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If you have sold or transferred all your shares in Pacific Plywood Holdings Limited (the “Company”), you should at once hand this circular and accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sales or transfer was effected for transmission to the purchaser or the transferee.

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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)

**REFRESHMENT OF THE SCHEME MANDATE LIMIT ON THE
GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the special general meeting (the “SGM”) to be held at 9:00 a.m. on Saturday, 9 April 2011 at Unit 1903, 19/F., West Tower Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong is set out on pages 7 to 8 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	21 March 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Participants”	any person being an employee, officer, agent, consultant or representative of the Group, including any executive or non-executive director of the Group
“Proposal”	the proposal relating to the refreshment of the Scheme Mandate Limit
“Share(s)”	ordinary share(s) of nominal value of HK\$0.025 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the share option scheme currently in force and adopted by the Company on 21 June 2002

DEFINITIONS

“SGM”	a special general meeting of the Company to be held on 9 April 2011 (or any adjournments thereof) to consider and, if thought fit, approve the Proposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terminated Scheme”	the share option scheme of the Company adopted on 17 October 1995 and terminated by an ordinary resolution of the Company passed at the special general meeting held on 21 June 2002
“Scheme Mandate Limit”	the limit imposed under the rules of the Share Option Scheme on the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company, being 10% of the Company’s issued share capital as at the date of adoption of the Share Option Scheme on 21 June 2002, which may be “renewed”/“refreshed” on and pursuant to the rules of the Share Option Scheme
“30% Overall Limit”	the maximum limit imposed under the rules of the Share Option Scheme on the aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company, which must not in aggregate exceed 30% of the Shares in issue from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

Executive Directors:

Mr. Liang Jian Hua (*Chairman*)
Mr. Huang Chuan Fu (*Deputy Chairman*)
Ms. Jia Hui
Mr. Jiang Yi Ren

Registered office:

Canon's Court
22 Victoria Street
Hamilton, HM12
Bermuda

Independent non-executive Directors:

Mr. Chan Kin Sang
Mr. Cheng Po Yuen
Mr. Wong Chun Hung

Head office and principal place of business:

Unit 1903, 19/F.
West Tower Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

24 March 2011

To the Shareholders

Dear Sir or Madam,

REFRESHMENT OF THE SCHEME MANDATE LIMIT ON THE GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

The Board would like to put forward to the Shareholders for approval of the Proposal relating to the refreshment of the Scheme Mandate Limit at the SGM.

The purpose of this circular is to give you, among other things, (i) further information regarding the Proposal; and (ii) the notice of the SGM at which resolution(s) will be proposed to consider and, if thought fit, approve the Proposal.

PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME

At the special general meeting of the Company held on 21 June 2002, an ordinary resolution was passed by the then Shareholders for the adoption of the Share Option Scheme and the termination of the Terminated Scheme.

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LETTER FROM THE BOARD

Apart from the Share Option Scheme and the Terminated Scheme, the Company has no other share option scheme.

As at the Latest Practicable Date, the number of Shares in issue was 92,472,777 Shares.

Terminated Scheme

As at the Latest Practicable Date, there are no options outstanding under the Terminated Scheme and no further options may be granted under the Terminated Scheme.

Share Option Scheme

Under the rules of the Share Option Scheme, the total number of Shares which may be issued upon the exercise of all options granted under the Share Option Scheme shall not (when aggregated with any Shares subject to any other share option scheme(s) of the Company) exceed 10% of the Company's issued share capital as at the date of adoption of the Share Option Scheme. Options which have lapsed in accordance with the terms of the Share Option Scheme will not be counted in calculating the 10% limit. The Scheme Mandate Limit may be "refreshed" from time to time on and pursuant to the rules of the Share Option Scheme.

