issuer: the Company

Share Placing Agent: the Share Placing Agent

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Share Placing Agent and its ultimate beneficial owners, and their associates are Independent Third Parties.

Share Placees: The Placing Shares will be placed to not less than six Share Placee(s) (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 Share Placee(s) will become a substantial Shareholder (as such term is defined in the Listing Rules) immediately following completion of the Share Placing.

As at the date of this announcement, it is uncertain whether the number of the Share Placee(s) of the Placing Shares will be not less than six. In case the number of the Share Placee(s) of the Placing Shares is less than six, the Company shall comply with Rule 13.28(7) of the Listing Rules and disclose in the relevant announcement the names of such Share Placee(s).

Number of the Placing Shares: Up to 817,233,655 Placing Shares to be placed by the Share Placing Agent, on a best effort basis, representing (i) approximately 19.99% of the issued share capital of the Company as at the date of the Share Placing Agreement; (ii) approximately 16.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full; and (iii) approximately 8.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, the Subscription Shares and the Placing Conversion Shares.

The Company will bear the costs and expenses in connection with the Share Placing. The total proceeds from the Share Placing will be approximately HK\$26,151,477 and the estimated net proceeds from the Share Placing will be approximately HK\$25,300,000. As a result, the net price per Placing Share will be approximately HK\$0.031. The aggregate nominal value of the Placing Shares is HK\$20,430,841.

Share Placing Price: The Share Placing Price of HK\$0.032 per Placing Share represents:

- (i) a discount of approximately 17.95% based on the closing price of HK\$0.0390 per Share as quoted on the Stock Exchange at the date of the Share Placing Agreement; and
- (ii) a discount of approximately 19.19% based on the average closing price of HK\$0.0396 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the date of the Share Placing Agreement.

The Share Placing Price was agreed after arm's length negotiations between the Company and the Share Placing Agent, with reference to the market price of the Shares under the prevailing market conditions.

Share Placing commission: Pursuant to the terms of the Share Placing Agreement, the Share Placing Agent shall be entitled to a commission equivalent to 2.5% of the amount equal to the Share Placing Price multiplied by the number of the Placing Shares.

The Directors are of the view that the commission of the Share Placing is fair and reasonable with reference to the current market norm in relation to similar transaction.

General Mandate: The Placing Shares shall be issued and allotted under the General Mandate. As at the date of this announcement, no Share has been issued under the General Mandate.

Ranking of the Placing Shares: The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing Shares in issue on the date of allotment and issue of such Placing Shares, including the right to receive all dividends and distributions which may be declared made or paid after such date and are free and clear of all liens, encumbrances, equities or other third party rights.

Conditions of the Share Placing: Completion of the Share Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares; and
- (ii) (if so required by the laws of Bermuda) the Bermuda Monetary Authority approving or agreeing to approve the allotment and issue of the Placing Shares.

If the above conditions precedent are not fulfilled by 31 December 2011 or such later date as may be agreed between the Company and the Share Placing Agent, the Share Placing Agreement shall terminate and none of the parties shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any antecedent breach).

For avoidance of doubt, the Share Placing is not conditional upon the Share Subscription and the CN Placing becoming unconditional.

Completion of the Share Placing: Subject to the conditions of the Share Placing having been fulfilled, the Share Placing is expected to be completed on or before 31 December 2011 or such other time and/or date as the Company and the Share Placing Agent may agree in writing (the “**Share Placing Completion Date**”).

Termination of the Share Placing:

Notwithstanding anything contained in the Share Placing Agreement, if, at any time prior to 12:00 noon on the Share Placing Completion Date, in the opinion of the Share Placing Agent the success of the Share Placing or the business or financial condition of the Group would or is likely to be materially and adversely affected by:

- (i) any material breach of any of the representations and warranties of the Company:
  - (a) the Company is duly incorporated and validly existing under the laws of the place of its incorporation with power to conduct and the information contained in the recitals of the Share Placing Agreement is true and accurate;
  - (b) subject to the fulfilment of the conditions of the Share Placing Agreement, all necessary consents and authorisations have been obtained to enable the Company to issue and allot the Placing Shares, the Company has power under its constitutional documents to enter into the Share Placing Agreement and the Share Placing Agreement is duly authorised and when duly executed shall constitute valid and legally binding and enforceable obligations of the Company;
  - (c) the Placing Shares will rank *pari passu* in all respects with the existing Shares in issue on the date of allotment and issue of such Placing Shares, including the right to receive all dividends and distributions which may be declared made or paid after such date and are free and clear of all liens, encumbrances, equities or other third party rights; and
  - (d) all statements of fact contained in this announcement in relation to the Share Placing are true and accurate in all material respects and not misleading in any material respect in the context of the Share Placing and all statements of opinion, intention or expectation of the Directors in relation to the Company or any of its subsidiaries contained therein are truly and honestly held and have been made after due and careful consideration and there is no other fact or matter omitted therefrom the omission of which would make any statement therein misleading in any material respect or which is otherwise material and adverse in the context of the Share Placing; or

(ii) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than five trading days (other than in connection with the Share Placing); or

(iii) any of the following events:

(a) 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

(b) 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

(c) 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

(d) a change or development involving a prospective change in taxation in Hong Kong, Bermuda or the PRC 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

(e) any change or deterioration in the conditions of local, national or international securities markets occurs,

then and in any such case, the Share Placing Agent may terminate the Share Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received by the Company prior to 12:00 noon on the Share Placing Completion Date.



