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## **PACIFIC PLYWOOD HOLDINGS LIMITED**

**太平洋實業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 767)**

### **PROPOSED CAPITAL REORGANIZATION**

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Under the Capital Reorganization, the Board proposed to reorganize the share capital of the Company in the following manner:

1. The Share Consolidation, which involves the consolidation of every four (4) issued and unissued Shares of HK\$0.08 each in the share capital of the Company into one (1) Consolidated Share of HK\$0.32 each;
2. Immediately upon the Share Consolidation becoming effective, the Capital Reduction, which involves (i) the reduction of the issued share capital of the Company by cancelling the paid-up capital of the Company to the extent of HK\$0.319 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.32 to HK\$0.001; and (ii) the reduction of the authorized share capital of the Company by reducing the par value of all Consolidated Shares from HK\$0.32 each to HK\$0.001 each, resulting in the reduction of the authorized share capital of the Company from HK\$400,000,000 divided into 1,250,000,000 Consolidated Shares to HK\$1,250,000 divided into 1,250,000,000 New Shares of par value of HK\$0.001 each; and
3. Immediately upon the Capital Reduction becoming effective, the Increase in Authorized Share Capital, which involves the increase of authorized share capital from HK\$1,250,000 (divided into 1,250,000,000 New Shares) to HK\$400,000,000 (divided into 400,000,000,000 New Shares) by the creation of 398,750,000,000 New Shares.

\* For identification purposes only

## **IMPLICATIONS UNDER THE LISTING RULES**

The Capital Reorganization is subject to the Shareholders' approval at the SGM and no Shareholder has an interest in the Capital Reorganization that is materially different from the other Shareholders. Therefore, no Shareholders are required to abstain from voting in relation to the Capital Reorganization.

A circular containing, among other things, (i) further details about the Capital Reorganization; and (ii) the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

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2. Immediately upon the Share Consolidation becoming effective, the Capital Reduction, which involves (i) the reduction of the issued share capital of the Company by cancelling the paid-up capital of the Company to the extent of HK\$0.319 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.32 to HK\$0.001 ("Issued Share Capital Reduction"); and (ii) the reduction of the authorized share capital of the Company by reducing the par value of all Consolidated Shares from HK\$0.32 each to HK\$0.001 each, resulting in the reduction of the authorized share capital of the Company from HK\$400,000,000 divided into 1,250,000,000 Consolidated Shares to HK\$1,250,000 divided into 1,250,000,000 New Shares of par value of HK\$0.001 each; and
3. Immediately upon the Capital Reduction becoming effective, the Increase in Authorized Share Capital, which involves the increase of authorized share capital from HK\$1,250,000 (divided into 1,250,000,000 New Shares) to HK\$400,000,000 (divided into 400,000,000,000 New Shares) by the creation of 398,750,000,000 New Shares.

The credit of approximately HK\$177.50 million arising from the Issued Share Capital Reduction will be credited to the contributed surplus account of the Company.

Under Bermuda law, the amount standing to the credit of the contributed surplus account is distributable subject to satisfaction of certain solvency requirements and the Company may apply the contributed surplus in any manner not prohibited by the Companies Act and the Bye-laws.

The Board also proposed to put forward to the Shareholders a proposal to approve, as a part of the Capital Reorganization, the Authorization, which authorizes the Directors to apply the entire amount standing to the credit of the contributed surplus account of the Company in

such manner as they consider appropriate subject to compliance with the Companies Act, including but not limited to setting off against the accumulated losses of the Company from time to time.

As at the date of this announcement, the Company has an authorized share capital of HK\$400,000,000 divided into 5,000,000,000 Shares, of which 2,225,682,121 Shares have been issued and are fully paid or credited as fully paid.

Assuming there will be no change in the share capital of the Company from the date of this announcement up to the date on which the Capital Reorganization becomes effective, the share capital structure of the Company will be as follows:

	<b>As at the date of this announcement</b>	<b>Immediately after the Capital Reorganization</b>
Amount of authorized share capital	HK\$400,000,000	HK\$400,000,000
Par value	HK\$0.08 per Share	HK\$0.001 per New Share
Number of authorized shares	5,000,000,000 Shares	400,000,000,000 New Shares
Amount of issued share capital	HK\$178,054,569.68	HK\$556,420.53
Number of issued shares	2,225,682,121 Shares	556,420,530 New Shares

Based on the information available as at the date of this announcement, up to 556,420,530 whole New Shares will be in issue after the Capital Reorganization becomes effective.

The resulting New Shares of par value of HK\$0.001 each will rank *pari passu* in all respects with each other in accordance with the Company's Bye-laws.

