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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 to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

MAJOR TRANSACTION

Terms used in this cover page have the same meanings as defined in this circular. A letter from the Board is set out in pages 3 to 8 of this circular. The notice of SGM to be held at 10:00 a.m. on Tuesday, 14 August 2012, at Units 3301–3303, 33/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong is set out on pages 18 to 19 of this circular.

Whether or not you are able to attend the SGM, 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, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the SGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM should you so wish.

* *For identification purpose only*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Borrower”	Super Century Investments Limited, an investment holding company incorporated in the British Virgin Islands with limited liability
“Company”	Pacific Plywood Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Facility Letter”	the facility letter made between the Lender and the Borrower on 23 June 2011
“Group”	the Company and its subsidiaries
“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
“Latest Practicable Date”	26 July 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Lender”	Joy Wealth Finance Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, which is a licensed money lender and is principally engaged in the business of money lending and provision of credits
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility”	the loan with its principal amount of up to HK\$75 million as revised from up to HK\$203 million pursuant to the Supplemental Facility Letter
“Repayment Date”	23 December 2012 subject to agreement between the parties thereto on any possible extension of six (6) months
“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the entering into of the Supplemental Facility Letter and the transactions contemplated thereunder

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Mortgage”	the share mortgage executed by the Borrower as mortgagor in favour of the Lender as mortgagee by way of a first legal charge over the 134,362,850 Simsen Shares and 1,343,628,508 Simsen Warrants
“Simsen Group”	Simsen International and its subsidiaries
“Simsen International”	Simsen International Corporation Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 993)
“Simsen Share(s)”	ordinary share(s) of Simsen International with par value of HK\$0.001 each
“Simsen Warrant(s)”	warrant(s) of Simsen International each carrying the subscription right for 0.02 Simsen Share with the subscription price of HK\$1.50 per Simsen Share, the warrant(s) shall expired on 21 August 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Facility Letter”	the Supplemental Facility Letter dated 1 July 2012 entered into between the Lender and the Borrower to supplement the Facility Letter
“Supplemental Share Mortgage”	the supplemental share mortgage dated 1 July 2012 executed by the Borrower as mortgagor in favour of the Lender as mortgagee to supplement the Share Mortgage
“%”	per cent.

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

LETTER FROM THE BOARD



PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

Executive Directors:

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

Non-executive Director:

Mr. Chan Kin Sang

Independent non-executive Directors:

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

Registered office:

Canon's Court
22 Victoria Street
Hamilton, HM12
Bermuda

Head office and principal place of business:

Units 3301–3303, 33/F.
West Tower Shun Tak Centre
168–200 Connaught Road Central
Sheung Wan, Hong Kong

30 July 2012

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

INTRODUCTION

On 23 June 2011, the Lender entered into the Facility Letter with the Borrower in relation to the provision of the Loan Facility up to HK\$203 million. As at the date of the Supplemental Facility Letter, the total outstanding amount due from the Borrower amounted to HK\$73,701,311.75 (which comprises principal amount of HK\$73,233,431.49 and accrued interests of approximately HK\$467,880.26).

On 1 July 2012, the Lender and the Borrower entered into the Supplemental Facility Letter, pursuant to which each of the Lender and the Borrower has conditionally agreed to (i) revise the principal amount of the Loan Facility from up to HK\$203 million to up to HK\$75 million; (ii) extend the term of the Loan Facility by six months to 23 December 2012; and (iii) increase the interest rate from 10% per annum to 24% per annum. The terms and conditions of the Supplemental Facility Letter were arrived at after arm's length negotiations between the

* *For identification purpose only*

LETTER FROM THE BOARD

Lender and the Borrower with reference to, *inter alia*, the past repayment records of the Borrower and the profitability of the higher interest rate. Save for the variation as set out in the Supplement Facility Letter, the Facility Letter shall remain in full force and effect.

The purpose of this circular is to provide you with, among other things, (i) further information regarding the entering into of the Supplemental Facility Letter and the transactions contemplated thereunder and other information as required by the Listing Rules; and (ii) the notice of SGM, for the purpose of considering and, if thought fit, approving the entering into of the Supplemental Facility Letter and the transactions contemplated thereunder by the Shareholders.

THE SUPPLEMENTAL FACILITY LETTER

Set out below are the key terms of the Supplemental Facility Letter.

Date: 1 July 2012

Parties:

Lender: Joy Wealth Finance Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, is a licensed money lender and is principally engaged in the business of money lending and provision of credits.

Borrower: Super Century Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is an investment holding company.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower and its ultimate beneficial owner are third parties independent to the Company and its associates, and are not connected with the Directors, chief executives or substantial Shareholders and its subsidiaries and their respective associates (as defined under the Listing Rules).

