

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your securities in Pacific Plywood Holdings Limited (the “Company”), you should at once hand the Prospectus Documents (as defined herein) to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. The Prospectus Documents should not, however, be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed “Documents delivered to the Registrars of Companies” in Appendix III to this Prospectus has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and a copy of the Prospectus Documents will be filed with the Registrar of Companies in Bermuda as soon as reasonably practicable after the publication. The Securities and Futures Commission of Hong Kong, the Registrar of Companies in Hong Kong and the Registrar of Companies in Bermuda take no responsibility for the contents of any of the Prospectus Documents. Dealings in the securities of the Company and the Rights Shares (as defined herein) in their nil-paid form and fully-paid form may be settled through CCASS and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms 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 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.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.



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**

Underwriter



KINGSTON SECURITIES LTD.

Capitalized terms used in this cover page shall have the same meanings as those defined in this prospectus.

The Shares have been dealt in on an ex-rights basis from Tuesday, 8 October 2013. Dealings in the Rights Shares in the nil-paid form will take place from Friday, 18 October 2013 to Friday, 25 October 2013 (both days inclusive). If the conditions of the Rights Issue (with the Bonus Issue) are not fulfilled or waived (where applicable) or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue (with the Bonus Issue) will not proceed. Any Shareholders or other persons dealing in the nil-paid Rights Shares during the period from Friday, 18 October 2013 to Friday, 25 October 2013 (both days inclusive) will accordingly bear the risk that the Rights Issue (with the Bonus Issue) may not become unconditional or may not proceed.

Shareholders and potential investors of the Company should note that the Rights Issue (with the Bonus Issue) is conditional upon, among other things, the fulfillment or waiver (where applicable) of the conditions set out under the sub-paragraph headed “Conditions of the Rights Issue (with the Bonus Issue)” on pages 18 to 19 of this Prospectus. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events as set out in the section headed “Termination of the Underwriting Agreement” on pages 6 to 7 of this Prospectus. Accordingly, the Rights Issue (with the Bonus Issue) may or may not proceed.

* For identification purposes only

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EXPECTED TIMETABLE

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

Event	2013 (Hong Kong time)
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 prospectus 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.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above; or
2. a “black” rainstorm warning
 - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time For Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time For Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares is postponed in accordance with the foregoing, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as possible.

DEFINITIONS

In this Prospectus, 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, which in aggregated holds 324,243,951 Shares, representing approximately 58.27% of the issued share capital of the Company as at the Latest Practicable Date
“Announcement”	the announcement of the Company dated 20 August 2013 in relation to the Rights Issue (with the Bonus Issue)
“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
“BVI”	the British Virgin Islands
“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 of the Company dated 16 September 2013 in relation to, among other things, 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

DEFINITIONS

“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, a wholly-owned subsidiary of the Company
“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 the 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 Practicable Date”	9 October 2013, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion herein
“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

DEFINITIONS

“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
“Macau SAR”	The Macau Special Administrative Region of the PRC
“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, based on the 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 (with the Bonus 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, for the purpose of this Prospectus, excludes Hong Kong, Macau SAR and Taiwan
“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)
“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

* For identification purposes only

DEFINITIONS

“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 1,112,841,060 Shares
“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 held on Friday, 4 October 2013 at which the Rights Issue (with the Bonus Issue) and transactions respectively contemplated thereunder was approved
“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

DEFINITIONS

“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 Prospectus
“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
“%” or “per cent.”	percentage or per centum

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 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 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 the Underwriter is 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

TERMINATION OF THE UNDERWRITING AGREEMENT

- (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 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 the 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 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.

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. Huang Chuan Fu (*Chairman*)

Mr. Liang Jian Hua

Ms. Jia Hui

Mr. Jiang Yi Ren

Registered office:

Canon's Court

22 Victoria Street

Hamilton, HM 12

Bermuda

Independent non-executive Directors:

Mr. Wong Chun Hung

Mr. Wong Sze Kai

Mr. Zheng Zhen

*Head office and principal place
of business:*

Unit 3301-03, 33/F

West Tower Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan

Hong Kong

16 October 2013

To the Shareholders

Dear Sir or Madam,

**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**

INTRODUCTION

Reference is made to the Announcement and the Circular. On 20 August 2013, the Board announced that the Company proposed 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. The Rights Issue will not be available to the Non-Qualifying Shareholders.

* *For identification purposes only*

LETTER FROM THE BOARD

Since there was no new Share being issued, no Share being repurchased by the Company and no exercise of the Longjiang Option on or before the Record Date, the total number of issued Shares on the Record Date was 556,420,530 Shares, and accordingly the Company will issue 1,112,841,060 Rights Shares and 1,112,841,060 Bonus Shares to the Qualifying Shareholders. 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.

At the SGM held on Friday, 4 October 2013, the relevant resolution approving, among other things, the Rights Issue (with the Bonus Issue), was duly passed by the Independent Shareholders by way of poll.