In the event that the Share Placing Agent terminates the Share Placing Agreement pursuant to the clause mentioned above, all obligations of each of the parties under the Share Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Share Placing Agreement except for any breach arising prior to such termination.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Listing: Application will be made to the Stock Exchange for listing of, and permission to deal in, the Placing Shares.

## **II. SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

On 18 October 2011 (after trading hours), the Company entered into the Share Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue 1,800,000,000 Subscription Shares at the Share Subscription Price of HK\$0.025 per Subscription Share.

### **The Share Subscription Agreement**

The following is a summary of the principal terms of the Share Subscription Agreement:

Date: 18 October 2011 (after trading hours)

Issuer: the Company

Subscriber: Allied Summit Inc., a company incorporated in the British Virgin Islands with limited liability. It is an investment holding company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners, and their respective associates are Independent Third Parties.

### **Number of the Subscription Shares:**

1,800,000,000 Subscription Shares under the Share Subscription Agreement, represents: (i) approximately 44.05% of the existing issued share capital of the Company as at the date of the Share Subscription Agreement; (ii) approximately 30.58% of the issued share capital of the Company as enlarged by the Subscription Shares; and (iii) approximately 18.18% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, the Subscription Shares and the Placing Conversion Shares.

## Share Subscription Price

The Share Subscription Price of HK\$0.025 per Subscription Share represents:

- (i) a discount of approximately 35.90% to the closing price of HK\$0.0390 per Share as quoted on the Stock Exchange at the date of the Share Subscription Agreement; and
- (ii) a discount of approximately 36.87% to the average closing price of approximately HK\$0.0396 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the date of the Share Subscription Agreement.

The Share Subscription Price of HK\$0.025 per Subscription Share was arrived at after arm's length negotiation between the Company and the Subscriber with reference to the prevailing market price of the Shares.

The Directors are noted that the Share Subscription Price is lower than the Share Placing Price and the Placing Conversion Price respectively, however, taking into account that (i) the Share Subscription is subject to the approval of the Shareholders, which is expected to be around one month to two months from the date of this announcement; (ii) the Subscription Shares are subject to the lock-up period of six months as mentioned below; and (iii) unlike the Placing Convertible Notes, which the holder(s) of the Placing Convertible Notes could receive the principal amounts with accrued interests upon the maturity date of the Placing Convertible Notes in the event that no conversion of the Placing Convertible Notes takes place, the Directors consider that the Share Subscription Price is in the interests of the Company and the Shareholders as a whole.

The Company will bear the costs and expenses in connection with the Share Subscription. The total proceeds from the Share Subscription will be approximately HK\$45,000,000 and the estimated net proceeds from the Share Subscription will be approximately HK\$44,800,000. As a result, the net price per Subscription Share will be approximately HK\$0.0249. The aggregate nominal value of the Share Subscription Shares is HK\$45,000,000.

The Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares then in issue at the time of allotment and issue of the Subscription Shares. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Subscription Shares will be issued and allotted under the specific mandate of the Company. The Board proposed to seek the approval for granting a specific mandate to allot and issue the Subscription Shares at the SGM.

## **Lock-up period**

The Subscription Shares are subject to a lock-up period of six (6) months from the date of the completion of the Share Subscription.

## **Conditions precedent**

Completion of the Share Subscription is conditional upon, among other things, the following conditions precedent having been fulfilled on or before 31 December 2011 (or such other date as the parties to the Share Subscription Agreement may agree in writing):