Principal amount of the supplemental Loan Facility:

Up to HK\$75 million.

As at the date of the Supplemental Facility Letter, the total outstanding amount due from the Borrower pursuant to the Facility Letter amounted to HK\$73,701,311.75 (which comprises the principal amount of HK\$73,233,431.49 and accrued interests of HK\$467,880.26).

Term of the supplemental Loan Facility and Repayment Date:

23 December 2012, being eighteen (18) months from the date of the Facility Letter, subject to the agreement between the parties thereto on any possible extension of six (6) months. The Borrower shall repay all outstanding principal amounts and accrued interests to the Lender on the Repayment Date.

LETTER FROM THE BOARD

Interest rate:

During the period between 23 June 2011 and 22 June 2012 (both days inclusive), interest on the Loan Facility has accrued at the rate of 10% per annum.

With effect from 23 June 2012, interest on the Loan Facility shall accrue at the rate of 24% per annum as a result of the extension.

Collaterals:

Share Mortgage (as supplemented by the Supplemental Share Mortgage)

The Loan Facility is secured by the Share Mortgage (as supplemented by the Supplemental Share Mortgage dated 1 July 2012 executed by the Borrower as mortgagor in favour of the Lender as mortgagee). Pursuant to the Share Mortgage (as supplemented by the Supplemental Share Mortgage), the Lender, as mortgagee of 134,362,850 Simsen Shares with market value of approximately HK\$22.17 million as at the Latest Practicable Date and 1,343,628,508 Simsen Warrants (equivalent to 26,872,570 Simsen Shares upon full exercise) shall have rights, *inter alia*, to dispose of and/or transfer to itself the Simsen Share and/or the Simsen Warrants mortgage to it under the Share Mortgage (as supplemented by the Supplemental Share Mortgage) upon the occurrence of any event which may lead to an event of default.

As at the Latest Practicable Date, the Borrower was a substantial shareholder (as defined in the Listing Rules) of Simsen International by virtue of its beneficial ownership of 141,080,993 Simsen Shares, being approximately 22.20% of the total issued share capital of Simsen International, and 1,343,628,508 Simsen Warrants.

Other Security

The Lender shall have the right from time to time in its absolute and sole discretion require or demand any other collateral from the Borrower.

Guarantor:

Mr. Ji Xiao Bo (“**Mr. Ji**”), who agreed to provide personal guarantee for the performance of the Borrower under the Loan Facility.

According to the announcement of Simsen International dated 28 November 2011, Mr. Ji held 40% of the equity interest of the Borrower and was appointed as the executive director and chief executive officer of Simsen International. For further details of Mr. Ji, please refer to the public documents issued by Simsen International.

Condition of the Supplemental Facility Letter:

The Supplemental Facility Letter shall be conditional upon obtaining the approval from the Shareholders at the SGM in accordance with the Listing Rules approving the entering into of the Supplemental Facility Letter and the transactions contemplated thereunder.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SUPPLEMENTAL FACILITY LETTER

The Company is an investment holding company, and through its subsidiaries is principally engaged in money lending, provision of credits, securities investments, and provision of corporate secretarial and consultancy services and forestry business.

The Borrower is an investment holding company incorporated in the British Virgin Islands with limited liability. Up to the Latest Practicable Date, the Borrower is the largest customer on the Group's loan book in terms of the amount of principal drawn. The total repayment made by the Borrower in respect of the Loan Facility amounted to approximately HK\$146 million, being approximately 72% of the principal drawn by the Borrower, and the total interest income received from the Borrower amounted to approximately HK\$17 million.

During the discussion between the Borrower and the Lender in determining the revised terms of the Loan Facility, it was noted that (i) the Borrower intended to extend the term of the Loan Facility with the original amounts (i.e. HK\$203 million), however, the Company was unable to provide such loan amount to the Borrower due to its reduced market capitalization and thus the principal amount under the Loan Facility was reduced to up to HK\$75 million; and (ii) the Board acknowledged that the value of the collaterals kept by the Lender had decreased during the term of the Facility Letter due to the decrease in price of the Simsen Shares, the Board has therefore requested the Borrower to provide guarantee and additional collaterals as above-mentioned.

As advised by the Borrower, it was willing to accept higher interest rates to be charged on the Loan Facility as it was unable to pledge to the Lender additional collaterals given that its assets were under restructuring and could not be used as collaterals in the near future. Accordingly, having taken into account of the past repayment record of the Borrower and the profitability of the higher interest rate in particular, the Lender agreed to offer and the Borrower agreed to accept the revised interest rates of 24% to be charged on the Loan Facility after arm's length negotiations.