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) is fully underwritten by the Underwriter, on the terms and subject to the conditions of the Underwriting Agreement.

The purpose of this Prospectus is to provide you with, among others, further information regarding the details of the Rights Issue (with the Bonus Issue).

PROPOSED RIGHTS ISSUE (WITH THE BONUS ISSUE)

Details of the Rights Issue (with the Bonus Issue) are set out below:

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 Latest Practicable Date	:	556,420,530 Shares

LETTER FROM THE BOARD

Number of Rights Shares : 1,112,841,060 Rights Shares

Number of Bonus Shares : 1,112,841,060 Bonus Shares

As at the Latest Practicable Date, 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.

The total number of 2,225,682,120 new 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 Latest Practicable Date; 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.

As at the Latest Practicable Date, Allied Summit, being a controlling Shareholder (as defined in the Listing Rules), 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 pursuant to the Undertaking.

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;
- (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;
- (iv) a discount of approximately 86.47% to the net asset value per Share of approximately HK\$1.33 as at 30 June 2013, which is calculated based on the number of Shares of 556,420,530 in issue as at the Latest Practicable Date and the net asset value of approximately HK\$740,641,000 attributable to the owners of the Company as at 30 June 2013; and
- (v) a premium of approximately 19.21% over the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

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;
- (iii) a discount of approximately 28.57% to the theoretical ex-entitlement price of approximately 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;
- (iv) a discount of approximately 93.23% to the net asset value per Share of approximately HK\$1.33 as at 30 June 2013, which is calculated based on the number of Shares of 556,420,530 in issue as at the Latest Practicable Date and the net asset value of approximately HK\$740,641,000 attributable to the owners of the Company as at 30 June 2013; and
- (v) a discount of approximately 40.40% to the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The net subscription price per Rights Share (after deduction of expenses, including the commission to be paid to the Underwriter) will be approximately HK\$0.087.

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" below of this Prospectus.

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 consider the Subscription Price fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

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.

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 and Bermuda. A copy of the Prospectus Documents will be filed with the Registrar of Companies in Bermuda as soon as reasonably practicable after publication of the Prospectus.

According to the register of members of the Company, as at the Latest Practicable Date, there were five Shareholders with registered addresses in four jurisdictions outside Hong Kong as shown on such register, namely, the BVI, Macau SAR, the PRC and Singapore.

Based on the advices provided by the legal advisers on the laws of Macau SAR, the offering of the Rights Shares (with the Bonus Shares) by the Company to its Shareholders with registered addresses in Macau SAR pursuant to the Rights Issue (with the Bonus Issue) is not subject to any regulatory requirements or procedures in Macau SAR. It would be lawful and will not contravene Macau laws or regulations for the Company to offer the Rights Shares (with the Bonus Shares) to those Shareholders with registered addresses in Macau SAR, even though the Prospectus Documents will not be registered in Macau SAR. Therefore, the Directors have decided to extend the Rights Issue (with the Bonus Issue) to such Overseas Shareholders with registered addresses located in Macau SAR as shown on the register of members of the Company as at the Record Date. As at the Latest Practicable Date, there was one Shareholder, whose registered address was in Macau SAR.

As at the Latest Practicable Date, there was one Shareholder with registered address in the PRC, who is an individual. Based on the advices provided by the legal advisers on the laws of the PRC, PRC laws impose no restrictions on the offering of the Rights Shares (with the Bonus Shares) to such individual Shareholder, and the Company is not required to obtain any approvals from the PRC governmental authorities in connection with such Rights Issue (with the Bonus Issue). Therefore, the Directors have decided to extend the Rights Issue (with the Bonus Issue) to such individual Shareholder with registered address in the PRC as shown on the register of members of the Company as at the Record Date.

Based on the advice provided by the legal advisers on the laws of the BVI, the offering of the Rights Shares and the Bonus Shares by the Company to its Shareholders with registered addresses in the BVI pursuant to the Rights Issue (with the Bonus Issue) is not subject to any

LETTER FROM THE BOARD

regulatory requirements or procedures under the laws of the BVI. It would be lawful for the Company to offer the Rights Shares and the Bonus Shares to those Shareholders with registered addresses in the BVI, even though the Prospectus Documents will not be registered in the BVI provided that as long as the securities being offered by the Company are not within the BVI, such securities may be acquired by BVI persons/entities who receive the offering of the Rights Shares and Bonus Shares by the Company (the “Offer”) outside the BVI (in a manner which does not contravene the laws of the jurisdiction in which the Offer is received) and who meet the Company’s eligibility criteria for the Offer. Therefore, the Directors have decided to extend the Rights Issue (with the Bonus Issue) to such Overseas Shareholders with registered addresses located in the BVI as shown on the register of members of the Company as at the Record Date. As at the Latest Practicable Date, there were two Shareholders, whose registered addresses were in the BVI.

