THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 767)

VERY SUBSTANTIAL DISPOSAL

A letter from the Board is set out from pages 3 to 10 of this circular.

A notice convening the SGM to be held at 10:30 a.m. on Tuesday, 14 December 2010 at Joint Professional Centre, Unit 1, G/F., The Centre, 99 Queen's Road Central, Hong Kong or any adjournment is set out from pages 44 to 45 of this circular. A proxy form for use in the SGM is enclosed with this circular.

Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof should you so wish.

* *For identification purpose only*

25 November 2010

CONTENTS

In this circular, the following terms shall have the meanings set out below unless the context requires otherwise:

"AHL"	:	Ankan Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
"Agreement"	:	the sale and purchase agreement dated 29 October 2010 (after trading hours) entered into between the Vendor and the Purchaser for the sale and purchase of the 100% issued shares of each of AHL (including its subsidiaries and an associated company), GTL and SGB
"Announcement"	:	the announcement of the Company dated 8 November 2010 in relation to the Disposal
"Board"	:	the board of Directors
"Company"	:	Pacific Plywood Holdings Limited, a company incorporated in Bermuda with limited liability with its Shares listed on the main board of the Stock Exchange
"Completion"	:	the completion of the Disposal
"Consideration"	:	HK$5,000,000
"Director(s)"	:	the director(s) of the Company
"Disposal"	:	proposed disposal of the Disposal Target to the Purchaser by the Vendor pursuant to the Agreement
"Disposal Target"	:	AHL, GTL and SGB
"Group"	:	the Company and its subsidiaries
"GTL"	:	Georich Trading Limited, a company incorporated in the British Virgin Islands with limited liability
"Hong Kong"	:	the Hong Kong Special Administrative Region of the People's Republic of China
"Latest Practicable Date"	:	23 November 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular

"Listing Rules"	:	the Rules Governing the Listing of Securities on the Stock Exchange
"Purchaser"	:	Global Axis Limited, a company incorporated under the laws of Labuan, Malaysia
"Remaining Group"	:	the Group upon the Completion
"SFO"	:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"SGB"	:	SMI Global Corporation, a company incorporated in the United States of America with limited liability
"SGM"	:	the special general meeting of the Company to be held on 14 December 2010 for the purpose of considering, if thought fit, approving the Disposal
"Share(s)"	:	Share(s) of HK$0.025 each in the share capital of the Company
"Shareholder(s)"	:	holder(s) of the Share(s)
"Stock Exchange"	:	The Stock Exchange of Hong Kong Limited
"Vendor"	:	the Company
"HK$"	:	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	:	United States dollars, the lawful currency of the United States of America
"%"	:	per cent.

For the purpose of this circular, all amounts denominated in US$ have been translated (for information only) into HK$ using the exchange rate of US$1 = HK$7.75. No representation is made that every amount in US$ or HK$ can be or could have been connected at the relevant dates at the above dates in any other rates at all.

PACIFIC PLYWOOD HOLDINGS LIMITED
太平洋實業控股有限公司*

(incorporated in Bermuda with limited liability)
(Stock code: 767)

Directors:	*Registered office:*
Dr. Budiono Widodo (Chairman)	Canon's Court
Mr. Sardjono Widodo (Managing Director)	22 Victoria Street
Ms. Jia Hui	Hamilton, HM 12
Mr. Huang Chuan Fu	Bermuda
Mr. Jiang Yi Ren	
Mr. Liang Jian Hua	*Head office and principal place of business:*
Independent non-executive Directors:	Room 1405, 14/F.
Mr. Chan Kin Sang	Admiralty Center Tower 1
Mr. Wong Chun Hung	18 Harcourt Road
	Admiralty
	Hong Kong

25 November 2010

To the Shareholders of the Company

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL

INTRODUCTION

The Company announced on 29 October 2010 (after trading hours) that the Vendor and the Purchaser entered into the Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire all the issued shares in the capital of the Disposal Target at the Consideration of HK$5,000,000.

The purpose of this circular is to provide you with, among other things, (i) further details of the Agreement and the Disposal; and (ii) the notice of SGM to be convened and held for the purpose of considering and, if thought fit, approving the relevant resolution(s) to implement the proposal for the Disposal.

* *For identification purpose only*

THE AGREEMENT

Date:

29 October 2010 (after trading hours)

Parties:

Vendor	:	Pacific Plywood Holdings Limited
Purchaser	:	Global Axis Limited, a company incorporated under the laws of Labuan, Malaysia and is wholly-owned by Mr. Ng Eng Ho and Mr. Erwin Wielando Ng.

Having made all reasonable enquiries and to the best knowledge, information and belief of the Directors, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company (as defined in the Listing Rules).

The assets to be disposed of

1. 45,000 shares, being all the issued ordinary shares, of AHL;

2. 251,000,000 shares, being all the issued ordinary shares, of GTL; and

3. 1,000 shares, being all the issued ordinary shares, of SGB.

Consideration

The Consideration of HK$5,000,000 was determined after arm's length negotiations between the parties to the Agreement with reference to, among other things, (i) the unaudited aggregated net losses of the Disposal Target of approximately US$13,830,000 and US$11,785,000 for the each of the two years ended 31 December 2009 and 31 December 2008 respectively; (ii) the unaudited aggregated net losses of the Disposal Target of approximately US$5,280,000 for the six months ended 30 June 2010 and (iii) the unaudited aggregated net liabilities of the Disposal Target of approximately US$16,304,000 as at 30 June 2010.

Terms of payment

The Consideration shall be paid by the Purchaser in the following manner:

– HK$1,000,000 within 7 days after the signing of the Agreement; and

– HK$4,000,000 at Completion.

On 4 November 2010, HK$1,000,000 was received and deposited by the Company.

Conditions precedent

According to the Agreement, Completion shall be conditional upon the Vendor complying with the Listing Rules and approvals, if any, are obtained from the Stock Exchange and the Shareholder(s) in relation to the Disposal and relevant transactions contemplated under the Agreement.

If the conditions are not fulfilled by 31 December 2010, the Agreement shall be terminated and all liabilities of the parties to the Agreement shall cease and determine and no party shall have any claim against the others.

Completion

It is provided in the Agreement that upon fulfillment of the conditions under the Agreement, the Vendor shall fix the Completion date and shall forthwith give the Purchaser not less than seven (7) days written notice to proceed with the Completion.

Upon Completion, the Disposal Target shall cease to be subsidiaries of the Company. However, the Group will continue with the plywood related business by sourcing business opportunities in relation to the upstream plywood business (i.e. the forestry business) after Completion as the Board is of the view that (i) the competition of the manufacturing and trading of plywood businesses shall remain keen in the future; and (ii) the prospect of the upstream of plywood business (i.e. the forestry business) is promising as a result of continuous strong demand on logs. Such switch of the focus on the plywood related business will be beneficial to the Group in the future in the event that the relevant business opportunities are identified. As at the Latest Practicable Date, the Group has no agreement, understanding, intention or negotiation relating the upstream plywood business.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal Target has been incurring losses for more than two years and is in a net liability position. Even though the plywood market has recovered from its bottom, the operation of the Disposal Target remains difficult and the Disposal Target continued with net losses for the six months ended 30 June 2010 due to the limited supply of logs and increased in raw materials prices and other related costs. Recently, the cashflow of the Disposal Target remains tight and is required to serve the significant indebtedness of the Disposal Target, which might adversely affect the going concern of the Group. In view of the above, the Board considers that the continual of the businesses of the Disposal Target may not be in the interests of the Shareholder(s) and the Company as a whole.