The Board is of the view that the entering into of the Supplemental Facility Letter allows the Company to maintain its largest customer and ensure the revenue received by the Group would not be materially affected after the expiry of the Facility Letter. As the money lending business is the Group's major source of revenue as at the Latest Practicable Date, the Board considers it is commercially sensible to extend the Loan Facility to maximize the income generated by the Group. Having considered all of the above and in particular the revised interest rates of 24% charged on the Loan Facility and the personal guarantee provided by Mr. Ji, the Directors consider the terms of the Loan Facility fair and reasonable and that the entering into of the Supplemental Facility Letter is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, 42,000,000 Simsen Shares and 400,000,000 Simsen Warrants (equivalent to 8,000,000 Simsen Shares upon full exercise) were held by the Group in its own account. The said Simsen Shares represented approximately 6.61% of the total issued share capital of Simsen International as at the Latest Practicable Date, and in the event the

LETTER FROM THE BOARD

400,000,000 Simsen Warrants are exercised in full, the 50,000,000 Simsen Shares in aggregate represents approximately 7.76% of the issued share capital of Simsen International as enlarged by the 8,000,000 Simsen Shares.

Upon the occurrence of any event which may lead to an event of default by the Borrower, enforcement of the Share Mortgage (as supplemented by the Supplemental Share Mortgage) by the Lender would allow the Group to become the single largest shareholder of Simsen International. This will enable the Group to participate in the development of Simsen Group, to share the returns generated from the business of Simsen Group and to enjoy the potential capital gain resulted from the potential increase in the price of Simsen Shares.

The entering into of the Supplemental Facility Letter was conducted in the ordinary and usual course of business of the Group which would provide further interest income to the Group and the terms of which were entered on normal and commercial terms. The Directors consider that the entering into of the Supplemental Facility Letter is fair and reasonable and is in the interests of the Shareholders as a whole.

As the entering into of the Supplemental Facility Letter and the transactions contemplated thereunder are subject to the approval of the Shareholders at the SGM in accordance with the Listing Rules, in case such are not approved by the Shareholders, the Lender will demand the Borrower to return all the outstanding amounts with accrued interests immediately.

POTENTIAL FINANCIAL EFFECTS OF THE ENTERING INTO OF THE SUPPLEMENTAL FACILITY LETTER

The Loan Facility is expected to be recorded as loan and interest receivables continuously under current asset of the Group. The receipt of interest income from the Loan Facility will increase the revenue and earnings of the Group.

Up to the Latest Practicable Date, the Borrower has repaid a sum of approximately HK\$146 million to the Lender as partial settlement under the Facility Letter. Such repayments have decreased the loan and interest receivables of the Group and increased the bank balances and cash of the Group. The impairment loss provided during the financial year ended 31 December 2011 for the Loan Facility as disclosed in the Company's 2011 annual report is expected to be partially reversed as a gain in the financial statements of the coming financial year.

LISTING RULES IMPLICATION

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the entering into of the Supplemental Facility Letter exceeds 25% but less than 100%, the entering into of the Supplemental Facility Letter constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and shall be subject to the Shareholders' approval requirement. As no Shareholder has a material interest in the entering into of the Supplemental Facility Letter which is different from other Shareholders, no Shareholder is required to abstain from voting in respect of the entering into of the Supplemental Facility Letter. As the assets ratio

LETTER FROM THE BOARD

exceeds 8%, the entering into of the Supplemental Facility Letter also constitutes an advance to an entity under Rules 13.13 and 13.15 of the Listing Rules and is subject to the relevant disclosure requirement.

SGM

A notice convening the SGM to be held at 10:00 a.m. on Tuesday, 14 August 2012, at Units 3301–3303, 33/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong is set out on pages 18 to 19 of this circular.

Whether or not you are able to attend the SGM, 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, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the SGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM should you so wish.

RECOMMENDATION

The Directors consider that the terms of the Supplemental Facility Letter are fair and reasonable so far as the Shareholders are concerned and the entering into of the Supplemental Facility Letter is in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolution to be proposed at the SGM to approve the entering into of the Supplemental Facility Letter and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

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

1. FINANCIAL INFORMATION INCORPORATED BY REFERENCE

The audited consolidated financial statement of the Group for each of the year ended, 31 December 2009, 31 December 2010 and 31 December 2011, including the notes thereto, has been published in the annual reports of the Company for the year ended 31 December 2009 (pages 23 to 84) dated 8 April 2010, 31 December 2010 (pages 24 to 86) dated 29 March 2011 and 31 December 2011 (pages 26 to 98) dated 30 March 2012 respectively, all of which are incorporated by reference into this circular. The aforesaid annual reports of the Company are available on the Company's website at <http://www.irasia.com/listco/hk/pphl/> and the website of the Stock Exchange at <http://www.hkexnews.hk>.