Based on the advices provided by the legal advisers on the laws of Singapore and having regard the likely costs and time involved if overseas compliance were to be observed, the Directors are of the opinion that it would be necessary or expedient to exclude such Overseas Shareholders whose registered addresses are in Singapore as shown on the register of members of the Company as at the Record Date. Accordingly, the Overseas Shareholders whose registered addresses are in Singapore will be regarded as Non-Qualifying Shareholders. As at the Latest Practicable Date, there was one Shareholder, whose registered address was in Singapore, holding 126 Shares, representing approximately 0.00% of the issued share capital of the Company and such Shareholder will be regarded as a Non-Qualifying Shareholder.

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.

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 1,112,841,060 Rights Shares. 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.

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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.

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.

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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.

PROCEDURES FOR APPLICATION

Application for the Rights Shares

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder to subscribe for the number of Rights Shares available to the Qualifying Shareholder on an assured basis subject to payment in full on application by not later than 4:00 p.m. on Wednesday, 30 October 2013. Qualifying Shareholders should note that they may apply for the number of Rights Shares equal to or less than the number set out in the PAL.

If you are a Qualifying Shareholder and you wish to accept all the Rights Shares provisionally allotted to you as specified in the enclosed PAL, you must complete, sign and lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on application in respect of such number of Rights Shares you have applied for with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Wednesday, 30 October 2013. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, or cashier’s orders must be issued by, a licensed bank in Hong Kong and made payable to “**Pacific Plywood Holdings Limited — Rights Issue Account**” and crossed “**Account Payee Only**”.

It should be noted that unless the duly completed and signed PAL, together with the appropriate remittance, has been lodged with the Registrar, Computershare Hong Kong Investor Services Limited, by not later than 4:00 p.m. on Wednesday, 30 October 2013, that assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

If you are a Qualifying Shareholder and you wish to accept only part of your provisional allotment of Rights Shares, or transfer part of your rights to subscribe for the Rights Shares provisionally allotted to you, or to transfer your rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Tuesday, 22 October 2013 with the Registrar, Computershare Hong Kong Investor Services Limited, who will cancel the original PAL and issue new PALs in the denominations required, which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of the rights to subscribe for the Rights Shares.

The PAL contains full information regarding the procedures to be followed if you wish to apply for a number of Rights Shares different from your assured entitlement and the procedures to transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

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All cheques or cashier's orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Any application in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled. You must pay the exact amount payable upon application for the Rights Shares, underpaid application will be rejected. In the event of overpaid application, a refund cheque will be made out to you only if the overpaid amount is HK\$100 or above. Completion and return of the PAL together with a cheque or cashier's order in payment for the Rights Shares will constitute a warranty by the subscriber that the cheque or cashier's order will be honoured on first presentation.

If the conditions of the Rights Issue are not fulfilled, the application monies will be refunded, without interests, by sending a cheque made out to the applicant (or in the case of joint applicants, to the first named applicant) and crossed "Account Payee Only", through ordinary post at the risk of the applicant(s) to the applicant's address specified in the register of members of the Company or the transfer form on or before Thursday, 7 November 2013.

Save as described under the paragraph headed "Rights of Overseas Shareholders" above, no action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares or excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone receiving the Prospectus Documents outside Hong Kong wishing to make an application for the Rights Shares to satisfy itself/himself/herself/themselves before subscribing for the assured allotted Rights Shares or excess Rights Shares, as to the full observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in any such jurisdiction in connection therewith. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for the Rights Shares will be accepted from any person who is the Non-Qualifying Shareholder.

No receipt will be issued in respect of any application monies received.

Application for excess Rights Shares

Qualifying Shareholders may apply for excess Rights Shares by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar, Computershare Hong Kong Investor Services Limited, by not later than 4:00 p.m. on Wednesday, 30 October 2013. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Pacific Plywood Holdings Limited — Excess Application Account**" and crossed "**Account Payee Only**".

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The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or banker's cashier orders for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses by the Registrar.

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 less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; 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 lesser 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 greater number of Rights Shares).

There are no restrictions affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

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.

Shareholders 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.

The Qualifying Shareholder(s) will be notified of the allotment result of excess Rights Shares on Wednesday, 6 November 2013 by the Company by way of announcement. If no excess Rights Shares are allotted to the Qualifying Shareholder who has applied for excess Rights Shares, it is expected that a cheque for the amount tendered on application in full without interest will be posted to his/her/its registered address by ordinary post at his/her/its own risk on or before Thursday, 7 November 2013. If the number of excess Rights Shares allotted to the Qualifying Shareholder is less than that applied for, it is expected that a cheque for the amount of the surplus application monies, without interest, will be posted to his/her/its registered address by ordinary post at his/her/its own risk on or before Thursday, 7 November 2013.

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All cheques and cashier's orders will be presented for payment immediately following receipt and all interests earned on such monies will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation.

If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected.

No receipt will be issued in respect of any application monies received.

