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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)

**RESULTS OF THE RIGHTS ISSUE
AND
ADJUSTMENT TO THE CONVERSION PRICE OF THE
CONVERTIBLE BONDS AND THE PLACING CONVERTIBLE NOTES**

RESULTS OF THE RIGHTS ISSUE

The Board announces that all of the conditions set out in the Underwriting Agreement have been fulfilled and the Underwriting Agreement has not been terminated in accordance with its terms.

As at 4:00 p.m. on Friday, 13 May 2011, being the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares, (i) a total of 579 valid acceptances in respect of 2,485,858,370 Rights Shares provisionally allotted under the Rights Issue had been received, representing approximately 89.61% of the total number of 2,774,183,310 Rights Shares available under the Rights Issue; and (ii) a total of 629 valid applications for 1,736,696,172 excess Rights Shares had been received. In aggregate, they represent approximately 1.52 times of the total number of 2,774,183,310 Rights Shares available for subscription under the Rights Issue.

The Rights Issue became unconditional on Wednesday, 18 May 2011. As a result of the over-subscription of the Rights Shares, the Underwriter's obligations under the Underwriting Agreement in respect of the Rights Shares have been fully discharged.

It is expected that the share certificates for the Rights Shares, in their fully-paid form will be posted by ordinary post to those entitled thereto, at their own risk, on or before Monday, 23 May 2011. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (without interest) will also be despatched by ordinary post to those entitled thereto at their own risk on or before Monday, 23 May 2011.

Dealings in the Rights Shares, in their fully-paid form, are expected to commence on the Stock Exchange on Wednesday, 25 May 2011.

* For identification purposes only

ADJUSTMENT TO THE CONVERSION PRICE OF THE CONVERTIBLE BONDS AND THE PLACING CONVERTIBLE NOTES

Pursuant to the terms and conditions of the Convertible Bonds and the approval obtained from independent Shareholders at the special general meeting of the Company dated 6 May 2011, the conversion price of the Convertible Bonds has been adjusted from HK\$4.00 per conversion Share to HK\$0.274 per conversion Share upon the Rights Issue became unconditional on 18 May 2011.

Furthermore, pursuant to the terms and conditions of the Placing Convertible Notes as set out in the circular of the Company dated 28 March 2011, the Conversion Price has been adjusted from HK\$0.58 per Conversion Share to HK\$0.082 per Conversion Share upon the Rights Issue became unconditional on 18 May 2011.

Reference is made to the prospectus of Pacific Plywood Holdings Limited (the “**Company**”) dated 27 April 2011 (the “**Prospectus**”). Capitalized terms used herein shall have the same meanings as defined in the Prospectus, unless otherwise stated.

RESULTS OF THE RIGHTS ISSUE

The Board announces that all of the conditions set out in the Underwriting Agreement have been fulfilled and the Underwriting Agreement has not been terminated in accordance with its terms.

As at 4:00 p.m. on Friday, 13 May 2011, being the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares, (i) a total of 579 valid acceptances in respect of 2,485,858,370 Rights Shares provisionally allotted under the Rights Issue had been received, representing approximately 89.61% of the total number of 2,774,183,310 Rights Shares available under the Rights Issue; and (ii) a total of 629 valid applications for 1,736,696,172 excess Rights Shares had been received. In aggregate, they represent approximately 1.52 times of the total number of 2,774,183,310 Rights Shares available for subscription under the Rights Issue.

The Rights Issue became unconditional on Wednesday, 18 May 2011.

Underwriting arrangements

As all the conditions precedent set out in the Underwriting Agreement have been fulfilled and the Underwriting Agreement was not terminated by the Underwriter on or before 4:00 p.m. on Wednesday, 18 May 2011, the Underwriting Agreement became unconditional on Wednesday, 18 May 2011. As a result of the over-subscription of the Rights Shares, the Underwriter’s obligations under the Underwriting Agreement in respect of the Rights Shares have been fully discharged.

Excess application

Regarding the 1,736,696,172 excess Rights Shares being applied for by way of application under the EAFs, the Board has resolved to allot the 288,324,940 available Rights Shares to 629 applicants. Based on the above, the available Rights Shares will all be allocated to the

successful applicants. The available Rights Shares had been allocated on the following principles: (a) preference will be given to applicants for topping-up odd lots holdings to whole-lots holding; and (b) subject to availability of excess Rights Shares allocation under (a) aforementioned, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess Rights Shares based on a pro-rata basis based on the number of the excess Rights Shares applied by them, with board lot allocation to be made on a best-effort basis.

Based on the above, the available Rights Shares are allocated to the successful applicants in the following manner:

Number of excess Rights Shares applied for	Number of valid applications of the successful applicants	Total number of excess Rights Shares applied for	Total number of Rights Shares allotted	Approximate percentage of allocation based on the total number of excess Rights Shares applied for in this category	Basis of Allotment
1–80,000	579	23,388,882	23,388,882	100%	In full
80,001–200,000,000	49	526,052,697	82,612,697	15.70%	Odd lot in full plus additional shares at approximate 15.36% on the remaining excess rights shares applied and rounded up to a board lot of 40,000 shares
Above 200,000,000	<u>1</u>	<u>1,187,254,593</u>	<u>182,323,361</u>	<u>15.36%</u>	15.36% (approximate)
	<u>629</u>	<u>1,736,696,172</u>	<u>288,324,940</u>		

The Board is of the opinion that the above basis of allotment is fair and reasonable to the Qualifying Shareholders who have applied for excess Rights Shares under each application.

Despatch of share certificates and refund cheques

The share certificates for the Rights Shares in respect of the valid acceptances of the Rights Shares under the PALs and successful applicants for excess Rights Shares under the EAFs, in their fully paid form, will be despatched on or before Monday, 23 May 2011 by ordinary post to those relevant Shareholders' addresses (as shown on the register of members of the Company) at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (without interest) will also be despatched by ordinary post to those entitled thereto at their own risk on or before Monday, 23 May 2011.

Commencement of dealings in Rights Shares in fully-paid form

Dealings in the Rights Shares, in their fully-paid form, are expected to commence on the Stock Exchange at 9:00 a.m. on Wednesday, 25 May 2011.

Shareholding structure of the Company

To the best knowledge of the Board, the following is a table showing the shareholding structure of the Company as at the date of this announcement when the Rights Issue has completed:

Shareholders	Number of Shares	%
The Underwriter	0	0.00
Existing public shareholders	<u>4,086,168,279</u>	<u>100.00</u>
Total	<u>4,086,168,279</u>	<u>100.00</u>

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

Hong Kong, 20 May 2011

As at the date of this announcement, the executive Directors are Mr. Liang Jian Hua (Chairman), Mr. Huang Chuan Fu (Deputy Chairman), Ms. Jia Hui and Mr. Jiang Yi Ren 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 shall prevail over the Chinese text.