- (i) the Listing Committee of the Stock Exchange granting, or having agreed to grant, the listing of, and permission to deal in, all the Subscription Shares;
- (ii) all other consents of the Stock Exchange, the SFC and any other applicable governmental or regulatory authorities or any other third party which are required or appropriate for the entering into and the implementation of the Share Subscription Agreement having been given, and all applicable statutory and legal obligations, all applicable securities regulations and all requirements of the applicable authorities having been complied with;
- (iii) the Shares remaining listed and traded on the Stock Exchange at all times from the date of the Share Subscription Agreement up to the date of the completion of Share Subscription, save for any temporary suspension not exceeding seven consecutive trading days (other than any temporary suspension relating to the clearance of any announcement in respect of the Share Subscription Agreement), or such longer period as the Subscriber may accept; and no indication being received on or before the date of the completion of the Share Subscription from the Stock Exchange and/or the SFC to the effect that the listing of the Shares or the Subscription Shares (as the case may be) on the Stock Exchange will or may be withdrawn or objected to (or conditions will or may be attached thereto) as a result of the completion of or in connection with the terms of the Share Subscription Agreement;
- (iv) the Shareholders having passed the ordinary resolution at the SGM approving, among others, the issue of the Subscription Shares; and
- (v) the Subscription Shares shall only be subscribed provided that by the Subscriber and parties acting in concert (with the meaning ascribed to it under the Takeovers Code) with it does not trigger a mandatory offer under Rule 26 of the Takeovers Code on the part of the Subscriber and parties acting in concert.

Completion of the Share Subscription is expected to take place on or before the fifth Business Day after all the conditions precedent of the Share Subscription Agreement having been fulfilled (or such other date as the parties to the Share Subscription Agreement may agree in writing).

For avoidance of doubt, the Share Subscription is not conditional upon the Share Placing and the CN Placing becoming unconditional.

### **Information on the Subscriber**

The Subscriber is a company incorporated in the British Virgin Islands with limited liabilities. As at the date of this announcement, the Subscriber is owned as to 80% by Mr. Su and 20% by Mr. Ng.

Mr. Su is a merchant with more than 10 years' investment experience in the PRC. Upon completion of the Share Subscription, the Board will invite Mr. Ng to be the executive Director and the chairman of the Company, details of which and Mr. Ng's biography are set out in the section headed "Proposed change to the Board" in this announcement.

### **III. PLACING OF THE PLACING CONVERTIBLE NOTES UNDER SPECIFIC MANDATE**

On 18 October 2011 (after trading hours), the Company and the CN Placing Agent entered into the CN Placing Agreement pursuant to which the CN Placing Agent has conditionally agreed to procure the CN Placee(s), on a best effort basis, at the CN Placing Price for the Placing Convertible Notes up to an aggregate principal amount of HK\$89,600,000.

#### **The CN Placing Agreement**

The following is a summary of the principal terms of the CN Placing Agreement:

Date: 18 October 2011 (after trading hours)

Issuer: the Company

CN Placing Agent: the CN Placing Agent

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the CN Placing Agent and its ultimate beneficial owners, and their associates are Independent Third Parties.

CN Placing: The CN Placing Agent has conditionally agreed to procure the CN Placee(s), on a best effort basis, at the CN Placing Price for the Placing Convertible Notes up to an aggregate principal amount of HK\$89,600,000 during the period from the date of the Placing Agreement and ending on 31 March 2012 or such other period as may be agreed by the Company and the CN Placing Agent in writing. The Placing Convertible Notes shall be placed by the CN Placing Agent in two tranches, each in the aggregate principal amount of not less than HK\$44,800,000.

The CN Placing Agent has agreed to place the Placing Convertible Notes to the CN Placee(s) who and whose ultimate beneficial owners will be Independent Third Parties and not acting in concert with any of the Directors, chief executives, Shareholders of the Company or any of its subsidiaries or their respective associates. As at the date of this announcement, it is uncertain whether the number of CN Placee(s) of the Placing Convertible Notes will be not less than six. In case the number of CN Placee(s) of the Placing Convertible Notes is less than six, the Company shall comply with Rule 13.28(7) of the Listing Rules and disclose in the relevant announcement the names of such CN Placee(s).

CN Placing commission: Pursuant to the terms of the CN Placing Agreement, the CN Placing Agent shall be entitled to a commission equivalent to 2.5% of the gross proceeds of the CN Placing placed by the CN Placing Agent.

The Directors are of the view that the placing commission of the CN Placing is fair and reasonable with reference to the current market norm in relation to similar transaction.

Conditions of the CN Placing: Completion of the placing of each tranche of the Placing Convertible Notes is conditional upon:

- (i) the Stock Exchange having granted approval for the listing of, and permission to deal in, the Placing Conversion Shares fall to be issued upon the exercise of conversion rights attached to the relevant tranche of the Placing Convertible Notes;
- (ii) the Shareholders having passed resolution(s) at the SGM approving, among others, the CN Placing Agreement and the transactions contemplated thereunder, including the CN Placing, to issue the Placing Convertible Notes, and to allot and issue the Placing Conversion Shares; and

(iii) (if so required by the laws of Bermuda) the permission of the Bermuda Monetary Authority for the issue of the Placing Convertible Notes and the issue and allotment of the Placing Conversion Shares.

If the above conditions precedent are not fulfilled by 31 March 2012 or such other period as may be agreed by the Company and the CN Placing Agent in writing, all obligations of the CN Placing Agent and of the Company under the CN Placing Agreement shall cease and determine and none of the parties hereto shall have any claim against the other in relation hereto.