If the Underwriter exercises the right to terminate the Underwriting Agreement or if the conditions of the Rights Issue (with the Bonus Issue) are not fulfilled or waived (as the case may be), the monies received in respect of applications for excess Rights Shares will be returned, without interest, to the applicants by means of cheques despatched by ordinary post to their respective registered addresses at their own risk on or before Thursday, 7 November 2013.

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;

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- (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.

As at the Latest Practicable Date, the conditions (i) is satisfied.

Undertaking

As at the Latest Practicable Date, Allied Summit, the controlling Shareholder, is interested in 324,243,951 Shares, representing approximately 58.27% of the issued share capital of the Company. Pursuant to the Undertaking, 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

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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.

Save for the Undertaking above, no undertaking has been given to the Company and the Underwriter by any of the holders of the Longjiang Option as to whether they will exercise these options.

Underwriting Agreement

Date	:	19 August 2013 (after trading hours)
Underwriter	:	Kingston Securities Limited
Total number of Rights Shares	:	1,112,841,060 Rights Shares
Total number of Bonus Shares	:	1,112,841,060 Bonus Shares
Total number of Underwritten Shares	:	464,353,158 Rights Shares (having taken into account the Undertaking), 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 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 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 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

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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 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).

As at the Latest Practicable Date, the Underwriter has not entered into any sub-underwriting agreement.

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 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 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

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the Underwriter is 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 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 the 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.

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If prior to the Latest Time For Termination, any such notice as referred to above is given by 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.

Effect on the 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 immediately before and after completion of the Rights Issue (with the Bonus Issue):

	Immediately after completion of the Rights Issue (with the Bonus Issue)					
As at the Latest Practicable Date	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>

Notes:

1. The above scenario is for illustrative purpose only and will unlikely occur.
2. 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).
3. Allied Summit is beneficially owned as to 80% by Mr. Su Weibiao and 20% by Mr. Ng Kwok Fai.
4. In the event of the Underwriter being called upon to subscribe for or procure subscription for the Untaken Shares:
 - (i) 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
 - (ii) 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.
5. The percentages are subject to rounding differences, if any.

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

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 waived (where applicable) 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 the 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 or waived (where applicable) 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 Latest Practicable Date, its wholly-owned subsidiary, Joy Wealth Finance Limited (“**Joy Wealth**”) had provided a wide variety of loans with an accumulated amount of approximately HK\$686 million with interest rates ranging from 8% to 48% per annum, among which approximately HK\$518 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. As set out in the interim report of the Company for the six months ended 30 June 2013, this segment generated revenue of approximately HK\$10,558,000, representing approximately 59.80% of the total revenue of the Group for the six months ended 30 June 2013. 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

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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 Prospectus.

Securities Investments Business

As at the Latest Practicable Date, 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\$95,000,000 (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\$60,000,000 (the “**Call Option Deed**”), details of which are disclosed in the Company’s announcement dated 12 October 2012. As at the Latest Practicable Date, the Convertible Notes with aggregate principal amount of HK\$68,405,000 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.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

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 Latest Practicable Date, the Group has approximately HK\$35 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 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.

LETTER FROM THE BOARD

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, a rights issue is preferred.

Intended use of proceeds

The gross proceeds from the Rights Issue (with the Bonus Issue) will be approximately HK\$200.31 million. 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 approximately HK\$193.85 million. 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.

As at the Latest Practicable Date, 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 whose 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.

LETTER FROM THE BOARD

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 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.**

So far as the Directors are aware, there is no restriction affecting the remittance of profit or repatriation of capital into Hong Kong from outside Hong Kong other than the PRC and PNG, which the Group is required to comply with the relevant PRC and PNG laws and regulations before the remittance of profit or repatriation of capital into Hong Kong.

LETTER FROM THE BOARD

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 the Latest Practicable Date.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Prospectus.

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

A. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group (i) for the six months ended 30 June 2013 has been disclosed on pages 1 to 32 of the interim report of the Company for the six months ended 30 June 2013 published on 16 September 2013 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0916/LTN20130916514.pdf>); (ii) for the year ended 31 December 2012 has been disclosed on pages 46 to 156 of the annual report of the Company for the year ended 31 December 2012 published on 18 April 2013 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0418/LTN20130418364.pdf>); (iii) for the year ended 31 December 2011 has been disclosed on pages 26 to 98 of the annual report of the Company for the year ended 31 December 2011 published on 20 April 2012 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0420/LTN20120420264.pdf>); and (iv) for the year ended 31 December 2010 has been disclosed on pages 24 to 86 of the annual report of the Company for the year ended 31 December 2010 published on 14 April 2011 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2011/0414/LTN20110414420.pdf>). All the above reports of the Company have been published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.irasia.com/listco/hk/pphl>).

B. INDEBTEDNESS STATEMENT**Borrowings**

At the close of business on 31 August 2013, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this Prospectus, the Group had no borrowings.