Accordingly, the Company is actively seeking solutions with an objective to turnaround the overall financial performance of the Group, including but not limited to review the existing business operations of the Group and to seek for other business opportunities to be identified by the Company. The recent acquisition of Head & Shoulders Finance Limited represents a new start of the Company, which enables the Company to diversify its existing plywood related businesses into the business of money lending and provision of credits; the Directors consider that there is a persistent growing demand on money lending and the provision of credits. Upon Completion, the Group will focus and reallocate its resources on its existing money lending and provision of credits business and shall consider expansion in the future should opportunities arise. On 27 October 2010, the Company has issued a facility letter to grant a facility with principal amount of HK$12 million to Head & Shoulders Finance Limited in order to further expand the money lending and the provision of credits business. On 10 November 2010, the Company announced and proposed to grant the second facility with a principal amount of HK$138,000,000 in order to meet the rapid business expansion of Head & Shoulders Finance Limited, subject to approval by the independent Shareholders. Save as already disclosed, the Company has no agreement, arrangement, understanding, intention or negotiation about any disposal/termination/scaling down on the existing money lending business as at the Latest Practicable Date.

Having considered (i) the potential gain from the Disposal as demonstrated in the paragraph headed "Potential financial effects of the Disposal" below; (ii) the continual losses recorded from the Disposal Target; (iii) the unaudited aggregated net liabilities of the Disposal Target as at 30 June 2010 of approximately US$16,304,000, which may have an adverse impact on the cashflow position of the Group and created a going concern problem to the Group; and (iv) the existing business of the Group (i.e. money lending and the provision of credits business) has demonstrated a steady growth on its profit for the two years ended 31 March 2010, the Directors are of the view that the Disposal is fair, reasonable and is in the interests of the Company and the Shareholders as a whole.

The Company shall consider other investment opportunities should and when they arise (i.e. the memorandum of understanding entered into by the Company on 6 July 2010 and 18 October 2010 for the possible investment in an oilfield project in Kazakhstan) with an objective to further strengthen the assets position and to broaden the income sources of the Group in the future. Currently, the Company is waiting for the information regarding the oilfield from the vendor, in particular the relevant competent person report in compliance with Chapter 18 of the Listing Rules (the "**Competent Person Report**"). Under Chapter 18 of the Listing Rules, the Competent Person Report is considered to be an essential element of an acquisition of mineral resources company, the Board would be unable to assess the possibility of an acquisition of oilfield without it and the category of the reserves of the oilfield would directly affect the relevant valuation and the respective risks involved. Upon receipt of the Competent Person Report by the Company, the Board shall have a meeting to discuss and assess the possibility of such acquisition again. As at the Latest Practicable Date, the Competent Person Report has not yet been received. Save for memorandum of understanding as just mentioned, the Company has no agreement, arrangement, understanding, intention or negotiation about acquiring any other new business as at the Latest Practicable Date.

APPLICATION OF SALE PROCEEDS

The sale proceeds from the Disposal would be applied as general working capital of the Group.

POTENTIAL FINANCIAL EFFECTS OF THE DISPOSAL

Based on the review accounts of the Disposal Target as set out in the appendix I in this circular for the six months ended 30 June 2010, the Group would realize a book gain of approximately US$13,040,000 which is the excess of the Consideration over the Disposal Target's net book value would be reflected in the income statement and US$7,250,000 representing the contributed surplus mainly arising from the waiver in 1995 of an amount due to Directors and the difference between the net assets of the subsidiaries acquired pursuant to a group reorganization in 1995 over the nominal value of the Company's consideration in exchange therefor would be credited in the accumulated loss account. The book gain was computed with reference to (i) the Consideration of HK$5,000,000 (approximately US$645,000); and (ii) the total investment made by the Vendor in the Disposal Target of approximately US$30,529,000 and the post-acquisition losses attributable to the Disposal Target up to 30 June 2010 of approximately US$42,924,000. The actual book gain or loss derived from the Disposal would depend on the profit or loss of the Disposal Target upon Completion.

Based on the unaudited pro forma financial information of the Remaining Group as set out in the appendix II in this circular, the total assets of the Group will be decreased from approximately US$72.60 million as at 30 June 2010 to approximately US$6.03 million upon Completion, while the total liabilities of the Group will be decreased from approximately US$84.91 million as at 30 June 2010 to approximately US$1.39 million upon Completion.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in (i) the manufacture, distribution and sale of plywood, veneer, jamb and moulding, structural, flooring and other wood related products and (ii) the business of the money lending and provision of credits. After Completion, the business of Head & Shoulders Finance Limited would become the remaining business of the Group.

Information on Head & Shoulders Finance Limited is as follow:

Head & Shoulders Finance Limited is principally engaged in the business of money lending and provision of credits. As at the Latest Practicable Date, Head & Shoulders Finance Limited has 5 staffs and 67 loans accounts (which comprised both individual and corporate clients) has been newly opened since April 2010. The interest rates charged on the loan range from 12% to 48% per annum, depending on the relevant terms of the loan. In general, the loan tenor of unsecured loan is less than 4 years, while the secured loan is 20 years or less. The latest financial information of Head & Shoulders Finance Limited is shown as follows:

Income statement	**For the year ended 31 March 2009** *(HK$ million)* (audited)	**For the year ended 31 March 2010** *(HK$ million)* (audited)	**For the seven months ended 31 October 2010** *(HK$ million)* (unaudited)
Revenue	9.80	8.74	9.41
Net profit before taxation	2.50	1.31	3.89
Net profit after taxation	2.15	1.10	3.24

Balance sheets	**As at 31 March 2009** *(HK$ million)* (audited)	**As at 31 March 2010** *(HK$ million)* (audited)	**As at 31 October 2010** *(HK$ million)* (unaudited)
Total assets	39.93	63.54	148.09
Total liabilities	37.13	59.65	140.95
Net assets	2.80	3.89	7.14

The major assets of Head & Shoulders Finance Limited were loan receivables from its customers, amounted to approximately HK$38.94 million, HK$63.09 million and HK$144.36 million respectively as at 31 March 2009, 31 March 2010 and 31 October 2010. The said loan receivables have demonstrated the growth of the business scale of Head & Shoulders Finance Limited. The major liabilities as at 31 March 2009, 31 March 2010 and 31 October 2010 were shareholders' loans and other borrowings. After the date of the completion of the acquisition of Head & Shoulders Finance Limited on 19 October 2010, the unaudited revenue, profits before taxation and profits after taxation of Head & Shoulders Finance Limited for the period from 19 October 2010 to 31 October 2010 amounted to approximately HK$0.80 million, HK$0.41 million and HK$0.34 million respectively.

Given that the Hong Kong economy is recovering from the recent economic tsunami and benefited from the quantitative easing program launched by the United States' government, it is expected there would be an increasing demand on money lending and the provision of credits, e.g. personal loans from the general public in Hong Kong and it is a good timing for the Group to further develop the business of money lending and the provision of credits in the near future so as to create a sustainable growth in the long run.

INFORMATION ON THE PURCHASER

The Purchaser, Global Axis Limited, incorporated in Labuan, Malaysia, is a newly established investment holding company. Its ultimate shareholders are Mr. Ng Eng Ho and Mr. Erwin Wielando Ng.

INFORMATION ON THE DISPOSAL TARGET

The Disposal Target comprises AHL, GTL and SGB, which are direct wholly-owned subsidiaries of the Company. AHL is an investment holding company, subsidiaries of which are: (1) SMI Management & Co., Pte. Limited; (2) Manuply Wood Industries (S) Sdn Bhd; (3) Glowing Schemes Sendirian Berhad; (4) Daunting Services Limited; (5) Sevier Pacific Limited; and (6) Pacific Plywood Limited; and an associated company, Segereka Sendirian Berhad.

The principal business of AHL and its subsidiaries and associated company is manufacturing and trading of plywood and other wood products, while GTL and SGB are principally engaged in the business of trading in plywood and other wood products.