Under the rules of the Share Option Scheme, among others:

- (1) the maximum number of Share which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other scheme(s) adopted by the Company must not exceed 30% of the Shares in issue from time to time. No option may be granted under the Share Option Scheme or any other share option scheme(s) if that will result in the 30% limit being exceeded;
- (2) the total number of Shares which may be issued upon the exercise of all options granted under the Share Option Scheme and any other share option scheme(s) of the Company is subject to the Scheme Mandate Limit; and
- (3) unless approved by Shareholders in the manner set out below in this paragraph, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to each Participant or grantee (as the case may be) (including both exercised, cancelled and outstanding options) under the Share Option Scheme or any other share option scheme(s) adopted by the Company in any 12 month period must not exceed 1% of the Shares in issue. Any further grant of options which would result in the number of Shares issued as aforesaid exceeding the said 1% limit shall be approved by the Shareholders in general meeting with the relevant Participant or grantee (as the case may be) and his associates (as such term is defined in the Listing Rules) abstaining from voting.

The Company may seek approval from the Shareholders in general meeting for refreshing the Scheme Mandate Limit so that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company shall be re-set at 10% of the Shares in issue as at the date of the approval of the limit as "refreshed".

In this connection, options previously granted under the Share Option Scheme and any other share option scheme(s) of the Company (including options outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the Scheme Mandate Limit as "refreshed".

LETTER FROM THE BOARD

The existing Scheme Mandate Limit is 558,089,724 then shares of the Company, being 10% of the then shares of the Company in issue as at the date of adoption of the Share Option Scheme on 21 June 2002. Under the Share Option Scheme since its adoption, no share options has been granted.

As a result of (i) share consolidation of every ten shares of the Company into one share with effect from 20 July 2006; and (ii) the share consolidation of every twenty five shares of the Company into one share of the Company with effect from 10 January 2011, only 2,232,358 Shares can be further granted under the Share Option Scheme.

If the Scheme Mandate Limit is “refreshed”, on the basis of 92,472,777 Shares in issue as at the Latest Practicable Date and assuming that, prior to the SGM, no Shares are issued (whether upon exercise of options granted under the Share Option Scheme or otherwise) or repurchased by the Company, the Scheme Mandate Limit will be re-set at 9,247,277 Shares and the Company will be allowed to grant further options under the Share Option Scheme and other share option schemes of the Company carrying the rights to subscribe for a maximum of 9,247,277 Shares (the “**Available Limit**”).

On the basis of 92,472,777 Shares in issue as at the Latest Practicable Date, the 30% Overall Limit represents a total of 27,741,833 Shares. Accordingly, the Available Limit arising from the “refreshing” of the Scheme Mandate Limit does not exceed the 30% Overall Limit as at the Latest Practicable Date.

Reasons for and benefits of the refreshment of the Scheme Mandate Limit

The purpose of the Share Option Scheme is to provide the Participants with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

Given that the existing Scheme Mandate Limit could not reflect the latest number of Shares in issue, the Share Option Scheme cannot continue to serve its intended purpose for the benefit of the Group and the Shareholders unless the Scheme Mandate Limit is “refreshed” in accordance with the rules of the Share Option Scheme.

The Directors consider that it will be for the benefit of the Company and the Shareholders as a whole that eligible Participants of the Share Option Scheme are granted rights to obtain equity holdings of the Company through the grant of options under the Share Option Scheme. This will provide incentives to the eligible Participants to contribute to the success of the Group. For these reasons, the Directors will propose the passing of an ordinary resolution(s) at the SGM for “refreshing” the Scheme Mandate Limit.

The refreshment of the Scheme Mandate Limit is conditional upon:

- (a) the passing of an ordinary resolution(s) by the Shareholders to approve the Proposal at the SGM; and
- (b) the Stock Exchange granting the listing of, and permission to deal in, such number of Shares, representing 10% of the issued Shares as at the date of the SGM, which may fall to be allotted and issued pursuant to the exercise of the options to be granted under the Share Option Scheme within the Scheme Mandate Limit so refreshed.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, such number of Shares, representing 10% of the issued Shares as at the date of the SGM, which may fall to be allotted and issued pursuant to the exercise of the options to be granted under the Share Option Scheme within the Scheme Mandate Limit so refreshed.