Commitment and contingent liabilities

As at 31 August 2013, the Group had the total future aggregate minimum lease payments under various non-cancellable operating leases in respect of office properties amounting to approximately HK\$1,710,000. At the close of business on 31 August 2013, the Group had no material contingent liabilities.

Pledge of assets

At the close of business on 31 August 2013, the Group did not pledge any asset to banks or other financial institutions.

Disclaimer

Save as disclosed in the paragraphs headed “Commitment and contingent liabilities” in this section, and apart from intra-group liabilities and normal trade payables in normal course of business, as at the close of business on 31 August 2013, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 August 2013.

C. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources presently available to the Group and the estimated net proceeds from the Rights Issue, in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements that is for at least the next twelve months following the date of this Prospectus.

D. MATERIAL ADVERSE CHANGE

The Directors confirmed that there had been no material adverse change in the financial or trading position or prospect of the Group since 31 December 2012, the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of the Group prepared in accordance with paragraph 4.29 of the Listing Rules is set out below to illustrate the effect of a proposed Rights Issue (with the Bonus Issue) on the basis of two (2) Rights Shares at HK\$0.18 each for every one (1) Share with Bonus Issue on basis of one (1) Bonus Share for every one (1) Rights Share as details stated on the Company’s announcement dated 20 August 2013, on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 30 June 2013.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group attributable to owners of the Company as at the date to which it is made up or at any future date.

The Unaudited Pro Forma Financial Information has been prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013, extract from the interim report of the Group for the six months ended 30 June 2013 which can be accessed on the website of the Stock Exchange, with adjustments described below:

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2013 HK\$'000 (Note 2)	Add: Estimated net proceeds from the Rights Issue (with the Bonus Issue) HK\$'000 (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue (with the Bonus Issue) HK\$'000	Unaudited consolidated net tangible asset per share attributable to the owners of the Company as at 30 June 2013 before the Rights Issue (with the Bonus Issue) HK\$ (Note 5)	Unaudited pro forma adjusted consolidated net tangible assets per share attributable to the owners of the Company as at 30 June 2013 immediately after the completion of the Rights Issue (with the Bonus Issue) HK\$ (Note 6)
Rights Issue (with the Bonus Issue) of 1,112,841,060 Rights Shares and 1,112,841,060 Bonus Shares (Note 1)				
434,622	193,845	628,467	0.195	0.141

Notes:

1. As at the Record Date, no Longjiang Option has been exercised and no new Share has been issued and no Share has been repurchased by the Company. The Rights Issue (with the Bonus Issue) is 1,112,841,060 Rights Shares and 1,112,841,060 Bonus Shares.
2. The difference of the unaudited consolidated total net assets of the Group attributable to the owners of the Company amounting HK\$740,641,000 and goodwill amounting HK\$306,019,000 as at 30 June 2013 which are extracted from the interim report of the Group for the six months ended 30 June 2013 published on 16 September 2013 which can be accessed on the website of the Stock Exchange.
3. The estimated net proceeds from the Rights Issue (with the Bonus Issue) is calculated based on 1,112,841,060 Rights Shares to be issued at the subscription price of HK\$0.18 per each Rights Share. The estimated net proceeds are arrived at based on the gross proceeds from the Rights Issue (with the Bonus Issue) of approximately HK\$200.3 million less the estimated related expenses of approximately HK\$6.5 million.
4. According to the Company's announcement dated 14 August 2013, the capital reorganisation comprising, inter alia, share consolidation, capital reduction and increase in authorised share capital (collectively referred to as the "Capital Reorganisation"), has been passed by Shareholders at the special general meeting of the Company held on 14 August 2013 at 10:00 a.m. and then has become effective since 15 August 2013 (details have been stated in the Company's circular dated 22 July 2013).
5. As at 30 June 2013 when the Capital Reorganisation is yet to be effective, the number of shares used for the calculation of unaudited consolidated net tangible asset per share attributable to the owners of the Company is 2,225,682,121.
6. The unaudited pro forma adjusted consolidated net tangible assets per adjusted share as at 30 June 2013 immediately after completion of the Rights Issue (with the Bonus Issue) is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue (with the Bonus Issue) of approximately HK\$628.5 million and number of shares of 4,451,364,241 in issue.
7. Upon the Capital Reorganisation becoming effective, the number of Shares would be decreased from 2,225,682,121 to 556,420,530 accordingly and the unaudited consolidated net tangible assets per share attributable to the owners of the Company as at 30 June 2013 before the Right Issue (with the Bonus Issue) would be HK\$0.78.

After the Capital Reorganisation becoming effective and the completion of the Rights Issue (with the Bonus Issue), the number of Shares would be adjusted to 2,782,102,650. Accordingly, the unaudited pro forma adjusted consolidated net tangible assets per adjusted share would be HK\$0.226.