The following table sets out the unaudited financial results of the Disposal Target for the two years ended 31 December 2008 and 2009 as extracted from appendix I to this circular, which were prepared based on accounting policies consistent with those adopted by the Group in its annual financial statements for the years ended 31 December 2008 and 2009 and reviewed by the Company's auditors:

	For the year ended 31 December 2008 *(US$ million)* (unaudited)	**For the year ended 31 December 2009** *(US$ million)* (unaudited)
Revenue	94.71	50.45
Net loss before taxation and extraordinary items	11.79	13.83
Net loss after taxation and extraordinary items	11.79	13.83

The Disposal Target recorded net liabilities of approximately US$16,304,000 as at 30 June 2010 (equivalent to approximately HK$126,356,000).

LISTING RULES IMPLICATIONS

The Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to approval by the Shareholders by way of poll at the SGM. As confirmed by the Purchaser, neither itself nor its associates are interested in any Shares. Accordingly, none of the Shareholders has an interest in the Agreement which is different from other Shareholders and thus none of the Shareholder(s) is required to abstain from voting on the relevant resolution(s) in relation to the Disposal at the SGM.

SGM

A notice convening the SGM to be held at 10:30 a.m. on Tuesday, 14 December 2010 at Joint Professional Centre, Unit 1, G/F., The Centre, 99 Queen's Road Central, Hong Kong, or any adjournment is set out from pages 44 to 45 of this circular. The poll result on the SGM will be published on 14 December 2010.

Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjourned thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM should you so wish.

RECOMMENDATION

The Directors (including all the independent non-executive Directors) consider that the terms of the Agreement and the transactions contemplated thereunder (including the Disposal) are on normal commercial terms, fair and reasonable so far as the Shareholder(s) are concerned and are in the interests of the Company and the Shareholder(s) as a whole, and accordingly, the Directors recommend Shareholder(s) to vote in favour of the relevant resolution(s) to approve the Agreement and the transactions thereunder (including the Disposal).

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
Pacific Plywood Holdings Limited
Sardjono Widodo
Executive Director

Set out below are consolidated income statements, consolidated statements of comprehensive income, consolidated statements of financial position, consolidated statements of changes in equity, and consolidated statements of cash flow of the Group for the year ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2009 and 2010 under the Listing Rule 14.68(2)(a)(i)(B), which have been reviewed by the Group's auditor, SHINEWING (HK) CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

As at 30th June, 2010, the Group incurred a loss of US$5,377,000 for the six months ended 30 June 2010 and has net current liabilities and net liabilities of US$19,814,000 and US$12,310,000 respectively as at 30 June 2010. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Accordingly, the review report is modified.

FINANCIAL INFORMATION OF THE GROUP

Consolidated Income Statements

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Continuing operations:					
Revenue	108,986	94,706	50,448	25,550	23,725
Cost of sales	(86,423)	(85,694)	(52,223)	(27,065)	(22,359)
Gross profit (loss)	22,563	9,012	(1,775)	(1,515)	1,366
Distribution costs	(11,234)	(11,255)	(4,788)	(2,741)	(2,197)
Administrative expenses	(7,923)	(8,506)	(6,843)	(3,290)	(3,011)
Other gains (losses) – net	1,989	1,795	556	693	(495)
Write-back of (provision for) impairment losses on property, plant and equipment	3,362	(430)	–	–	–
Finance costs	(4,439)	(3,591)	(2,184)	(1,218)	(989)
Share of loss of an associate	–	(195)	(277)	(143)	(51)
Profit (loss) before income tax from continuing operations	4,318	(13,170)	(15,311)	(8,214)	(5,377)
Income tax	1,801	–	–	–	–
Profit (loss) for the year/period from continuing operations	6,119	(13,170)	(15,311)	(8,214)	(5,377)
Discontinued operations:					
(Loss) profit for the year/period from discontinued operations	(4,851)	(23,282)	5,517	5,517	–
Profit (loss) for the year/period	1,268	(36,452)	(9,794)	(2,697)	(5,377)
Attributable to:					
Owners of the Company	1,268	(36,452)	(9,794)	(2,697)	(5,377)
Non-controlling interests	–	–	–	–	–
	1,268	(36,452)	(9,794)	(2,697)	(5,377)

Consolidated Statements of Comprehensive Income

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Profit (loss) for the year/period	1,268	(36,452)	(9,794)	(2,697)	(5,377)
Other comprehensive income (expense)					
Currency translation differences	880	(60)	(2,523)	(2,722)	(4)
Total comprehensive income (expense) for the year/period	2,148	(36,512)	(12,317)	(5,419)	(5,381)
Total comprehensive income (expense) attributable to:					
Owners of the Company	2,148	(36,512)	(12,317)	(5,419)	(5,381)
Non-controlling interests	–	–	–	–	–
	2,148	(36,512)	(12,317)	(5,419)	(5,381)
Earnings/(Loss) per share for profit/(loss) from continuing operations and (loss)/profit from discontinued operations attributable to the Company's equity holders during the year (expressed in United States cents per share)					
Basic earnings/(loss) per share:					
From continuing operations	0.50	(1.00)	(1.15)	(0.62)	(0.37)
From discontinued operations	(0.40)	(1.74)	0.41	0.42	–
	0.10	(2.74)	(0.74)	(0.20)	(0.37)
Diluted earnings/(loss) per share:					
From continuing operations	(0.50)	(1.00)	(1.15)	(0.62)	(0.37)
From discontinued operations	(0.40)	(1.74)	0.41	0.42	–
	0.10	(2.74)	(0.74)	(0.20)	(0.37)

Consolidated Statements of Financial Position

	As at 31 December			As at 30 June	
	2007	2008	2009	2009	2010
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Non-current assets					
Prepaid lease payments	2,958	2,928	2,897	2,913	2,882
Property, plant and equipment	73,852	61,989	49,783	52,619	46,498
Interests in an associate	–	981	705	838	654
Deferred income tax assets	5,021	4,807	4,860	4,807	4,860
Deposit for acquisition of an investment	1,500	1,000	–	1,000	–
	83,331	71,705	58,245	62,177	54,894
Current assets					
Inventories	21,106	13,309	7,632	9,883	7,884
Trade and other receivables	18,995	4,652	1,743	2,700	3,140
Cash and cash equivalents	5,744	1,673	1,040	879	6,678
	45,845	19,634	10,415	13,462	17,702
Current liabilities					
Trade and other payables	23,342	23,903	14,030	15,662	14,537
Current income tax liabilities	98	98	98	98	98
Amount due to a director	–	–	–	–	4,459
Bank overdrafts	–	2,521	2,877	2,484	2,744
Borrowings	20,596	15,694	13,887	11,973	15,643
Obligations under finance leases	201	168	103	163	35
	44,237	42,384	30,995	30,380	37,516
Net current assets (liabilities)	1,608	(22,750)	(20,580)	(16,918)	(19,814)
	84,939	48,955	37,665	45,259	35,080
Capital and reserves					
Ordinary shares	4,278	4,278	4,278	4,278	5,134
Share premium	7,652	7,652	7,652	7,652	12,176
Other reserves	4,928	4,868	2,345	2,146	2,341
Retained profits (accumulated losses)	18,662	(17,790)	(27,584)	(20,487)	(32,961)
Equity attributable to owners of the Company	35,520	(992)	(13,309)	(6,411)	(13,310)
Non-controlling interests	1,000	1,000	1,000	1,000	1,000
Total equity	36,520	8	(12,309)	(5,411)	(12,310)
Non-current liability					
Borrowings	48,197	48,830	49,960	50,635	47,390
Obligations under finance leases	222	117	14	35	–
	84,939	48,955	37,665	45,259	35,080

