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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 SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

The Board proposes to implement the Share Consolidation on the basis that every 25 issued and unissued Shares of HK\$0.001 each will be consolidated into 1 Consolidated Share of HK\$0.025 each. The Board also proposes to change the board lot size for trading in the shares of the Company from 20,000 Shares to 2,000 Consolidated Shares after the Share Consolidation becoming effective.

The Share Consolidation is subject to the Shareholders' approval at the SGM and no Shareholders required to abstain from voting on the ordinary resolution in relation to the Share Consolidation. A circular containing further details of the Share Consolidation and the notice of the SGM will be despatched to the Shareholders as soon as practicable.

SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

Share Consolidation

The Board proposes to implement the Share Consolidation on the basis that every 25 issued and unissued Shares of HK\$0.001 each will be consolidated into 1 Consolidated Share of HK\$0.025 each. Fractional Consolidated Shares will be disregarded and not 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 in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

* *For identification purposes only*

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 200,000,000,000 Shares of HK\$0.001 each, of which 1,926,819,448 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, on the basis that the Company does not allot and issue any further Shares prior thereto, the authorised share capital of the Company shall remain at HK\$200,000,000 divided into 8,000,000,000 Consolidated Shares of HK\$0.025 each, of which 77,072,777 Consolidated Shares will be in issue.

The Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's memorandum of association and bye-laws. Other than the expenses, including professional fees and printing charges, to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

Listing application

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Conditions of the Share Consolidation

The Share Consolidation is conditional on:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the SGM; and
- (ii) the Stock Exchange granting the listing of, and the permission to deal in, the Consolidated Shares in issue.

Change in board lot size

The Board also proposes to change the board lot size for trading in the shares of the Company from 20,000 Shares to 2,000 Consolidated Shares after the Share Consolidation becoming effective.

REASONS FOR THE SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

It is expected that the Share Consolidation shall bring about a corresponding increase in the trading price of the Consolidated Shares. It is also expected that the change in board lot size shall increase the trading amount for each board lot. As a result, the Share Consolidation and change in board lot size would enable the Company to comply with the trading requirements of the Listing Rules. Accordingly, the Board is of the view that the Share Consolidation and change in board lot size are in the interest of the Company and the Shareholders as a whole.

ARRANGEMENT ON ODD LOT TRADING

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, 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 Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders in relation to the Share Consolidation.

CONVERTIBLE NOTES

As at the date of this announcement, there is an outstanding principal amount of HK\$48,000,000 Convertible Notes. An approved merchant bank will be engaged by the Company in accordance with the terms of the Convertible Notes to certify in writing as to the adjustments to the conversion price of the Convertible Notes required to be made in respect of the outstanding Convertible Notes as a result of the Share Consolidation. The Company will make a further announcement about the adjustments to the Convertible Notes in due course.

EXCHANGE OF SHARE CERTIFICATES

Subject to the Share Consolidation becoming effective, Shareholders may submit share certificates for existing Shares to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, between 10 January 2011 and 17 February 2011 (both dates inclusive) during the business hours, to exchange, at the expense of the Company, for certificates of the Consolidated Shares. It is expected that the new certificates for the Consolidated Shares will be available for collection within 10 business days after the submission of the existing share certificates to the branch share registrar for exchange. Thereafter, the existing share certificates for the Shares will cease to be valid for delivery, trading and settlement purpose but will remain effective as documents of legal title and will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by Stock Exchange) per existing share certificate cancelled or new share certificate issued (whichever is the higher) by shareholders. The existing share certificates are in light blue colour and the new share certificates will be in purple colour.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Share Consolidation and change in board lot size:

Despatch of circular with notice of SGM	Tuesday, 21 December 2010
Latest time for lodging the proxy forms for use at the Special General Meeting	10:30 a.m., Wednesday, 5 January 2011
Date of SGM	10:30 a.m., Friday, 7 January 2011
Effective date for the Share Consolidation	Monday, 10 January 2011
First day for free exchange of existing share certificates for new share certificates	Monday, 10 January 2011
Original counter for trading in Shares in board lots of 20,000 Shares temporarily closes	9:30 a.m., Monday, 10 January 2011
Temporary counter for trading in Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates) opens	9:30 a.m., Monday, 10 January 2011
Original counter for trading in Consolidated Shares in new board lots of 2,000 Consolidated Shares (in the form of new share certificates) re-opens	9:30 a.m., Monday, 24 January 2011
Parallel trading in Consolidated Shares in the form of new share certificates and existing share certificates commences	9:30 a.m., Monday, 24 January 2011
Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares	Monday, 24 January 2011

Temporary counter for trading in Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates) closes	4:00 p.m., Tuesday, 15 February 2011
Parallel trading in Consolidated Shares in the form of new share certificates and existing share certificates closes	4:00 p.m., Tuesday, 15 February 2011
Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated Shares	Tuesday, 15 February 2011
Last day for free exchange of existing share certificates for new share certificates	Thursday, 17 February 2011

SGM AND CIRCULAR

The Share Consolidation and change in board lot size are subject to the Shareholders’ approval at the SGM and no Shareholders are required to abstain from voting on the ordinary resolution in relation to the Share Consolidation. A circular containing further details of the Share Consolidation and change in board lot size and the notice of the SGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

- “Board” : the board of Directors
- “Company” : Pacific Plywood Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
- “Consolidated Shares” : consolidated ordinary share(s) of HK\$0.025 each in the issued and unissued share capital of the Company upon the Share Consolidation becoming effective
- “Convertible Notes” : the convertible notes with outstanding principal amount of HK\$48 million as at the date of this announcement issued by the Company to Favor Way Investments Limited
- “Directors” : the directors of the Company

“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	:	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“SGM”	:	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation
“Shareholder(s)”	:	holder(s) of the existing shares of the Company
“Shares”	:	the shares of HK\$0.001 each in the share capital of the Company
“Share Consolidation”	:	the proposed consolidation of every 25 Shares into 1 Consolidated Share
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 20 December 2010.

As at the date of this announcement, the executive Directors are Dr. Budiono Widodo (Chairman), Mr. Sardjono Widodo (Managing Director), Ms. Jia Hui, Mr. Huang Chuan Fu, Mr. Jiang Yi Ren and Mr. Liang Jian Hua and the independent non-executive Directors are Mr. Chan Kin Sang, Mr. Cheng Po Yuen and Mr. Wong Chun Hung,.

In the case of any inconsistency, the English text of this announcement should prevail over the Chinese Text.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited and the website of the Company for at least 7 days from the date of its posting.