**ACCOUNTANT'S REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA
STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE
GROUP**

中磊 (香港) 會計師事務所有限公司
ZHONGLEI (HK) CPA Company Limited

16 October 2013

The Board of Directors
Pacific Plywood Holdings Limited
Units 3301-03, 33/F
West Tower Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

TO THE BOARD OF DIRECTORS OF PACIFIC PLYWOOD HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of the unaudited pro forma statement of adjusted consolidated net tangible assets (the “**Unaudited Pro Forma Financial Information**”) of Pacific Plywood Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), as set out on pages 33 to 34 in Appendix II to the prospectus dated 16 October 2013 (the “**Prospectus**”), which has been prepared by the directors of the Company (the “**Directors**”) for illustrative purpose only, to provide information about how the proposed rights issue on the basis of two rights shares for every one share held on the record date (collectively the “**Rights Issue**”) with bonus issue on basis of one bonus share for every one rights share (the “**Bonus Issue**”) might have affected the financial information of the Group presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in accompanying notes to the Unaudited Pro Forma Financial Information included in Appendix II of this Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Rights Issue on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2013. As part of this process, information about this Group's consolidated net tangible assets has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2013.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Reporting Accountant's Responsibility

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the HKICPA.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2013 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

ZHONGLEI (HK) CPA Company Limited

Certified Public Accountants (Practising)

Chan Mei Mei

Practising Certificate Number: P05256

Suites 313–317, 3/F

Shui On Centre

6–8 Harbour Road

Wanchai, Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 in this Prospectus or this Prospectus misleading.

2. SHARE CAPITAL

The authorized and issued share capital of the Company (i) as at the Latest Practicable Date and (ii) immediately after completion of the Rights Issue (with the Bonus Issue) are set out as follows:

(i) As at the Latest Practicable Date

HK\$

Authorized:

<u>400,000,000,000</u>	Shares	<u>400,000,000.00</u>
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Issued and fully paid:

<u>556,420,530</u>	Shares	<u>556,420.53</u>
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(ii) Immediately after completion of the Rights Issue (with the Bonus Issue)

HK\$

Authorized:

<u>400,000,000,000</u>	Shares	<u>400,000,000.00</u>
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Issued and fully paid:

556,420,530	Shares	556,420.53
1,112,841,060	Rights Shares	1,112,841.06
<u>1,112,841,060</u>	Bonus Shares	<u>1,112,841.06</u>
<u>2,782,102,650</u>	Total	<u>2,782,102.65</u>

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares and the Bonus Shares (when allotted, issued and fully-paid) will rank *pari passu* with the then existing Shares in

issue in all respects. Holders of fully-paid Rights Shares and Bonus Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares and Bonus Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or Bonus Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Save for the Longjiang Option, as at the Latest Practicable Date, the Company did not have any outstanding warrants, options or securities convertible into Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors or the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Interest in the Shares/underlying Shares

Name of substantial Shareholders	Nature of Interest	Number of Shares/ underlying shares held	Approximate percentage of issued share capital of the Company
Allied Summit (<i>Note</i>)	Beneficial owner	324,243,951	58.27%
Mr. Su Weibiao (<i>Note</i>)	Interested in controlled corporation	324,243,951	58.27%

Note: Allied Summit is owned as to 80% by Mr. Su Weibiao and as to the remaining 20% by Mr. Ng Kwok Fai.

Save as disclosed above, so far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any option in respect of such capital.

As at the Latest Practicable Date, none of the Directors is a director or employee of Allied Summit.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2012 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. LITIGATION

No member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this Prospectus or has given opinions, letter or advice contained in this Prospectus:

Name	Qualification
ZHONGLEI (HK) CPA Company Limited (“ZHONGLEI”)	Certified Public Accountants

ZHONGLEI has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion therein of its reports and/or reference to its name, in the form and context in which they appear.

As at the Latest Practicable Date, ZHONGLEI was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, either directly or indirectly, in the assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Tam Hang Yin, who is a member of the Hong Kong Institute of Certified Public Accountants and holds a Bachelor's degree in Accountancy from the Chinese University of Hong Kong.
- (b) The English text of this Prospectus shall prevail over the Chinese text in the event of inconsistency.

9. MATERIAL CONTRACTS

The Group had entered into the following contracts within two years immediately preceding the date of this Prospectus and up to the Latest Practicable Date which are contracts not being in the ordinary course of business of the Company or may be material:

- (i) the Underwriting Agreement;
- (ii) the Framework Agreement;
- (iii) the call option deed dated 12 October 2012 entered between the Company and the optionholder pursuant to which an option was granted to the optionholder to purchase from the Company the convertible notes (in whole or in part) up to HK\$60 million issued by China Environmental at the price equivalent to 120% of the principal amount;
- (iv) the subscription agreement dated 11 October 2012 entered between Perpetual Master Limited (a wholly-owned subsidiary of the Company) as subscriber, Million Wealth as issuer and a guarantor pursuant to which Perpetual Master Limited has conditionally agreed to subscribe for and Million Wealth has conditionally agreed to issue and allot 90 redeemable preference shares at the subscription price of HK\$90 million;
- (v) the underwriting agreement dated 6 July 2012 and the supplemental underwriting agreement dated 10 August 2012 entered into between the Company, Allied Summit Inc. and Kingston Securities Limited in relation to the rights issue on the basis of two rights shares for every one consolidated share held on the record date at HK\$0.56 per rights share with the bonus issue on the basis of five bonus shares for every one rights share taken up under the rights issue;
- (vi) the subscription agreement dated 26 June 2012 entered into between the Company as subscriber and China Environmental as issuer in relation to the proposed subscription of convertible notes in the aggregate principal amount of HK\$95 million at a total consideration of HK\$95 million in cash and the supplemental agreement dated 4 September 2012 to confirm the adjustment to the initial conversion price;

- (vii) the agreement dated 2 December 2011 entered into between Century Praise Limited as purchaser (a wholly-owned subsidiary of the Company), Able Famous Limited and Peak Sino Limited as vendors, and Ms. To Yuk Fung as guarantor in relation to the acquisition of 30% of the entire issued share capital in Profit Grand Enterprises Limited at a total consideration of HK\$310 million;
- (viii) the strategic cooperation agreement dated 2 December 2011 entered into between the Company and 中國龍江森林工業(集團)總公司 (China Longjiang Forest Industry (Group) General Corporation*) (“**Longjiang**”) in respect of the development and management of a forest in PNG, at a consideration of the conditional granting of an option to Longjiang to subscribe for not more than 5% of the issued share capital of the Company as at the date of the strategic cooperation agreement;
- (ix) the agent agreement dated 2 December 2011 entered into between the Company and Jia Run Investments Limited (“**Jia Run**”) to facilitate the formation of strategic alliance between the Company and Longjiang, at a consideration of an option to Jia Run to subscribe for not more than 5% of the issued share capital of the Company as at the date of the agent agreement;
- (x) the share placing agreement dated 18 October 2011 entered into between the Company and Roofers Securities Limited as the share placing agent in relation to the placing of 817,233,655 placing Shares at the share placing price of HK\$0.032 per placing share;
- (xi) the subscription agreement dated 18 October 2011 entered into between the Company and Allied Summit as the subscriber in relation to the subscription of 1,800,000,000 subscription Shares at the share subscription price of HK\$0.025 per subscription Share;
- (xii) the convertible notes placing agreement dated 18 October 2011 entered into between the Company and United Simsen Securities Limited as the convertible notes placing agent in relation to the placing of placing convertible notes in the principal amount of HK\$89,600,000 and a placing conversion price of HK\$0.028 per placing conversion Share; and
- (xiii) the conditional sale and purchase agreement dated 13 October 2011 entered into between Best Harvest Asia Limited as vendor (a wholly-owned subsidiary of the Company) and Favor Way Investments Limited as purchaser in relation to the disposal of 51% interest in Delta Wealth Finance Limited (formerly Head & Shoulders Finance Limited) at a total consideration of HK\$52,000,000.

* For identification purposes only

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE (WITH THE BONUS ISSUE)

Registered office	Canon's Court, 22 Victoria Street, Hamilton, HM 12 Bermuda
Head office and principal place of business in Hong Kong	Units 3301–3303, 33/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong
Authorised representatives in Hong Kong	Mr. Huang Chuan Fu Units 3301–3303, 33/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong Ms. Tam Hang Yin Units 3301–3303, 33/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong
Company secretary	Ms. Tam Hang Yin
Underwriter of the Rights Issue (with the Bonus Issue)	<i>Kingston Securities Limited</i> Suite 2801, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Legal advisers to the Company in respect of the Rights Issue (with the Bonus Issue)	As to Bermuda law: <i>Conyers Dill & Pearman</i> 2901 One Exchange Square, 8 Connaught Place, Central, Hong Kong As to Hong Kong law: <i>Angela Ho & Associates</i> 1109, Tower 1, Lippo Centre, 89 Queensway, Hong Kong
Auditors and Reporting accountants	<i>ZHONGLEI (HK) CPA Company Limited</i> Suites 313–317, 3/F., Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong

Principal share registrar and transfer agent in Bermuda	<i>MUFG Fund Services (Bermuda) Limited</i> 26 Burnaby Street, Hamilton HM11, Bermuda
Branch share registrar and transfer office in Hong Kong	<i>Computershare Hong Kong Investor Services Limited</i> Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
Principal banker	<i>DBS Bank (Hong Kong) Limited</i> G/F, The Center, 99 Queen’s Road Central, Central, Hong Kong
Stock code	00767
Website	http://www.irasia.com/listco/hk/pphl

11. EXPENSES

The expenses in connection with the Rights Issue (with the Bonus Issue), including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$6.47 million, which are payable by the Company.