Consolidated Statements of Changes in Equity

	Attributable to owners of the Company					
	Ordinary shares	Share premium	Other reserve	Retained profits/ (accumulated losses)	Non-controlling interests	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2007	3,598	–	4,048	17,394	1,000	26,040
Profit for the year	–	–	–	1,268	–	1,268
Other comprehensive income for the year	–	–	880	–	–	880
Total comprehensive income for the year	–	–	880	1,268	–	2,148
Issuance of new shares	680	7,652	–	–	–	8,332
At 31 December 2007 and 1 January 2008	4,278	7,652	4,928	18,662	1,000	36,520
Loss for the year	–	–	–	(36,452)	–	(36,452)
Other comprehensive income for the year	–	–	(60)	–	–	(60)
Total comprehensive income for the year	–	–	(60)	(36,452)	–	(36,512)
At 31 December 2008 and 1 January 2009	4,278	7,652	4,868	(17,790)	1,000	8
Loss for the year	–	–	–	(9,794)	–	(9,794)
Other comprehensive income for the year	–	–	(2,523)	–	–	(2,523)
Total comprehensive income for the year	–	–	(2,523)	(9,794)	–	(12,317)

	Attributable to owners of the Company					
	Ordinary shares	Share premium	Other reserve	Retained profits/ (accumulated losses)	Non-controlling interests	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 31 December 2009 and 1 January 2010	4,278	7,652	2,345	(27,584)	1,000	(12,309)
Loss for the period	–	–	–	(5,377)	–	(5,377)
Other comprehensive income for the period	–	–	(4)	–	–	(4)
Total comprehensive income for the period	–	–	(4)	(5,377)	–	(5,381)
Issuance of new shares	856	4,524	–	–	–	5,380
At 30 June 2010	5,134	12,176	2,341	(32,961)	1,000	(12,310)
At 1 January 2009	4,278	7,652	4,868	(17,790)	1,000	8
Loss for the period	–	–	–	(2,697)	–	(2,697)
Other comprehensive income for the period	–	–	(2,722)	–	–	(2,722)
Total comprehensive income for the period	–	–	(2,722)	(2,697)	–	(5,419)
At 30 June 2009	4,278	7,652	2,146	(20,487)	1,000	(5,411)

Consolidated Statements of Cash Flows

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before income tax including discontinued operations for the year/period	(533)	(36,452)	(9,794)	(2,697)	(5,377)
Adjustments for:					
Depreciation	8,985	8,872	7,312	4,062	3,247
Amortisation of prepaid lease payments	31	31	31	15	15
Finance costs	4,868	3,861	2,184	1,218	989
Interest income from bank deposits	(43)	(16)	–	–	–
(Reversal of) Provision for impairment of receivables, net	(2,553)	6,733	8	5	–
Provision for (Reversal of) inventories to net realisable value, net	560	5,966	(228)	–	–
(Reversal of) Provision for impairment losses on property, plant and equipment	(3,362)	6,314	–	–	–
Gain on disposal of property, plant and equipment	(1,239)	(48)	(4)	–	(4)
Written off for property, plant and equipment	–	10	37	–	2
Gain on disposal of subsidiaries	–	–	(6,337)	(6,337)	–
Goodwill written off	–	18	–	–	–
Share of loss of an associate	–	195	277	143	51
Operating cash flows before movements in working capital	6,714	(4,516)	(6,514)	(3,591)	(1,077)
Inventories	(3,151)	1,719	5,911	3,432	(252)
Trade and other receivables	1,014	7,515	2,454	1,503	(1,397)
Trade and other payables	2,898	561	(4,700)	(3,068)	507
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	7,475	5,279	(2,849)	(1,724)	(2,219)

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash acquired	–	6	–	–	–
Purchase of property, plant and equipment	(3,657)	(2,621)	(82)	(72)	(39)
Proceeds from disposal of property, plant and equipment	2,075	172	19	–	64
Proceeds from disposal of subsidiaries	–	–	46	46	–
(Deposit paid) Refund of deposit for acquisition of an investment	(1,500)	–	1,000	–	–
Advance to an associate	–	(700)	–	–	–
Interest received	43	16	–	–	–
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	(3,039)	(3,127)	983	(26)	25
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of new shares	8,332	–	–	–	5,379
Advance from a director	–	–	–	–	4,459
Interest paid	(4,868)	(3,861)	(2,184)	(1,218)	(989)
Proceeds from borrowings	1,727	9,752	3,693	2,639	478
Repayments of borrowings	(6,950)	(13,754)	(501)	(216)	(1,789)
Repayments of principal portion of finance leases	(193)	(238)	(165)	(80)	(85)
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(1,952)	(8,101)	843	1,125	7,453
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,484	(5,949)	(1,023)	(625)	5,259
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	3,235	5,744	(848)	(848)	(1,837)
Exchange gains (losses) on cash and cash equivalents	25	(643)	34	(132)	512
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	5,744	(848)	(1,837)	(1,605)	3,934

NOTES TO THE FINANCIAL INFORMATION

1. EVENTS AFTER THE REPORTING PERIOD

On 29 October 2010, Pacific Plywood Holdings Limited (the "Company") entered into an agreement with Global Axis Limited ("Global Axis"), a company incorporated under the laws of Labuan, Malaysia and is wholly-owned by Mr. Ng Eng Ho and Mr. Erwin Wielando Ng., pursuant to which the Company agreed to sell and Global Axis agreed to acquire all the issued shares in the capital of Georich Trading Limited ("GTL"), SMI Global Corporation("SGB") and Ankan Holdings Limited ("AHL") (the "Disposal Target") ("the Disposal").

Set out below is the combined financial information of the Disposal Target for each of the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010 (the ''Financial Information of the Disposal Target''), which has been prepared in accordance paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (''LR 14.68(2)(a)(i)'').

FINANCIAL INFORMATION OF THE DISPOSAL TARGET

Combined Income Statements

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	108,986	94,706	50,448	25,550	23,725
Cost of sales	(86,423)	(85,694)	(52,223)	(27,065)	(22,359)
Gross Profit (loss)	22,563	9,012	(1,775)	(1,515)	1,366
Distribution costs	(11,234)	(11,255)	(4,788)	(2,741)	(2,197)
Administrative expenses	(6,597)	(7,121)	(5,365)	(2,745)	(2,560)
Other gains (losses) – net	2,135	1,795	559	696	(849)
Write-back of (Provision for) impairment losses on property, plant and equipment	3,362	(430)	–	–	–
Finance costs	(4,439)	(3,591)	(2,184)	(1,218)	(989)
Share of loss of an associate	–	(195)	(277)	(143)	(51)
Profit (Loss) before income tax	5,790	(11,785)	(13,830)	(7,666)	(5,280)
Income tax	1,801	–	–	–	–
Profit (Loss) for the year/period	7,591	(11,785)	(13,830)	(7,666)	(5,280)
Attributable to:					
Owners of the Companies	7,591	(11,785)	(13,830)	(7,666)	(5,280)
Non-controlling interests	–	–	–	–	–
	7,591	(11,785)	(13,830)	(7,666)	(5,280)