### **Conditions of the Capital Reorganization**

The Capital Reorganization will be completed upon fulfilling all the following conditions:

- (a) the passing of a special resolution by the Shareholders at the SGM approving the Capital Reorganization;
- (b) the Listing Committee of the Stock Exchange granting approval to the listing of and permission to deal in, the New Shares in issue arising from the Capital Reorganization;
- (c) the compliance with the requirements of section 46(2) of the Companies Act, including (i) publication of a notice in relation to the Issued Share Capital Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the date on which the Issued Share Capital Reduction is to take effect; and (ii) that on the date on which the Issued Share Capital Reduction is to be effected, there are no reasonable grounds for believing that the Company is, or after the Issued Share Capital Reduction would be, unable to pay its liabilities as they become due; and
- (d) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganization.

Assuming the above conditions are fulfilled, it is expected that the Capital Reorganization will become effective on the next Business Day following the date of passing of the relevant resolution approving the Capital Reorganization at the SGM.

### **Reasons for the Capital Reorganization and impact on the Company and the Shareholders**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. Recently, the price of the Shares has approached the extremity of HK\$0.01. The Board is of the opinion that the Capital Reorganization (i) would bring about a corresponding increase in the trading price of the New Shares; (ii) is in compliance with Rule 13.64 of the Listing Rules; and (iii) would give the Company greater flexibility in pricing the future issue of shares. Accordingly, the Board considers that the Capital Reorganization is in the interest of the Company and the Shareholders as a whole.

Implementation of the Capital Reorganization will not, of itself, alter the underlying assets, liabilities, business, operations, management, financial position or the share capital of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Board believes that the Capital Reorganization will not have any adverse effect on the financial position of the Company and the Board believes that on the effective date of the Capital Reorganization, there will be no reasonable grounds for believing that the Company is, or after the Capital Reorganization would be, unable to pay its liabilities as they become due. No capital of the Company will be lost as a result of the Capital Reorganization and, except for the expenses involved in relation to the Capital Reorganization, which are expected to be insignificant to the net asset value of the Company, the net asset value of the Company will remain unchanged immediately before and after the Capital Reorganization becoming effective. The Capital Reorganization does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

### **Application for listing of New Shares**

Application will be made to the Stock Exchange for granting the listing of, and permission to deal in, the New Shares and all necessary arrangements will be made for the New Shares to be admitted into the CCASS established and operated by HKSCC.

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.

The New Shares will be identical and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date 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.

### **Arrangement on odd lot trading and Fractional Consolidated Shares**

Fractional Consolidated Shares will be disregarded and not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise if the entire shareholding of a Shareholder is not in integral multiple of four (4) regardless of the number of share certificates held by such Shareholder.

In order to alleviate the difficulties in the trading of odd lots of the Shares or the New Shares (if any) arising from the Capital Reorganization, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Shares or the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares or the New Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

### **Exchange of share certificates**

Subject to the Capital Reorganization becoming effective, the Shareholders may, from 15 August 2013 to 23 September 2013 (both days inclusive) submit their existing share certificates (in pink colour) for Shares to the Registrar to exchange, at the expenses of the Company, for new share certificates (in light yellow colour) (on the basis of four (4) Shares for one (1) New Share). Thereafter, existing share certificates will remain effective as documents of legal title but will be accepted for exchange only on payment of a fee of HK\$2.5 (or such higher amount as may from time to time be allowed by the Stock Exchange) per certificate issued or cancelled, whichever is higher, payable by the Shareholders to the Registrar.

The new share certificates will be issued in light yellow colour in order to distinguish them from the existing share certificates which are in pink colour.

### **Warning**

**Shareholders and potential investors should also be aware of and take note that the Capital Reorganization is conditional upon satisfaction of the conditions precedent set out in the paragraph headed “Conditions of the Capital Reorganization” of this announcement. Therefore, the Capital Reorganization may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares or the New Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

## Shareholding structure of the Company

Set out below is the shareholding structure of the Company (as extracted from the Disclosure of Interest forms posted on the website of the Stock Exchange) as at the date of this announcement and immediately after the Capital Reorganization becoming effective.

	As at the date of this announcement		Immediately after the Capital Reorganization becoming effective	
	Number of Shares	%	Number of New Shares	%
<b>Substantial Shareholders:</b>				
Allied Summit Inc. (Note)	1,296,975,804	58.27	324,243,951	58.27
<b>Public:</b>				
Public Shareholders	<u>928,706,317</u>	<u>41.73</u>	<u>232,176,579</u>	<u>41.73</u>
<b>Total</b>	<u><u>2,225,682,121</u></u>	<u><u>100.00</u></u>	<u><u>556,420,530</u></u>	<u><u>100.00</u></u>

Note: Allied Summit Inc. is owned as to 80% by Mr. Su Weibiao and as to the remaining 20% by Mr. Ng Kwok Fai. Mr. Ng Kwok Fai is an executive Director and the chairman of the Company.