None of the conditions above can be waived. For avoidance of doubt, the CN Placing is not conditional upon the Share Placing and the Share Subscription becoming unconditional.

Termination:

The CN Placing Agreement may be terminated by the CN Placing Agent if at any time prior to 10:00 a.m. on the relevant date of completion:

- (i) there develops, occurs or comes into effect:
  - (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof), including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory 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, fiscal, financial, regulatory or stock market conditions;
  - (b) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;

- (c) any change in conditions of local, national or international currency or securities markets and for this purpose but without limiting the generality of the foregoing, a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America shall be a change in currency markets;
- (d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group;
- (e) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere;
- (f) any litigation or claim being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial position of the Group,

and which, in the reasonable opinion of the CN Placing Agent, is or is likely to materially and adversely affect the business, financial or trading prospects of the Group and/or the success of the CN Placing; or

- (ii) it comes to the notice of the CN Placing Agent that any of the representations, warranties or undertakings of the Company contained in the CN Placing Agreement is untrue or inaccurate, breached or not complied with in any respect or if any event occurs or any matter arises on or after the date thereof and prior to the completion which if it had occurred or arisen before the date thereof would have rendered any of such representations and warranties untrue or incorrect in any material respect; or
- (iii) it comes to the notice of the CN Placing Agent that there has been any material adverse change in the business or financial or trading position of the Company; or

(iv) if any adverse change in market conditions occurs which makes it inexpedient or inadvisable to proceed with the CN Placing or if there is any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than thirty (30) consecutive Business Days, excluding any suspension in connection with the clearance of this announcement, the circular or other documents in connection with the CN Placing,

upon the termination of the CN Placing Agreement pursuant to the above terms, the CN Placing Agreement shall be of no further effect and no party shall be under any liability to any other in respect thereof except for any antecedent breach of any obligation under the CN Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the CN Placing:

Subject to the conditions of the CN Placing having been fulfilled, completion of the placing of each tranche of the Placing Convertible Notes will take place at such time and on such Business Day as the CN Placing Agent shall specify by giving not less than three (3) Business Days' notice in writing to the Company, or on such other date as the CN Placing Agent and the Company may agree in writing.

### **Principal terms of the Placing Convertible Notes**

The following is a summary of the principal terms of the Placing Convertible Notes:

Aggregate principal amount:	Up to HK\$89,600,000
Placing price:	100% of the principal amount of the Placing Convertible Notes
Initial Placing Conversion Price:	The Placing Conversion Price shall be HK\$0.028 per Placing Conversion Share

The Placing Conversion Price represents:

- (i) a discount of approximately 28.21% based on the closing price of HK\$0.0390 per Share as quoted on the Stock Exchange at the date of the CN Placing Agreement; and



- (ii) a discount of approximately 29.29% based on the average closing price of HK\$0.0396 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the date of the CN Placing Agreement.

The Placing Conversion Price is subject to adjustments upon the occurrence of, among other matters, subdivision or consolidation of Shares, capitalization issues, rights issues and other dilutive events. Such adjustments shall be certified either (at the option of the Company) by the auditors of the Company for the time being or by an approved merchant bank in accordance with the terms and conditions of the Placing Convertible Notes.

The Placing Conversion Price was arrived at after arm's length negotiation between the Company and the CN Placing Agent with reference to the market price of the Shares under the prevailing market conditions. The Directors are noted that the Placing Conversion Price is lower than the Share Placing Price, having considered that the size of the CN Placing is larger than the Share Placing and the CN Placing is subject to the approval of the Shareholders, which is expected to be around one month to two months from the date of this announcement, a deeper discount of the Placing Conversion Price is required to increase successful rate of the CN Placing.

Maturity:

18 months from the date of issue of the Placing Convertible Notes. To the extent not previously converted, purchased, redeemed or cancelled, the Company shall, on the maturity date of the Placing Convertible Notes, redeem the Placing Convertible Notes at 100% of the outstanding principal amount.

Conversion period:

Provided that the exercise of the conversion rights attached to the Placing Convertible Notes (i) by the holder thereof and its respective parties acting in concert does not trigger a mandatory offer under Rule 26 of the Takeovers Code on the part of the holder thereof and its parties acting in concert; and (ii) by the holder thereof and its associates will not render Shares held in public hands being less than the minimum public float of the Shares required under the Listing Rules (i.e. 25% of the issued share capital of the Company), holder(s) of the Placing Convertible Notes shall have the right to convert, at any time during the period commencing from the date of issue the Placing Convertible Notes until the fifth Business Day before the maturity date of the Placing Convertible Notes, the whole or part in an integral multiple of HK\$1,000,000 of the outstanding principal amount of the Placing Convertible Notes.