Combined Statements of Financial Position

	As at 31 December			As at 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Non-current assets					
Prepaid lease payments	2,958	2,928	2,897	2,913	2,882
Property, plant and equipment	60,598	55,880	49,783	52,619	46,498
Interests in an associate	–	981	705	838	654
Deferred income tax assets	5,021	4,807	4,860	4,807	4,860
Deposit for acquisition of an investment	1,500	1,000	–	1,000	–
	70,077	65,596	58,245	62,177	54,894
Current assets					
Inventories	13,787	13,309	7,632	9,883	7,884
Trade and other receivables	10,356	4,142	1,686	2,673	3,111
Cash and cash equivalents	5,609	1,652	1,034	864	1,323
	29,752	19,103	10,352	13,420	12,318
Current liabilities					
Trade and other payables	3,427	737	12,779	15,424	13,147
Current income tax liabilities	98	98	98	98	98
Due to a director	–	–	–	–	4,459
Bank overdrafts	–	2,521	2,877	2,484	2,744
Borrowings	15,064	11,352	13,783	11,810	15,643
Obligations under finance leases	201	168	103	163	35
	18,790	14,876	29,640	29,979	36,126
Net current assets (liabilities)	10,962	4,227	(19,288)	(16,559)	(23,808)
	81,039	69,823	38,957	45,618	31,086
Capital and reserves					
Issued capital	3,557	3,557	3,557	3,557	3,557
Other reserves	28,063	16,319	(15,574)	(9,609)	(20,861)
Equity attributable to owners of the Company	31,620	19,876	(12,017)	(6,052)	(17,304)
Non-controlling interest	1,000	1,000	1,000	1,000	1,000
Total equity	32,620	20,876	(11,017)	(5,052)	(16,304)
Non-current liability					
Borrowings	48,197	48,830	49,960	50,635	47,390
Obligations under finance leases	222	117	14	35	–
	81,039	69,823	38,957	45,618	31,086

Combined Statements of Cash Flows

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (Loss) before income tax for the year/period	5,790	(11,785)	(13,830)	(7,666)	(5,280)
Adjustments for:					
Depreciation	7,209	6,919	7,312	3,259	3,232
Amortisation of prepaid lease payments	31	31	31	15	15
Finance costs	4,439	3,591	2,184	1,218	989
Interest income from bank deposits	(41)	(11)	–	–	–
(Reversal of) Provision for impairment of receivables, net	(1,229)	263	(5)	–	–
(Reversal of) Provision for impairment of other receivables, net	(251)	22	–	–	–
Provision for (Reversal of) inventories to net realisable value, net	586	364	(228)	–	–
(Reversal of) Provision for impairment losses on property, plant and equipment	(3,362)	430	–	–	–
Gain on disposal of property, plant and equipment	(1,258)	(46)	(4)	–	(4)
Written off for property, plant and equipment	–	–	37	–	2
Goodwill written off	–	18	–	–	–
Share of loss of an associate	–	195	277	143	51
Operating cash flows before movements in working capital	11,914	(9)	(4,226)	(3,031)	(995)
Inventories	(2,335)	114	5,911	3,427	(252)
Trade and other receivables	(270)	5,927	2,464	1,484	(1,412)
Trade and other payables	4,228	(2,656)	(6,931)	(3,536)	471
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	13,537	3,376	(2,782)	(1,656)	(2,188)

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash acquired	–	6	–	–	–
Purchase of property, plant and equipment	(2,495)	(2,615)	(82)	(72)	(39)
Proceeds from disposal of property, plant and equipment	2,075	172	19	–	64
(Deposit paid) Refund for acquisition of an investment	(1,500)	–	1,000	–	–
Advance to an associate	–	(700)	–	–	–
Interest received	41	11	–	–	–
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	(1,879)	(3,126)	937	(72)	25
CASH FLOWS FROM FINANCING ACTIVITIES					
Advance from a director	–	–	–	–	4,459
Interest paid	(4,439)	(3,591)	(2,184)	(1,218)	(989)
Proceeds from borrowings	1,727	9,752	3,693	2,639	478
Repayments of borrowings	(6,138)	(12,478)	(501)	(216)	(1,789)
Repayments of principal portion of finance leases	(193)	(238)	(165)	(80)	(85)
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(9,043)	(6,555)	843	1,125	2,074
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,615	(6,305)	(1,002)	(603)	(89)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	2,629	5,609	(869)	(869)	(1,843)
Exchange gains (losses) on cash and cash equivalents	365	(173)	28	(148)	511
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	5,609	(869)	(1,843)	(1,620)	(1,421)

A. INDEBTEDNESS STATEMENT

At the close of business on 30 September 2010, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the Group had outstanding secured bank borrowings of approximately US$56,389,000, secured bank overdraft of approximately US$156,000, unsecured amount due to a director of approximately US$786,000 and obligations under finance lease of approximately US$24,000. The obligations under finance lease was not guaranteed. The secured bank borrowings and bank overdraft was guaranteed by 2 Directors and 4 subsidiaries of the Company.

Commitment and contingent liabilities

As at 30 September 2010, the Group had the total future aggregate minimum lease payments under various non-cancellable operating leases in respect of buildings amounting to approximately US$202,000.

As at 30 September 2010, the Group has no material contingent liabilities.

Pledge of assets

The Group's general banking facilities and the above outstanding secured bank borrowing were secured by the Group's properties, plant and equipment and leasehold land with a total net carrying value of approximately US$32,120,000, floating charges on certain inventories amounting to approximately US$7,977,000, floating charges on certain trade receivables amounting to approximately to US$244,000 and floating charges on certain prepayment and other receivables amounting to approximately to US$944,000.

Save as aforesaid and apart from intra-group liabilities and normal accounts payable in the ordinary course of business of the Group, the Group did not have any other outstanding bank or other borrowings, mortgages, charges, debentures or other loan capital, bank overdrafts, loans or other similar indebtedness, guarantee, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase or other finance lease commitments and material contingent liabilities as at the close of business on 30 September 2010.

B. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, 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 2009, the date to which the latest published audited financial statements of the Group were made up.

C. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that following the Completion, after taking into account the financial resources and credit facilities available to the Group, and the Disposal, the Group will have sufficient working capital to satisfy its present requirements for at least the next 12 months from the date of this circular in the absence of unforeseeable circumstances.

D. MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

The following information is based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix II of this circular:

Business review

The Remaining Group recorded net assets/(liabilities) value of approximately US$(580,000), US$(640,000), US$(1,113,000), and US$4,639,000 as at 31 December 2007, 31 December 2008, 31 December 2009 and 30 June 2010 respectively. The relevant financial and trading prospect of the Remaining Group has been set out in the Letter from the Board of this circular.

Liquidity and financial resources

The Remaining Group recorded net current assets/(liabilities) of approximately US$(581,800), US$(640,700), US$(1,113,300), and US$4,639,000 as at 31 December 2007, 31 December 2008, 31 December 2009 and 30 June 2010 respectively. The Company intends to finance the Remaining Group's future operations, capital expenditure and other capital requirements with the internal financial resources available to the Remaining Group.

Working capital and gearing ratio

The current asset of the Remaining Group as at 31 December 2007, 31 December 2008, 31 December 2009 and 30 June 2010 are approximately US$88,000, US$76,000, US$64,000 and US$6,029,000 respectively, while the current liabilities of the Remaining Group were approximately US$670,000, US$717,000, US$1,177,000, and US$1,390,000 respectively. Its working capital ratios (current assets to current liabilities) as at 31 December 2007, 31 December 2008, 31 December 2009 and 30 June 2010 were approximate to 0.13, 0.11, 0.05 and 4.34 times. The Remaining Group did not have any outstanding indebtedness as at 31 December 2007, 31 December 2008, 31 December 2009 and 30 June 2010 and the shareholder's fund was approximately US$(580,000), US$(640,000), US$(1,113,000) and US$4,639,000 respectively. In this respect, its corresponding gearing ratios (net debt to shareholders' funds) were 0 as at 31 December 2007, 31 December 2008, 31 December 2009 and 30 June 2010.

Capital structure

In October 2007, the Company completed a placement of 100,000,000 Shares to independent third parties and received gross proceeds of approximately HK$31.7 million, which was used as general working capital of the Group.

In March 2010, the Company completed a placement of 265,540,000 Shares to independent third parties and received gross proceeds of approximately HK$41,955,000, which was used as general working capital of the Group.

In October 2010, the Company issued 12,500,000 Shares as consideration shares as part of the consideration of HK$52,000,000 in total for the acquisition of 51% of the equity interest and shareholders loan of Head & Shoulders Finance Limited (the "**Acquisition**").

