

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

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

(I) ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE

(II) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

AND

(III) FURTHER INFORMATION

IN RELATION TO

(i) PROPOSED SHARE CONSOLIDATION

(ii) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE CONSOLIDATED SHARE HELD ON THE RECORD DATE AT HK\$0.14 PER RIGHTS SHARE WITH BONUS ISSUE ON THE BASIS OF FIVE BONUS SHARES FOR EVERY ONE RIGHTS SHARE TAKEN UP UNDER THE RIGHTS ISSUE

(iii) APPLICATION FOR WHITEWASH WAIVER

(iv) CONNECTED TRANSACTION

IN RESPECT OF UNDERWRITING COMMISSION

(v) PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY

(I) ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE

The Company wishes to announce that an Independent Board Committee, comprising Mr. CHAN Kin Sang, a non-executive Director, Mr. CHENG Po Yuen, Mr. WONG Chun Hung and Mr. LI Sui Yang, all independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue (with the Bonus Issue) and the Whitewash Waiver.

* For identification purposes only

(II) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company is also pleased to announce that the Independent Board Committee has approved the appointment of Bridge Partners as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue (with the Bonus Issue) and the Whitewash Waiver and Bridge Partners has been appointed by the Board in accordance with Rule 2.1 of the Takeovers Code.

(III) FURTHER INFORMATION

Subsequent to the publication of the Announcement, the Company was informed of the financing arrangements between Allied Summit and Kingston Securities in connection with the former's underwriting obligations and that they are parties acting in concert in relation to the Company for the purpose of the Rights Issue (with the Bonus Issue).

Reference is made to the announcement of Pacific Plywood Holdings Limited (the "**Company**") dated 10 July 2012 (the "**Announcement**") in relation to, among other things, the Share Consolidation, the Rights Issue (with the Bonus Issue), the Whitewash Waiver, the connected transaction in respect of the underwriting commission and the Bye-laws Amendments. Capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise defined herein.

(I) ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE

The Company wishes to announce that an independent board committee of the Company (the "**Independent Board Committee**"), comprising Mr. CHAN Kin Sang, a non-executive Director, Mr. CHENG Po Yuen, Mr. WONG Chun Hung and Mr. LI Sui Yang, all independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue (with the Bonus Issue) and the Whitewash Waiver.

(II) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company is also pleased to announce that the Independent Board Committee has approved the appointment of Bridge Partners Capital Limited ("**Bridge Partners**") as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue (with the Bonus Issue) and the Whitewash Waiver and Bridge Partners has been appointed by the Board in accordance with Rule 2.1 of the Takeovers Code. Bridge Partners is a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO. The advice of Bridge Partners to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue (with the Bonus Issue) and the Whitewash Waiver will be included in the Circular.

(III) FURTHER INFORMATION

Subsequent to the publication of the Announcement, the Company was informed of the financing arrangements between Allied Summit and Kingston Securities in connection with the former's underwriting obligations and that they are parties acting in concert in relation to the Company for the purpose of the Rights Issue (with the Bonus Issue).

Change of the Maximum Shareholding of the Concert Group

The shareholding of the Concert Group (i.e. Allied Summit, Kingston Securities and their respective associates and the parties acting in concert with any of them) in the Company immediately following the completion of the Rights Issue (with the Bonus Issue) and assuming both Allied Summit and Kingston Securities are called upon to subscribe for the Underwritten Shares in full pursuant to their respective obligations under the Underwriting Agreement (net of those 235,000,000 Underwritten Shares that Kingston Securities has already sub-underwritten to its sub-underwriters, who are Independent Third Parties), **would increase to a maximum of approximately 80.65%** of the enlarged total issued share capital of the Company (assuming no new Share/Consolidated Share being issued other than full exercises of the Agent Option and the Longjiang Option and full utilization of the Issue Mandate and no Share/Consolidated Share being repurchased by the Company on or before the Record Date) **instead of 72.97%** as disclosed in the Announcement (when Kingston Securities was not yet identified as a member of the Concert Group). As such, the Company has decided to waive the restriction that Kingston Securities and its then parties acting in concert shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and the parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Rights Issue (with the Bonus Issue).

Notwithstanding that Kingston Securities is being deemed as a party acting in concert with Allied Summit, Kingston Securities will be regarded as a public Shareholder as its shareholding in the Company is and will continue to be less than 10%.

The revised shareholding structures of the Company before and after completion of the Rights Issue (with the Bonus issue) are as follows:

Scenario 1: Assuming there is no new Share/Consolidated Share being issued and no Share/Consolidated Share being repurchased by the Company on or before the Record Date:

Substantial Shareholders	As at the date of this announcement		Immediately after the Share Consolidation but before completion of the Rights Issue (with the Bonus Issue)		All Rights Shares are subscribed by the Qualifying Shareholders		Immediately after completion of the Rights Issue (with the Bonus Issue)		None of the Rights Shares are subscribed by the Qualifying Shareholders (except for Allied Summit pursuant to the Undertaking) (Notes 1 & 2)
	Number of Shares	Approximate %	Number of Consolidated Shares	Approximate %	Number of Consolidated Shares	Approximate %	Number of		
							Consolidated Shares	Approximate %	
Allied Summit (Note 3)	180,000,000	13.14	90,000,000	13.14	1,170,000,000	13.14	1,170,000,000	13.14	
Underwriting portion of Allied Summit	—	—	—	—	—	—	4,857,903,216	54.57	
<i>Sub-total by Allied Summit</i>	<u>180,000,000</u>	<u>13.14</u>	<u>90,000,000</u>	<u>13.14</u>	<u>1,170,000,000</u>	<u>13.14</u>	<u>6,027,903,216</u>	<u>67.71</u>	
Kingston Securities (Notes 5 & 6)	581,737	0.04	290,868	0.04	3,781,284	0.04	870,290,868	9.77	
<i>Sub-total by the Concert Group</i>	<u>180,581,737</u>	<u>13.18</u>	<u>90,290,868</u>	<u>13.18</u>	<u>1,173,781,284</u>	<u>13.18</u>	<u>6,898,194,084</u>	<u>77.48</u>	
To Yuk Fung (Note 4)	165,310,344	12.07	82,655,172	12.07	1,074,517,236	12.07	82,655,172	0.93	
Public									
Sub-underwriters (Note 5)	—	—	—	—	—	—	1,410,000,000	15.84	
Other public Shareholders	<u>1,023,758,456</u>	<u>74.75</u>	<u>511,879,228</u>	<u>74.75</u>	<u>6,654,429,964</u>	<u>74.75</u>	<u>511,879,228</u>	<u>5.75</u>	
Total	<u><u>1,369,650,537</u></u>	<u><u>100.00</u></u>	<u><u>684,825,268</u></u>	<u><u>100.00</u></u>	<u><u>8,902,728,484</u></u>	<u><u>100.00</u></u>	<u><u>8,902,728,484</u></u>	<u><u>100.00</u></u>	

Scenario 2: Assuming no new Share/Consolidated Share being issued other than full exercises of the Agent Option and the Longjiang Option and full utilization of the Issue Mandate and no Share/Consolidated Share being repurchased by the Company on or before the Record Date:

Substantial Shareholders	As at the date of this announcement		Immediately after the Share Consolidation and full exercises of the Agent Option and the Longjiang Option and full utilization of the Issue Mandate but before completion of the Rights Issue (with the Bonus Issue)		Immediately after completion of the Rights Issue (with the Bonus Issue)		None of the Rights Shares are subscribed by the Qualifying Shareholders (except for Allied Summit pursuant to the Undertaking) (Notes 1 & 2)	
	Number of Shares	Approximate %	Consolidated Shares	Approximate %	All Rights Shares are subscribed by the Qualifying Shareholders		Number of	
					Consolidated Shares	Approximate %	Consolidated Shares	Approximate %
Allied Summit (Note 3)	180,000,000	13.14	90,000,000	10.33	1,170,000,000	10.33	1,170,000,000	10.33
Underwriting portion of Allied Summit	—	—	—	—	—	—	7,095,687,948	62.64
<i>Sub-total by Allied Summit</i>	<u>180,000,000</u>	<u>13.14</u>	<u>90,000,000</u>	<u>10.33</u>	<u>1,170,000,000</u>	<u>10.33</u>	<u>8,265,687,948</u>	<u>72.97</u>
Kingston Securities (Notes 5 & 6)	581,737	0.04	290,868	0.03	3,781,284	0.03	870,290,868	7.68
<i>Sub-total by the Concert Group</i>	<u>180,581,737</u>	<u>13.18</u>	<u>90,290,868</u>	<u>10.36</u>	<u>1,173,781,284</u>	<u>10.36</u>	<u>9,135,978,816</u>	<u>80.65</u>
To Yuk Fung (Note 4)	165,310,344	12.07	82,655,172	9.49	1,074,517,236	9.49	82,655,172	0.73
Public								
Sub-underwriters (Note 5)	—	—	—	—	—	—	1,410,000,000	12.45
Other public Shareholders	1,023,758,456	74.75	698,361,289	80.15	9,078,696,757	80.15	698,361,289	6.17
Total	<u><u>1,369,650,537</u></u>	<u><u>100.00</u></u>	<u><u>871,307,329</u></u>	<u><u>100.00</u></u>	<u><u>11,326,995,277</u></u>	<u><u>100.00</u></u>	<u><u>11,326,995,277</u></u>	<u><u>100.00</u></u>

Notes:

1. The above scenario is for illustrative purpose only and will unlikely occur.
2. The Company will ensure the compliance with the public float requirements under Rule 8.08 of the Listing Rules upon completion of the Rights Issue (with the Bonus Issue).
3. Allied Summit is beneficially owned as to 80% by Mr. Su Weibiao and 20% by Mr. Ng, who is the chairman of the Company and an executive Director.
4. Ms. To Yuk Fung will be regarded as a public Shareholder under the scenario that none of the Rights Shares are subscribed by the Qualifying Shareholders (except for the Underwriters).
5. Kingston Securities has confirmed with the Company that it has sub-underwritten 235,000,000 Rights Shares to sub-underwriters, who are Independent Third Parties. Kingston Securities has agreed to use its best endeavours to ensure that each of the subscribers: (i) shall be an Independent Third Party, and not acting in concert with and not connected with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates; and (ii) none of such subscribers (together with their respective parties acting in concert) will hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue (with the Bonus Issue, such that the Company will be able to comply with the minimum public float requirement sets out under Rule 8.08(1) of the Listing Rules).

6. Notwithstanding that Kingston Securities is being deemed as a party acting in concert with Allied Summit, Kingston Securities will be regarded as a public Shareholder as its shareholding in the Company is and will continue to be less than 10%.

Except as stated above, all the information in the Announcement (including but not limited to the terms of the Rights Issue (with the Bonus Issue) and the terms of the Underwriting Agreement) remains unchanged.

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

Hong Kong, 19 July 2012

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. Cheng Po Yuen
Mr. Wong Chun Hung
Mr. Li Sui Yang

Non-executive Director

Mr. Chan Kin Sang

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.