12. PARTICULARS OF DIRECTORS

(a) Name and address of Directors

Name	Address
<i>Executive Directors</i>	
Mr. Huang Chuan Fu	Units 3301–3303, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong
Mr. Liang Jian Hua	Units 3301–3303, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong
Ms. Jia Hui	Units 3301–3303, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong

Name	Address
Mr. Jiang Yi Ren	Units 3301–3303, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong
<i>Independent non-executive Directors</i>	
Mr. Wong Chun Hung	Units 3301–3303, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong
Mr. Wong Sze Kai	Units 3301–3303, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong
Mr. Zheng Zhen	Units 3301–3303, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong

(b) Profiles of Directors*Executive Directors*

Mr. Huang Chuan Fu, chairman, aged 39, joined the Group since 13 April 2010. He is also the director of twelve subsidiaries of the Company. He has around 10 years of working experience. He was the vice president of Nanping Wang Jia Wood Bamboo & Wood Industry Co., Ltd from 2002 to 2005.

Mr. Liang Jian Hua, aged 43, joined the Group since 29 April 2010. He is also a director of one subsidiary of the Company. He has around 18 years of working experience in trading and property investment. Currently, he is the vice president of Zhejiang Shunfeng Steel Co., Ltd. and has been a non-executive director of China Environmental since 29 January 2013.

Ms. Jia Hui, aged 45, joined the Group since 13 April 2010. She has around 20 years of working experience in area of merchandising and project management. Since 2003, she has been appointed as the business development manager of Beijing International Trade Corporation.

Mr. Jiang Yi Ren, aged 46, joined the Group since 29 April 2010. He has around 20 years of working experience in area of manufacturing and property investment. Currently, he is the vice president of Wenling City Zhong Fa Precision Steel Parts Co., Ltd.

Independent non-executive Directors

Mr. Wong Chun Hung, aged 40, graduated from Hong Kong Baptist University with an honors degree in accounting in 1995. He joined the Group since 22 April 2010. He is an associate of the Hong Kong Institute of Certified Public Accountants and has over 10 years' experience in accounting, auditing and consulting. Since November 2005, he has been the managing director of B&C Finance and Corporate Advisory Limited. Moreover, he was a financial controller of General Nice Group and its associate Abterra Limited, which is a listed company in Singapore until April 2011. Mr. Wong was also a non-executive director of King Stone Energy Group Limited (Stock Code: 663), an independent non-executive director of two listed companies in Hong Kong, namely China Household Holdings Limited (formerly known as Bao Yuan Holdings Limited, Stock Code: 692) and Tech Pro Technology Development Limited (Stock Code: 3823), until 12 March 2013, 30 June 2011 and 7 January 2011, respectively. He has been appointed as an executive director of TLT Lottotainment Group Limited, a listed company in Hong Kong (Stock Code: 8022) since 2 October 2013.

Mr. Wong Sze Kai, aged 27, holds a Bachelor Degree of Business Administration (Finance Investment Concentration) from The University of Southern California, U.S.A. Currently, he is the manager of Wanshida Paint (Xiaogao) Incorporation Limited. He was a director of Ellafanny Brands (Shenzhen) Limited steering the business development and managing the business operation and brand building. Besides, he possesses of corporate finance, accounting and corporate secretarial experiences in various listed companies in Hong Kong.

Mr. Zheng Zhen, aged 37, graduated from Southwestern University of Finance and Economics, majoring in Accounting. He possesses of over 10 years experiences in accounting and finance in various industries. Currently, he is the financial controller of Zuoquan Xinrui Metallurgy & Mine Co. Limited* (左權鑫瑞冶金礦山有限公司) which is indirectly owned as to 22.8% by Abterra Limited, a listed company in Singapore.

Save as disclosed herein, there is no relationship between each of the Directors and senior management as required to be disclosed under the Listing Rules.

13. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES

A copy of this Prospectus, together with copies of the PAL and the EAF and the written consent referred to in the paragraphs headed "Expert and Consent" in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of Companies Ordinance. A copy of the Prospectus Documents will be filed with the Registrar of Companies in Bermuda (as soon as reasonably practicable after publication of the Prospectus).

* For identification purposes only

14. LEGAL EFFECT

The Prospectus Documents and all acceptance of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all person concerned bound by the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance.

15. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours in any weekday (excluding Saturdays, Sundays and public holidays) at the office of the Company at Units 3301–3303, 33/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong from the date of this Prospectus up to and including the date of this Prospectus up to and including the Latest Time For Acceptance:

- (a) the Bye-laws;
- (b) the annual reports of the Company for the years ended 31 December 2011 and 2012;
- (c) the interim report of the Company for the six months ended 30 June 2013;
- (d) the letter issued by ZHONGLEI (HK) CPA Company Limited regarding the unaudited pro forma financial information as set out in appendix II of this Prospectus;
- (e) the written consent given by ZHONGLEI (HK) CPA Company Limited referred to in the paragraph headed “Expert and Consent” in this appendix;
- (f) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix; and
- (g) this Prospectus.