As a result, the total number of issued share capital of the Company was 1,605,819,448 Shares as at the Latest Practicable Date.

Beside, as at the Latest Practicable Date, there is an outstanding convertible note with a principal amount of HK$48,000,000 at an initial conversion price of HK$0.16 per conversion share exercisable into 300,000,000 Shares upon conversion in full.

Significant investment

Save as disclosed below, during the financial year ended 31 December 2007, 31 December 2008 and 31 December 2009 and the six months period ended 30 June 2010, the Remaining Group had no significant investment.

In October 2010, the Company completed the acquisition of Head & Shoulders Finance Limited (the "**Acquisition**"). Revenue and net profit of Head & Shoulders Finance Limited would be shared by the Remaining Group thereafter. Detailed information on Head & Shoulders Finance Limited has been set out in the Letter from the Board in this circular.

Material acquisition/disposal of subsidiaries and associated companies

On 6 June 2008, the Company entered into an agreement to disposal its subsidiaries, Ankan (China) Holdings Limited, a company incorporated in the British Virgin Islands with limited liability with a consideration of US$16.4 million. Save for the aforementioned and the Acquisition, the Remaining Group had no others material acquisition/disposal of subsidiaries and associated corporation during the financial year ended 31 December 2007, 31 December 2008 and 31 December 2009 and the six months period ended 30 June 2010.

Future plans for material investment or capital assets

Save as disclosed below, during the financial year ended 31 December 2007, 31 December 2008 and 31 December 2009 and the six months period ended 30 June 2010, the Remaining Group had no future plans for material investment or capital assets.

In July and October 2010, the Group had entered into a non-binding Memorandum of Understanding with another company incorporated in Malaysia, with the intention to explore an investment opportunity in an oilfield. Currently, the Company is waiting for the information regarding the oilfield from the vendor, in particular the relevant Competent Person Report. Upon receipt of the Competent Person Report by the Company, the Board shall have a meeting to discuss and assess the possibility of such acquisition again.

The management will from time to time seek for investment opportunity in promising industry that could provide investment potential and broaden the income base of the Company.

Segment Information

For the financial years ended 31 December 2007, 31 December 2008 and 31 December 2009, and 6-month period ended 30 June 2010, the Remaining Group engaged in a single business as an investment holding company, thus no segment information is presented.

Employee information and remuneration policies

The Remaining Group had 6 staff for the financial year ended 31 December 2007, 31 December 2008 and 31 December 2009 and the six months period ended 30 June 2010. In-house training programmes were provided for staff to enhance skills and job knowledge. Management will continue to foster close co-operation with the staff.

The staff cost (including the Directors' emoluments) for the Remaining Group for the year ended 31 December 2007, 31 December 2008 and 31 December 2009, and for the six months ended 30 June 2010 were US$795,000, US$751,000, US$483,000, US$238,000 respectively.

Charges on the Remaining Group's assets

As at 31 December 2007, 31 December 2008, 31 December 2009 and 30 June 2010, the Remaining Group did not have fixed assets and current assets which were pledged.

Foreign exchange exposure

The Remaining Group mainly earns revenue and incurs cost in Hong Kong dollars and not subject to foreign exchange risk. In addition, the Remaining Group does not have any related hedges for the three years ended 31 December 2009 and the six months ended 30 June 2010.

Commitment and contingent liabilities

As at 31 December 2007, 31 December 2008, 31 December 2009 and 30 June 2010, the Remaining Group has no material commitment and contingent liabilities.

25 November 2010

The Board of Directors
Pacific Plywood Holdings Limited
Room 1405, 14/F.,
Admiralty Center Tower 1,
18 Harcourt Road,
Admiralty,
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Pacific Plywood Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out in Appendix II of the circular dated 25 November 2010 (the "Circular") in connection with the disposal of the entire equity interest in Georich Trading Limited, SMI Global Corporation and Ankan Holdings Limited (the "Disposal Target") (the Group excluding the Disposal Target hereinafter referred to as the "Remaining Group") (the "Disposal"), which has been prepared by the directors of the Company (the "Directors"), for illustrative purpose only, to provide information about how the Disposal might have affected the financial information presented. The basis of preparation of the unaudited pro forma financial information is set out on page 30 to the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

It is the responsibility solely of the Directors to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 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").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 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.

BASIS OF OPINION

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro

Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, it does not provide any assurance or indication that any events will take place in the future and may not be indicative of:

- the financial position of the Remaining Group as at 30 June 2010 had the Disposal actually been completed on that date or any future date; or
- the results and cash flows of the Remaining Group for the year ended 31 December 2009 had the Disposal actually been completed on 1 January 2009 or any future periods.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors 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 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
SHINEWING (HK) CPA Limited
Certified Public Accountants
Lo Wa Kei
Practising Certificate Number: P03427
Hong Kong

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The unaudited pro forma financial information of the Remaining Group has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effect of the Disposal.

The unaudited pro forma consolidated statement of financial position is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2010 and the related combined financial information of the Disposal Target as at 30 June 2010 extracted from the reviewed financial information as set out in Appendix I, after making pro forma adjustments relating to the Disposal that are (i) directly attributable to the transaction concerned and not relating to future events or decisions; and (ii) factually supportable, as if the Disposal had been completed on 30 June 2010.

The unaudited pro forma consolidated income statement and the unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2009 are prepared based on the unaudited consolidated income statement and the unaudited consolidated statement of cash flows of the Group for the year ended 31 December 2009 respectively, and the related combined financial information of the Disposal Target as extracted from the reviewed financial information set out in Appendix I, as if the Disposal had been completed on 1 January 2009.

This unaudited pro forma financial information 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 had the Disposal been completed as at 30 June 2010 or at any future date and of the financial results and cash flows of the Group for the year ended 31 December 2009 had the Disposal been completed as at 1 January 2009 or for any future period.

Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group

	Unaudited consolidated statement of financial position of the Group as at 30 June 2010	Pro forma adjustments		Pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2010
	USD'000	*USD'000*	*USD'000*	*USD'000*
		(Note 1)	*(Note 2)*	*(Note 3)*
Non-current assets				
Prepaid lease payments	2,882	(2,882)		–
Property, plant and equipment	46,498	(46,498)		–
Interest in an associate	654	(654)		–
Deferred income tax assets	4,860	(4,860)		–
	54,894			–
Current assets				
Inventories	7,884	(7,884)		–
Trade and other receivables	3,140	(3,111)		29
Cash and cash equivalents	6,678	(1,323)	645	6,000
	17,702			6,029
Current liabilities				
Trade and other payables	14,537	(13,147)		1,390
Current income tax liabilities	98	(98)		–
Due to a director	4,459	(4,459)		–
Bank overdrafts	2,744	(2,744)		–
Borrowings	15,643	(15,643)		–
Obligations under finance leases	35	(35)		–
	37,516			1,390
Net current (liabilities)/assets	(19,814)			4,639
	35,080			4,639

	Unaudited consolidated statement of financial position of the Group as at 30 June 2010	Pro forma adjustments		Pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2010
	USD'000	*USD'000*	*USD'000*	*USD'000*
		(Note 1)	*(Note 2)*	*(Note 3)*
Capital and reserves				
Ordinary shares	5,134			5,134
Share premium	12,176			12,176
Other reserves	2,341		(2,341)	–
Accumulated losses	(32,961)		20,290	(12,671)
Equity attributable to owners of the Company	(13,310)			4,639
Non-controlling interests	1,000		(1,000)	–
Total equity	(12,310)			4,639
Non-current liabilities				
Borrowings	47,390	(47,390)		–
	35,080			4,639

Notes to the Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group

1. The adjustment reflects the exclusion of assets and liabilities of the Disposal Target as at 30 June 2010 as if the Disposal had been completed on 30 June 2010.