## Expected timetable

The expected timetable for the Capital Reorganization is set out below:

Event	2013 (Hong Kong time)
Expected date of despatch of the Circular and form of proxy of the SGM	not later than Monday, 22 July
Latest time for return of form of proxy for the SGM (not less than 48 hours)	9:00 a.m. on Monday, 12 August
SGM	10:00 a.m. on Wednesday, 14 August
Announcement of results of the SGM	Wednesday, 14 August
Effective date of the Capital Reorganization	Thursday, 15 August
Commencement of dealings in New Shares	9:00 a.m. on Thursday, 15 August
First day for free exchange of existing share certificates for new share certificates	Thursday, 15 August
Original counter for trading in existing Shares in the board lots size of 40,000 temporarily closes	9:00 a.m. on Thursday, 15 August



**Event****2013 (Hong Kong time)**

- Temporary counter for trading in New Shares  
in the board lots size of 10,000 (in the form of  
existing share certificates) opens . . . . . 9:00 a.m. on Thursday, 15 August
- Original counter for trading in New Shares  
in the board lots size of 40,000 (in the form of  
new share certificates) re-opens . . . . . 9:00 a.m. on Thursday, 29 August
- Parallel trading in the New Shares (in the form of  
new and existing certificates) commences . . . . . 9:00 a.m. on Thursday, 29 August
- Designated broker starts to stand in the market to  
provide matching services for the sale and  
purchase of odd lots of the New Shares . . . . . 9:00 a.m. on Thursday, 29 August
- Temporary counter for trading in board lots of  
10,000 New Shares (in the form of  
existing share certificates) closes . . . . . 4:00 p.m. on Wednesday, 18 September
- Parallel trading in the New Shares (in the form of  
new and existing certificates) ends . . . . . 4:00 p.m. on Wednesday, 18 September
- Designated broker ceases to stand in the market to  
provide matching services for the sale and  
purchase of odd lots of New Shares . . . . . 4:00 p.m. on Wednesday, 18 September
- Last day of free exchange of existing certificates for  
new certificate for the New Shares . . . . . Monday, 23 September

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

**IMPLICATIONS UNDER THE LISTING RULES**

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A circular containing, among other things, (i) further details about the Capital Reorganization; and (ii) the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

## DEFINITION

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

“Authorization”	the proposed authorization to the Directors to apply the entire amount standing to the credit of the contributed surplus account of the Company in such manner as they consider appropriate subject to the compliance with the Company Act, including but not limited to setting off against the accumulated losses of the Company from time to time
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business throughout their normal business hours in Hong Kong
“Bye-laws”	the existing bye-laws of the Company as amended from time to time
“Capital Reduction”	the proposed (i) reduction of the issued share capital of the Company by cancelling the paid-up capital of the Company to the extent of HK\$0.319 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.32 to HK\$0.001; and (ii) reduction of the authorized share capital of the Company by reducing the par value of all Consolidated Shares from HK\$0.32 each to HK\$0.001 each, resulting in the reduction of the authorized share capital of the Company from HK\$400,000,000 divided into 1,250,000,000 Consolidated Shares to HK\$1,250,000 divided into 1,250,000,000 New Shares
“Capital Reorganization”	the Share Consolidation, the Capital Reduction and the Increase in Authorized Share Capital
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Pacific Plywood Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the main board of the Stock Exchange



“Consolidated Share(s)”	share(s) of par value of HK\$0.32 each in the share capital of the Company immediately after the Share Consolidation becoming effective but before the Capital Reduction and the Increase in Authorized Share Capital
“Director(s)”	director(s) 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 PRC
“Increase in Authorized Share Capital”	the proposed increase in the authorized share capital of the Company from HK\$1,250,000 (divided into 1,250,000,000 New Shares) to HK\$400,000,000 (divided into 400,000,000,000 New Shares) by the creation of 398,750,000,000 New Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Shares”	Shares of par value of HK\$0.001 each in the share capital of the Company immediately upon the Capital Reorganization becoming effective
“PRC”	the People’s Republic of China
“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
“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the Capital Reorganization
“Share(s)”	share(s) in the issued and unissued capital of the Company, the par value of which being HK\$0.08 each prior to the Capital Reorganization
“Share Consolidation”	the proposed consolidation of every four (4) Shares into one (1) Consolidated Share
“Shareholder(s)”	the holder(s) of issued Share(s) and/or New Share(s) (as the case may be)

“Stock Exchange”                      The Stock Exchange of Hong Kong Limited

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

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

Hong Kong, 12 July 2013

As at the date of this announcement, the Directors are:

*Executive Directors*

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

*Independent non-executive Directors*

Mr. Wong Chun Hung  
Mr. Wong Sze Kai  
Mr. Zheng Zhen

*In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*