- Interest: The Placing Convertible Notes will bear an annual interest of 2%, payable on annual basis.
- Ranking of the Placing Conversion Shares: The Placing Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all other Shares in issue as at the date of conversion on which a notice is given for the exercise of conversion rights and be entitled to all dividends and other distributions the record date of which falls on a date on or after the notice of the exercise of conversion right is given.
- Voting: The holder(s) of the Placing Convertible Notes will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only it/they being the holder(s) of the Placing Convertible Notes.
- Transferability: The Placing Convertible Notes may be transferred to any third party. Any transfer of the Placing Convertible Notes shall be in respect of the whole or part only in an integral multiple of HK\$1,000,000 of the outstanding principal amount of the Placing Convertible Notes.
- No transfer shall be made to any connected persons of the Company or parties acting in concert with the holder(s) of the Placing Convertible Notes unless compliance of the Listing Rules and the Takeovers Code has been made.
- Early redemption: The Placing Convertible Notes may be redeemed at 100% of the outstanding principal amount of the Placing Convertible Notes (in whole or in part) at any time and from time to time at the option of the Company prior to the maturity date of the Placing Convertible Notes.
- Listing: No application will be made for the listing of, or permission to deal in, the Placing Convertible Notes on the Stock Exchange or any other stock exchange. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Conversion Shares.

### **Placing Conversion Shares**

Assuming the issue of the Placing Convertible Notes is completed, a maximum number of 3,200,000,000 Placing Conversion Shares will be allotted and issued if the conversion rights attached to the Placing Convertible Notes are exercised in full, representing (i) approximately 78.31% of the issued share capital of the Company as at the date of the CN Placing Agreement; (ii) approximately 43.92% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing

Conversion Shares in full; and (iii) approximately 32.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, the Subscription Shares and the Placing Conversion Shares.

The Company will bear the costs and expenses in connection with the CN Placing. The total proceeds from the CN Placing will be approximately HK\$89,600,000 and the net proceeds from the CN Placing will be approximately HK\$87,000,000. As a result, the net price per Placing Conversion Price will be approximately HK\$0.0272. The aggregate nominal value of the Placing Conversion Shares is HK\$80,000,000.

The Placing Conversion Shares will be allotted and issued under the specific mandate of the Company. The Board proposed to seek the approval for granting a specific mandate to allot and issue the Placing Conversion Shares at the SGM.

## **REASONS FOR THE SHARE PLACING, THE SHARE SUBSCRIPTION AND THE CN PLACING AND USE OF PROCEEDS**

The Company is an investment holding company, and through its subsidiaries is principally engaged in the business of money lending, provision of credits, securities investments, and provision of corporate secretarial and consultancy services.

On 28 July 2011, the Company entered into a memorandum of understanding with vendors in relation to the acquisition of Profit Grand Enterprises Limited (the “**Target Company**”) (the “**Forest Projects**”), a company incorporated under the laws of the British Virgin Islands with limited liability. According to the information provided by the vendors, the Target Company, through its wholly-owned subsidiary, I-Sky Natural Resources (PNG) Limited (the “**Project Company**”), has entered into a project agreement with the owner of the forest in the Vabari Timber Authority Area in the Independent State of Papua New Guinea with the size of approximately 65,800 hectares (the “**Forest**”). Pursuant to the project agreement, the Project Company is entitled the rights to harvest forest logs in the Forest for purposes of sale and export and other related activities for a period of ninety nine years.

Currently, the Company has appointed its financial adviser, legal advisers, valuer to carry out the necessary due diligence exercises relating to the Target Company and its subsidiaries. In the event that the relevant preliminary due diligence results are satisfactory to the Company, the Company will enter into a conditional sale and purchase agreement with the vendors for the acquisition of the Target Company. To ensure that the operations of the Project Company will run smoothly after the completion of the said possible acquisition, the Company is in negotiation with a PRC corporation with wealthy forestry experiences for a strategic alliance cooperation for the operating and management of the Forest. The said PRC corporation will allocate suitable expertise on providing advices to the Board on management and operating the Forest and arrange skilled labour for the development of the Forest. Further announcement will be made in relation to such strategic alliance cooperation as and when appropriate. The Board wishes to emphasize that the said possible acquisition is subject to, among other things, the signing of the formal agreement and the terms and conditions of which are yet to be agreed. As the possible acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Further announcement of the said possible acquisition will be made by the Company should any formal agreement be entered into as and when appropriate in

accordance with the Listing Rules. Furthermore, the Company is identifying other acquisition opportunities and/or potential investment projects from time to time, including but not limited to opportunities in the forestry businesses. The Company will make further announcement in accordance with the Listing Rules as and when appropriate.

Recently, the Group has been actively expanding its finance businesses, details of the loans made by the Group which constituted notifiable transactions under the Listing Rules have been set out in the recent announcements of the Company. In addition, the Group has taken steps to process the Forest Project as aforementioned. In view of the business expansion of the Company as above mentioned, the Company is considering using appropriate financing methods to raise additional capital for the future development of the Group.