LETTER FROM THE BOARD

On 8 March 2011, the Company proposed issue by way of rights of thirty (30) rights shares for every one (1) existing Share in issue and held on the record date (which is expected to be 26 April 2011) (the “**Record Date**”) at the subscription price of HK\$0.080 per rights share on the terms and subject to the conditions set out in the underwriting agreement dated 8 March 2011 (the “**Rights Issue**”).

In the event that the share options is granted after the Scheme Mandate Limit is refreshed and the relevant share options are exercised thereafter on or before the Record Date, a supplemental underwriting agreement is required to be entered into between the Company and the underwriter to ensure the Rights Issue is fully underwritten. In this regards, the Company shall seek the approval from the independent Shareholders on the Rights Issue again. The underwriter shall underwrite the additional rights shares as a result of the exercise of the said share options unless the share options holder(s) undertakes to the Company that it shall not exercise the respective share option(s) on or before the Record Date.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

SGM

The SGM will be held at 9:00 a.m. on Saturday, 9 April 2011 at Unit 1903, 19/F., West Tower Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong, Hong Kong, the notice of which is set out on pages 7 to 8 of this circular, for the Shareholders to consider and, if thought fit, approve the Proposal.

In compliance with the Listing Rules, the resolution(s) to approve the Proposal will be voted on by way of poll at the SGM. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution(s) at the SGM.

You will find enclosed a form of proxy for use at the SGM. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof to the office of the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors consider that the Proposal is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole. The Board recommends the Shareholders to vote in favour of the resolutions to approve the Proposal to be proposed at the SGM.

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

NOTICE OF SPECIAL GENERAL MEETING



PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Pacific Plywood Holdings Limited (the “**Company**”) will be held at 9:00 a.m. on Saturday, 9 April 2011 at Unit 1903, 19/F., West Tower Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolution(s) with or without amendment:

ORDINARY RESOLUTIONS

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, such number of shares of the Company which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the share option scheme adopted by the Company on 21 June 2002 (the “**Share Option Scheme**”), representing 10 per cent. of the issued share capital of the Company as at the date on which this resolution is passed, pursuant to the rules of the Share Option Scheme:

- (a) approval be and is hereby granted for refreshing the 10 per cent. mandate under the Share Option Scheme (the “**Refreshed Scheme Mandate**”) provided that the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed hereby shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date on which this resolution is passed (options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate);

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

- (b) the directors of the Company or a duly authorised committee thereof be and is/are hereby authorised: (i) at its/their absolute discretion, to grant options to subscribe for shares of the Company within the Refreshed Scheme Mandate in accordance with the rules of the Share Option Scheme, and (ii) to allot, issue and deal with shares of the Company pursuant to the exercise of options granted under the Share Option Scheme within the Refreshed Scheme Mandate.”

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

Hong Kong, 24 March 2011

Registered office
Canon's Court
22 Victoria Street
Hamilton, HM12
Bermuda

Head office and principal place of business:
Unit 1903, 19/F.
West Tower Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

Notes:

- (1) Any shareholder of the Company (the “**Shareholder(s)**”) entitled to attend and vote at the SGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder.
- (2) The form of proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (3) Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the SGM and in such event, the form of proxy shall be deemed to be revoked.
- (4) Where there are joint Shareholders any one of such joint Shareholder may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint Shareholders be present at the SGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names stand in the register of shareholders of the Company in respect of the joint holding.
- (5) The form of proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof at which the person named in the form of proxy proposes to vote or, in the case of a poll taken subsequently to the date of the SGM or any adjournment thereof, not less than 48 hours before the time appointed for the taking of the poll and in default the form of proxy shall not be treated as valid.