2. The adjustment reflects the estimated gain arising from the Disposal and the transfer of the contributed surplus relating to the Disposal Target to the accumulated loss account as if the Disposal had taken place on 30 June 2010:

	US$'000
Cash consideration of the Disposal (HK$5,000,000)	645
Net liabilities of the Disposal Target	16,304
Non-controlling interest	1,000
Translation reserve	(4,909)
Gain from disposal as at 30 June 2010	13,040
Transfer of the contributed surplus relating to the Disposal Target to the accumulated loss account	7,250
	20,290

Adjustment of other reserves due to the Disposal:

Translation reserve	(4,909)
Contributed surplus	7,250
	2,341

The contributed surplus mainly represents the waiver in 1995 of an amount due to Directors and the difference between the net assets of the subsidiaries acquired pursuant to a group reorganization in 1995 over the nominal value of the Company's consideration in exchange therefore.

The financial effect of the Disposal is to be determined based on the carrying amount of net asset value of the Disposal Target at the completion date and is therefore subject to change upon completion of the Disposal.

3. On 24 September 2010, the Remaining Group entered into the sale and purchase agreement with Favor Way Investments Limited pursuant to which the Remaining Group has conditionally agreed to acquire for 51% of the entire issued share capital and 51% of the shareholders loan of Head & Shoulders Finance Limited at a total consideration of HK$52,000,000. Details of this acquisition were disclosed in the announcement of the Company dated 24 September 2010. This acquisition was completed in October 2010 and the revenue and net profits of Head & Shoulders Finance Limited would be shared by the Remaining Group thereafter. Detailed information of Head & Shoulders Finance Limited is set in the Letter from the Board in this circular. The financial impact of this acquisition has not been accounted for in the Unaudited Pro Forma Financial Information.

Unaudited Pro Forma Consolidated Income Statement of the Remaining Group

	Unaudited consolidated statement of comprehensive income of the Group for the year ended 31 December 2009	Pro forma adjustments		Pro forma consolidated statement of comprehensive income of the Remaining Group for the year ended 31 December 2009
	USD'000	*USD'000*	*USD'000*	*USD'000*
		(Note 4)	*(Note 5)*	*(Note 3)*
Revenue	50,448	(50,448)		–
Cost of sales	(52,223)	52,223		–
Gross (loss) / profit	(1,775)			–
Gain on disposal of subsidiaries	–		13,040	13,040
Distribution costs	(4,788)	4,788		–
Administrative expenses	(6,843)	5,365		(1,478)
Other gains / loss – net	556	(559)		(3)
Finance costs	(2,184)	2,184		–
Share of loss of an associate	(277)	277		–
Loss before income tax	(15,311)			11,559
Income tax	–			–
(Loss)/profit for the year from continuing operations	(15,311)			11,559
Discontinued operations:				
Profit for the year from discontinued operations	5,517			5,517
(Loss)/profit for the year	(9,794)			17,076
Attributable to:				
Owners of the Company	(9,794)	13,830	13,040	17,076
Non-controlling interests	–			–
	(9,794)			17,076

Notes to the Unaudited Pro Forma Consolidated Income Statement of the Remaining Group

4. The adjustment reflects the exclusion of the results of the Disposed Target for the year ended 31 December 2009, assuming that the Disposal had taken place on 1 January 2009.

5. The adjustment reflects the gain of approximately US$13,040,000 which was calculated based on the disposal agreements. In calculating the gain on Disposal, it was assumed that the Disposal was completed on 31 December 2009. For details, please refer to Note 2 on "Notes to the Unaudited Pro Forma Consolidated Statement of Financial Position" on page 33.

6. The adjustments made to the unaudited pro forma consolidated income statement reflect the transaction of the Disposal and do not have a continuing effect on the Group.

Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

	Unaudited consolidated statement of cash flows of the Group for the year ended 31 December 2009	Pro forma adjustments		Pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2009
	USD'000	*USD'000*	*USD'000*	*USD'000*
		(Note 7)	*(Note 8)*	*(Note 3)*
Loss before income tax including discontinued operations for the year	(9,794)	13,830	13,040	17,076
Adjustments for:				
Depreciation	7,312	(7,312)		–
Amortization of leasehold land	31	(31)		–
Finance costs	2,184	(2,184)		–
Provision for impairment of receivables, net	8	5		13
Reversal of inventories to net realizable value, net	(228)	228		–
Gain on disposal of property, plant and equipment	(4)	4		–
Written off for property, plant and equipment	37	(37)		–
Gain on disposal of subsidiaries	(6,337)		(13,040)	(19,377)
Share of loss of an associate	277	(277)		–
Operating cash flows before movements in working capital	(6,514)			(2,288)
Inventories	5,911	(5,911)		–
Trade and other receivables	2,454	(2,464)		(10)
Trade and other payables	(4,700)	6,931		2,231
NET CASH USED IN OPERATING ACTIVITIES	(2,849)			(67)

	Unaudited consolidated statement of cash flows of the Group for the year ended 31 December 2009	Pro forma adjustments		Pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2009
	USD'000	*USD'000*	*USD'000*	*USD'000*
		(Note 7)	*(Note 8)*	*(Note 3)*
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(82)	82		–
Proceeds from disposal of property, plant and equipment	19	(19)		–
Proceeds from disposal of subsidiaries	46		1,514	1,560
Deposit for acquisition of an investment	1,000	(1,000)		–
NET CASH GENERATED FROM INVESTING ACTIVITIES	983			1,560
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(2,184)	2,184		–
Proceeds from borrowings	3,693	(3,693)		–
Repayments of borrowings	(501)	501		–
Repayments of principal portion of finance leases	(165)	165		–
NET CASH GENERATED FROM FINANCING ACTIVITIES	843			–
NET (DECREASE)/INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS	(1,023)			1,493
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT BEGINNING OF THE YEAR	(848)	869		21
Exchange gains on cash, cash equivalents and bank overdrafts	34	(28)		6
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT END OF THE YEAR	(1,837)			1,520

Notes to the Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

7. The adjustment reflects the exclusion of the cash flows of the Disposed Target for the year ended 31 December 2009, assuming that the Disposal had taken place on 1 January 2009.

8. The adjustment reflects the cash inflow arising from the Disposal, which comprised cash and cash equivalents net of bank overdrafts of the Disposed Target as at 1 January 2009 and portion of cash consideration which shall be received upon Completion, assuming that the Disposal had taken place on 1 January 2009.

	US$'000
Cash consideration of the Disposal	645
Less: Cash and cash equivalents of the Disposal Target as at 1 January 2009 comprising:	
– Bank balances and cash	(1,652)
– Bank overdraft	2,521
Net cash inflow from the Disposal	1,514

9. The adjustments made to the unaudited pro forma consolidated statement of cash flows reflect the transaction of the Disposal and do not have a continuing effect on the Group.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Division 7 and 8 of Part XV of the SFO (including 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 Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Director	Personal interest	Trust interest *(Note)*	Total	% of total shareholding
Dr. Budiono Widodo	8,641,000	104,971,000	113,612,000	7.08%
Mr. Sardjono Widodo	–	104,971,000	104,971,000	6.54%

Notes: Bank of East Asia (Trustee) Limited, being the trustee of the Peace Trust, held indirectly 104,971,000 Shares of the Company. Dr. Budiono Widodo and Mr. Sardjono Widodo are named beneficiaries of the Peace Trust.

Save as disclosed above, as at the Latest Practicable Date, none of the Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 Part XV of the Securities and Futures Ordinance and none of the Directors, the chief executive of the Company nor their associates had any other interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or the chief executive of the Company is taken or deemed to have under such provisions of the SFO); or which (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or which (c) were required to be notified to the Company or the Stock Exchange, pursuant to the Model Code for Securities Transaction by Directors of Listed Companies contained in the Listing Rules.