Having considered various funds raising methods available to the Group, the Directors are of the view that the Share Placing, the Share Subscription and the CN Placing are the most feasible fund raising methods under the current financial market condition.

The estimated net proceeds (the “**Proceeds**”) from the Share Placing, the Share Subscription and the CN Placing will be approximately HK\$157,100,000 in aggregate. The Company plans to use the Proceeds as to (i) not less than 60% of the Proceeds for the development of the Group’s finance businesses and securities investments; and (ii) not more than 40% of the Proceeds for financing the acquisition of the Forest Project and/or financing any other acquisition opportunities identified/to be identified by the Company, including but not limited to the other forestry businesses. In the event that the Company is unable to identify any suitable acquisition target or the said possible acquisition is not materialized, the Proceeds shall be utilized for the development of the provision of corporate secretarial and consultancy services of the Group and/or the general working capital of the Group. To the extent that the said net proceeds are not immediately required for or applied to the above purposes, the Company may hold such funds within licensed banks or licensed financial institutions in Hong Kong for so long as it is in the Company’s best interests.

#### **(IV) PROPOSED CHANGE TO THE BOARD**

The Board would like to announce that Mr. Liang Jian Hua, currently the chairman of the Company and an executive Director, proposed to tender his resignation as the chairman of the Company upon completion of the Share Subscription due to his other business engagements but Mr. Liang will remain as an executive Director. The Board also proposed to appoint Mr. Ng as an executive Director and the chairman of the Company, with effect from the date of the completion of the Share Subscription.

Mr. Ng, aged 40, has extensive experience in the financial market of Hong Kong and the PRC and is mainly responsible for providing advices to various types of clients including private and institutional investors, Hong Kong listed companies and PRC enterprises in a comprehensive approach. He has originated and handled numerous corporate transactions throughout the Asia-Pacific region, including securities dealing, investment portfolio management and accounting and financial advisory. Mr. Ng’s insight in these areas, along with his substantial experience in international business development, assisted the management of the clients in its oversight of their companies’ businesses. He also has in-depth knowledge in due diligence review and internal control advisory which provides him with expertise of corporate governance. Mr. Ng is a

member of American Institute of Certified Public Accountants, a member of the Hong Kong Institute of Certified Public Accountants, a member of The Hong Kong Institute of Chartered Secretaries, and a member of the Institute of Chartered Secretaries and Administrators. Mr. Ng is an independent non-executive director of China Information Technology Development Limited which is a company with its shares listed on the Growth Enterprise Market of the Stock Exchange.

Save as disclosed herein, Mr. Ng did not hold other directorships in any listed public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years and does not hold any other positions with the Company or other members of the Group.

Mr. Ng has entered into a consultancy service agreement dated 13 April 2010 with the Company, pursuant to which Mr. Ng agreed to provide all advisory and consultancy services as may be required by the Company, introduce potential projects to the Company, provide assistance on liaising with the Stock Exchange and management of cashflow of the Company, for a fee equivalent to 3% of the total consideration of any successful acquisition introduced by Mr. Ng. Save as aforementioned, Mr. Ng has not entered into any service contract with the Company and has no fixed term of service with the Company save that Mr. Ng's directorship with the Company is subject to retirement by rotation and re-election in accordance with the bye-laws of the Company, as amended from time to time. Mr. Ng's annual remuneration has not yet been determined as at the date of this announcement and the annual remuneration will be determined upon completion of the Share Subscription by reference to his duties and responsibilities and the prevailing market conditions which shall be reviewed and approved by the remuneration committee of the Company.

Save as disclosed herein, Mr. Ng does not have any relationships with any directors, senior management, substantial shareholders or controlling shareholders of the Company or other members of the Group nor any other interests in the shares in the Company within the meaning of Part XV of the SFO as at the date of this announcement.

Save as disclosed above, Mr. Ng is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company nor is there any information to be disclosed by the Company pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

The Board would like to express its appreciation to Mr. Liang for his past contribution to the Company as the chairman of the Company. The Board would also like to express its warm welcome to Mr. Ng on his proposed appointment.

#### **(V) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The existing authorised share capital of the Company is HK\$200,000,000 divided into 8,000,000,000 Shares, of which 4,086,168,279 Shares are in issue as at the date of this announcement. In order to accommodate for the future expansion and growth of the Group, the Board proposes to increase the authorised share capital of the Company to HK\$400,000,000 divided into 16,000,000,000 Shares, by the creation of an additional 8,000,000,000 Shares. The Board considers that the Increase in Authorised Share

Capital accommodates for future expansion and growth of the Group and thus the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

The Increase in Authorised Share Capital of the Company is conditional upon the approval of the Shareholders at the SGM.

## SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is a summary of the shareholding structure of the Company: (i) as at the date of this announcement; (ii) upon completion of the Share Placing; (iii) upon completion of the Share Placing and the Share Subscription; and (iv) upon completion of the Share Placing and the Share Subscription, and after allotment of the number of Placing Conversion Shares upon full conversion of the Placing Convertible Notes.

Shareholding	(i) As at the date of this announcement		(ii) Upon completion of the Share Placing		(iii) Upon completion of the Share Placing and the Share Subscription		(iv) Upon completion of the Share Placing and the Share Subscription, and after allotment of the number of Placing Conversion Shares upon full conversion of the Placing Convertible Notes	
	Number of shares	%	Number of shares	%	Number of shares	%	Number of Shares	%
The Subscriber and Mr. Su <i>(Note)</i>	142,000,000	3.48	142,000,000	2.90	1,942,000,000	28.97	1,942,000,000	19.61
Public Share Placee(s)	0	0.00	817,233,655	16.66	817,233,655	12.19	817,233,655	8.25
CN Placee(s)								
— First tranche	0	0.00	0	0.00	0	0.00	1,600,000,000	16.16
— Second tranche	0	0.00	0	0.00	0	0.00	1,600,000,000	16.16
Other public shareholders	<u>3,944,168,279</u>	<u>96.52</u>	<u>3,944,168,279</u>	<u>80.44</u>	<u>3,944,168,279</u>	<u>58.84</u>	<u>3,944,168,279</u>	<u>39.82</u>
Total	<u>4,086,168,279</u>	<u>100.00</u>	<u>4,903,401,934</u>	<u>100.00</u>	<u>6,703,401,934</u>	<u>100.00</u>	<u>9,903,401,934</u>	<u>100.00</u>

*Note:*

Mr. Su, who is interested in 80% of the equity interest of the Subscriber, holds 142,000,000 Shares as at the date of this announcement.

## FUND RAISING ACTIVITIES OF THE COMPANY

The following table summarizes the equity fund raising activities of the Company in the past 12 months immediately before the date of this announcement.

<b>Date of announcement</b>	<b>Description of the fund raising exercises</b>	<b>Net proceeds actually raised</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
30 November 2010	Placing of new shares under the general mandate	Approximately HK\$32.61 million	For general corporate and working capital of the Group or/ and the future development of the finance businesses of the Group	Approximately HK\$30 million was utilized for drawdown of the loan facility provided by the Company to Delta Wealth Finance Limited and approximately HK\$2.61 million has been utilized as working capital of the Group
21 January 2011 and 24 January 2011	Placing of new shares under the general mandate	Approximately HK\$11.03 million	For general corporate and working capital of the Group or/ and the future development of the finance businesses of the Group	Fully utilized for the loan facility provided by the Company to Delta Wealth Finance Limited
8 March 2011	Rights issue of 2,774,183,310 Shares at the subscription price of HK\$0.08 per right share on the basis of thirty (30) rights shares for every one (1) existing Share	Approximately HK\$214.64 million	As to not more than 70% for financing any acquisition opportunities identified/to be identified by the Company and as to not less than 30% for the development of the finance businesses of the Group	Approximately HK\$90 million has been utilized for financing acquisition opportunities identified by the Group, in which, HK\$80 million has been utilized in acquiring a strategic investment of 7.7% equity interests in Simsen International Corporation Limited, the shares of which are listed on the main board of the Stock Exchange (stock code: 993) and HK\$10 million has been utilized in the Forest Project as a deposit. The remaining of approximately HK\$124.64 million has been utilized for the development of the finance business of the Group

<b>Date of announcement</b>	<b>Description of the fund raising exercises</b>	<b>Net proceeds actually raised</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
8 March 2011	Placing of convertible notes	Approximately HK\$97.25 million	As to not more than 60% for financing any acquisition opportunities identified/to be identified by the Company (including but not limited to the possible acquisition of the oil fields in Kazakhstan and the said possible acquisition was lapsed, further details of which have been set out in the announcements of the Company dated 3 March 2011 and 15 June 2011 respectively) and as to not less than 40% for the development of the finance businesses of the Group	The entire proceeds of approximately HK\$97.25 million has been utilized for the development of the finance business of the Group

Save as disclosed above, there has not been any other equity fund raising activities in the last 12 months immediately before the date of this announcement.

#### **IMPLICATION UNDER THE LISTING RULES**

The Board proposed to seek the approval from the Shareholders at the SGM in respect of the Share Subscription Agreement and the CN Placing Agreement, including the grant of specific mandates to issue the Subscription Shares and the Placing Conversion Shares, the Increase in Authorised Share Capital, and their respective transactions contemplated thereunder. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares, the Subscription Shares and the Placing Conversion Shares. Each of the Share Subscription and the CN Placing is conditional upon, among other things, the passing of the necessary resolution(s) by the Shareholders at the SGM.