(b) Directors' interest in 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 other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

(c) Interest in assets and contracts

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest, direct or indirect, in any assets which have been, since 31 December 2009 (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 and their respective associates was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

3. LITIGATIONS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries as engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

4. COMPETING INTERESTS

As at the Latest Practicable Date, Dr. Budiono Widodo, a Commissioner of P.T. Sumatra Timber Utama Damai (the "**P.T. STUD**") and the Chairman of the Company, and Mr. Sardjono Widodo, a Commissioner of P.T. STUD and the Managing Director of the Company, have personal and corporate interests of approximately 2.82% and 3.31% in P.T. STUD respectively.

P.T. STUD is a prominent manufacturer in the container flooring segment and its management team comprises professionals, associates and family members of Dr. Budiono Widodo.

During the year ended 31 December, 2009, P.T. STUD recorded sales of approximately US$888,000, which was analyzed by product range as follows:

	For the year ended 31 December 2009 *(US$'thousand)*
Plywood	769
Film Face	119
Total	888

The core business of P.T. STUD is the manufacture and sales of industrial plywood and other secondary plywood products. The principal business of the Group is the manufacture and distribution of plywood, veneer and consumer-related wood products. Therefore, the business of P.T. STUD does not and will not compete with that of the Group. In addition, Dr. Budiono Widodo and Mr. Sardjono Widodo are not involved in the daily operations of the business of P.T. STUD. Furthermore, P.T. STUD has given an undertaking in favour of the Group that it will not compete with the Group by manufacturing those plywood products which are currently produced, or are likely to be produced in the future, by the Group, but excluding products which are currently produced by P.T. STUD. Dr. Budiono Widodo has also undertaken to use his best efforts to procure P.T. STUD to comply with its undertaking, as long as he is the controlling shareholder (as defined under the Listing Rules) of both the Company and P.T. STUD.

Save as disclosed herein, to the best knowledge of the Directors, none of the Directors and their respective associates (as defined in the Listing Rules) are considered to have any interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

5. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Group) have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

(a) the facility letter granted to Head & Shoulders Finance Limited dated 10 November 2010 in which the Company agreed to provide a facility of HK$138,000,000;

(b) the facility letter granted to Head & Shoulders Finance Limited dated 27 October 2010 in which the Company agreed to provide a facility of HK$12,000,000;

(c) the sale and purchase agreement dated 24 September 2010 between Best Harvest Asia Limited as purchaser (a wholly-owned subsidiary of the Company) and Favor Way Investments Limited as vendor in respect of the acquisition of 51% interest in Head & Shoulders Finance Limited at a total consideration of HK$52,000,000;

(d) the sale and purchase agreement dated 29 May 2009 between the Company as vendor and PT. Golden Pacific Gate as purchaser in respect of the sale of all issued shares in Ankan (China) Holdings Limited for a consideration of US$50,000;

(e) the option dated 16 April 2010 and the subsequent formal agreement dated 30 April between of SMI Management & Co., Pte. Limited as vendor (a wholly owned subsidiary of the Company) and Evergreen Marine (Singapore) Pte. Limited as purchaser in relation to the disposal of a commercial property in Singapore at a consideration of Singapore dollar $23,000,000;

(f) the placing agreement dated 2 March 2010 for the placement of 265,540,000 Shares. The placing price is HK$0.158 per placing share. The net proceeds from the placing amount to approximately HK$41,955,000; and

(g) the 2nd supplemental agreement dated 15 April 2009 between of Ankan Holdings Limited as purchaser (a wholly owned subsidiary of the Company) and Mr. Leong Low as vendor in relation to the acquisition of certain interest in forest concession with a consideration of US$2,000,000 and its termination dated 8 December 2009 with a refund of US$1,000,000.

6. EXPERT'S QUALIFICATION AND CONSENT

The qualification of the expert who have provided its advice which contained in this circular is set out below:

Name	Qualification
SHINEWING (HK) CPA Limited	Certified public accountants

SHINEWING (HK) CPA Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion or report or reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, SHINEWING (HK) CPA Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, SHINEWING (HK) CPA Limited did not have any direct or indirect interest in any assets which have been, since 31 December 2009 (being the date to which the latest published audited consolidated financial statements of the

Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

7. GENERAL

The secretary of the Company is Ms. Tam Hang Yin, who is an associate member of the Hong Kong Institute of Certified Public Accountants.

The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda.

This circular is prepared in both English and Chinese. In case of inconsistency, the English text of this circular shall prevail over its Chinese text.

8. DOCUMENTS AVAILABLE 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 principal office of the Company at Room 1405, 14/F., Admiralty Center Tower 1, 18 Harcourt Road, Admiralty, Hong Kong from the date of this circular up to and including the date of the SGM:

(a) the bye-laws of the Company;

(b) the annual reports of the Company for the years ended 31 December 2007, 2008 and 2009 and the interim reports of the Company for the six months ended 30 June 2009 and 2010;

(c) review report issued by SHINEWING (HK) CPA Limited on the financial information of the Group for the three years ended 31 December 2007, 2008 and 2009 and six months ended 30 June 2009 and 2010;

(d) the report issued by SHINEWING (HK) CPA Limited regarding the unaudited pro forma financial information of the Remaining Group, the text of which is set out in appendix II of this circular;

(e) the written consent given by SHINEWING (HK) CPA Limited referred to in the paragraph headed "Expert's Qualification and Consent" in this appendix;

(f) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix; and

(g) a copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules which has been issued since the date of the latest published audited accounts.

PACIFIC PLYWOOD HOLDINGS LIMITED
太平洋實業控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 767)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Pacific Plywood Holdings Limited (the **"Company"**) will be held at 10:30 a.m. on Tuesday, 14 December 2010 at Joint Professional Centre, Unit 1, G/F., The Centre, 99 Queen's Road Central, Hong Kong for the purposes of considering and, if thought fit, passing the following resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the conditional agreement (the "**Agreement**") dated 29 October 2010 between Pacific Plywood Holdings Limited (the "**Vendor**") and Global Axis Limited (the "**Purchaser**") pursuant to which, inter alia, the Vendor agreed to sell and the Purchaser agreed to purchase all the issued shares in the capital of the Disposal Target (as defined in the Company's circular dated 25 November 2010) for a consideration of HK$5,000,000 (a copy of the Agreement having been produced to this meeting marked "A", initialed by the chairman of the meeting for identification) be and is hereby confirmed, approved and ratified; and

(b) the directors of the Company be and are hereby authorised to take such actions and execute such documents to effect the Agreement and transactions contemplated under the Agreement and to sign or execute such other documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as they may consider necessary or desirable for the purposes of giving effect to the Agreement."

By order of the Board
Pacific Plywood Holdings Limited
Sardjono Widodo
Executive Director

Hong Kong, 25 November 2010

* *For identification purpose only*

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

Head office and principal place of business:
Room 1405, 14/F.
Admiralty Center Tower 1
18 Harcourt Road, Admiralty
Hong Kong

Notes:

1. A form of proxy for the SGM is enclosed herewith.

2. Any shareholder of the Company (the "**Shareholder(s)**") entitled to attend and vote at the SGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder.

3. The form of proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

4. Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the SGM and in such event, the form of proxy shall be deemed to be revoked.

5. Where there are joint Shareholders any one of such joint Shareholder may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint Shareholders be present at the SGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names stand in the register of shareholders of the Company in respect of the joint holding.

6. The form of proxy and (if required by the board of Directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof at which the person named in the form of proxy proposes to vote or, in the case of a poll taken subsequently to the date of the SGM or any adjournment thereof, not less than 48 hours before the time appointed for the taking of the poll and in default the form of proxy shall not be treated as valid.