As at the date of this announcement, the Subscriber is owned as to 80% by Mr. Su and 20% by Mr. Ng. Mr. Su is interested in 142,000,000 Shares, representing approximately 3.48% of the issued share capital of the Company. As the Subscriber is considered to have material interest in the Share Subscription Agreement, the Subscriber, its ultimate beneficial owner and its associates are required to abstain from the voting at the SGM on the relevant resolution(s) to approve the Share Subscription Agreement, including the grant of specific mandate to issue the Subscription Shares, and the transactions contemplated thereunder. Save for the aforementioned, to the best information, knowledge and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, none of the Director or Shareholder has material interest in the Share Subscription Agreement, the CN Placing Agreement and the Increase in Authorised Share Capital and shall be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Share Subscription Agreement and the CN Placing Agreement, including the grant of specific mandates to issue the Subscription Shares and the Placing Conversion Shares, and the Increase in Authorised Share Capital, and their respective transactions contemplated thereunder.



A circular containing, among other things, the further details about the Share Subscription and the CN Placing, the Increase in Authorised Share Capital and the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

**The Share Placing Agreement, the Share Subscription Agreement and the CN Placing Agreement may be terminated under certain circumstances. As the Share Placing Agreement, the Share Subscription Agreement and the CN Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITION**

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and public holidays) on which banks are generally open for business more than five hours in Hong Kong
“CN Placee(s)”	the placee(s) of the Placing Convertible Notes under the CN Placing Agreement
“CN Placing”	the placing of the Placing Convertible Notes by the CN Placing Agent pursuant to the terms of the CN Placing Agreement
“CN Placing Agent”	United Simsen Securities Limited, a licensed corporation to carry on business in Type 1, 2, 4 and 6 regulated activities under the SFO
“CN Placing Agreement”	the placing agreement dated 18 October 2011 entered into between the Company and the CN Placing Agent in relation to the CN Placing
“CN Placing Price”	100% of the principal amount of the Placing Convertible Notes
“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

“General Mandate”	a general and unconditional mandate granted on 30 May 2011 (the date of annual general meeting of the Company) to the Directors to exercise all the power of the Company to allot, issue and deal with up to 817,233,655 Shares, representing 20% of the issued share capital of the Company as at the date of annual general meeting of the Company held on 30 May 2011
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	proposed increase in the authorised share capital of the Company from the existing HK\$200,000,000 divided into 8,000,000,000 Shares to HK\$400,000,000 divided into 16,000,000,000 by the creation of an additional 8,000,000,000 Shares
“Independent Third Party(ies)”	third party(ies) 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ng”	Mr. Ng Kwok Fai, who owns 20% equity interest of the Subscriber as at the date of this announcement
“Mr. Su”	Mr. Su Weibiao, who owns 80% equity interest of the Subscriber as at the date of this announcement
“Placing Conversion Price”	HK\$0.028 per Placing Conversion Share, subject to adjustments in accordance with the terms of the Placing Convertible Notes
“Placing Conversion Share(s)”	3,200,000,000 new Share(s) to be issued by the Company upon exercise of the conversion rights attached to the Placing Convertible Notes
“Placing Convertible Notes”	the convertible notes in the principal amount of HK\$89,600,000 to be issued by the Company under the CN Placing Agreement in not more than two (2) tranches, each in the aggregate principal amount of not less than HK\$44,800,000
“Placing Shares”	817,233,655 new Shares to be placed pursuant to the Share Placing Agreement

“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission
“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 Shareholders to consider and, if thought fit, approve the Share Subscription Agreement and the CN Placing Agreement, including the grant of specific mandates to issue the Subscription Shares and the Placing Conversion Shares, the Increase in Authorised Capital and their respective transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Share Placee(s)”	the placee(s) of the Placing Shares under the Share Placing Agreement
“Share Placing”	the placing of the Placing Shares by the Company, through the Share Placing Agent, pursuant to the Share Placing Agreement
“Share Placing Agent”	Roofer Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO
“Share Placing Agreement”	the share placing agreement entered into between the Company the Share Placing Agent dated 18 October 2011 in relation to the Share Placing
“Share Placing Price”	HK\$0.032 per Placing Share
“Share Subscription”	The subscription for the Subscription Shares by the Share Subscriber pursuant to the Share Subscription Agreement
“Share Subscription Agreement”	the share subscription agreement dated 18 October 2011 entered into between the Company and the Subscriber in relation to the Share Subscription
“Share Subscription Price”	HK\$0.025 per Subscription Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Allied Summit Inc., a company incorporated in the British Virgin Islands with limited liabilities

“Subscription Shares”	an aggregate of 1,800,000,000 new Shares to be issued under the Share Subscription Agreement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“%”	percentage or per centum

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

Hong Kong, 19 October 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 any inconsistency, the English text of this announcement shall prevail over the Chinese text.*