2. INDEBTEDNESS STATEMENT

Borrowings

At the close of business on 30 June 2012, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the Group had no borrowing other than a promissory note with outstanding principal amount of HK\$10,000,000, which is unguaranteed and unsecured.

Commitment and contingent liabilities

As at 30 June 2012, the Group had the total future aggregate minimum lease payments under various non-cancellable operating leases in respect of office properties amounting to approximately HK\$3,625,200.

At the close of business on 30 June 2012, the Group had no material contingent liabilities.

Pledge of assets

At the close of business on 30 June 2012, the Group had not pledged any asset to banks or other financial institutions.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in normal course of business, as at the close of business on 30 June 2012, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 June 2012.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the internal resources of the Group and the estimated net proceeds from the rights issue as set out in the Company's announcement dated 10 July 2012, which is subject to independent Shareholders' approval, the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this circular, in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

It is noted that the fair value of the Group's investment in Simsen International have been changed since 31 December 2011 as a result of the decrease in price of the Simsen Shares from HK\$0.6 per Simsen Share (as adjusted for the capital reorganization of Simsen International) as at 30 December 2011 to HK\$0.165 per Simsen Share as at the Latest Practicable Date.

Save for the above, 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 2011, the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT

The Company is an investment holding company, and through its subsidiaries is principally engaged in money lending, provision of credits, securities investments, and provision of corporate secretarial and consultancy services and forestry business.

Money Lending and Provision of Credits Business

As at the Latest Practicable Date, the Group had, through its wholly-owned subsidiary, Joy Wealth Finance Limited ("**Joy Wealth**"), provided a wide variety of loans with an accumulated amount of approximately HK\$600 million with interest rates ranging from 8% to 48% per annum, among which approximately HK\$408 million loan principal had been repaid while approximately HK\$192 million loan principal was remained outstanding. Currently, the Board has received five loan proposals in the aggregate principal amount of over HK\$400 million and is looking into the possibility of providing these loans. Should any of these proposals materialize, the Company will make further announcements as and when appropriate in accordance with the Listing Rules.

Securities Investments Business

As at the Latest Practicable Date, the Group had invested in Simsen International as a strategic investment with the intention to promote the finance business of Joy Wealth through the retail platform provided by Simsen International as the subsidiaries of the Simsen International have a broad customer base and distribution channels for its businesses such as securities business, insurance products etc. In addition, Simsen International would refer/introduce high net worth clients to Joy Wealth in case they are unable to make such loans due to urgency and/or disclosure requirements under the Listing Rules as the size of these loans may constitute a major transactions/very

substantial acquisitions for Simsen International which require, amongst others, shareholders' approval. As the money lending business is highly competitive in nature and loan customers are very often in urgent need for the loans and thus willing to afford higher interests rates, in order to avoid losing these loan customers to other competitors due to the shareholders' approval requirement, Simsen International may make referral to Joy Wealth (subject to then market capitalization of the Company) when it considers appropriate. In addition, the Group had also invested in Huili Resources (Group) Limited (Stock Code: 1303) with a view that the investment has valuable potential in its profitability.

On 26 June 2012, the Company entered into a subscription agreement with China Environmental Energy Investment Limited (the "**China Environmental**"), a company with its shares listed on the main board of the Stock Exchange (Stock Code: 986), to subscribe for the convertible notes in the principal sum of HK\$95 million (the "**Convertible Notes**") proposed to be issued by China Environmental (the "**Subscription**"). The Directors consider that the Subscription enable the Group to participate in the development of China Environmental and provide the Group with an opportunity to share the returns generated from the business of China Environmental, which will allow the Company to tap into the recycling industry, and to enjoy the potential upside of the share price performance of the shares of China Environmental through the possible conversion of part or whole of the Convertible Notes. The Directors also consider the Subscription as a good opportunity to further develop its finance business with an option for the Company to invest in a certain stake of China Environmental as a listed company in Hong Kong. If the Convertible Notes are not converted, the Group will receive attractive interest income from the Convertible Notes semi-annually. As at the Latest Practicable Date, the Subscription was not yet completed and it was noted that the shares of China Environmental have been suspended for trading and pending for the release of its financial results for the year ended 31 March 2012, the Directors had enquired into the management of China Environmental for the reasons of such suspension and as advised by China Environmental, other than the reason that additional time was required for finalizing the financial statements and for its auditors to perform and complete their audit procedures, which have been disclosed in the announcement of the China Environmental dated 28 June 2012, they were not aware of any other reasons which led to such suspension as at the Latest Practicable Date.

Provision of Corporate Secretarial and Consultancy Services Business

The Group has been conducting the provision of corporate secretarial and consultancy services business through a wholly-owned subsidiary, namely Pacific Vision Advisory Services Limited ("**Pacific Vision**"), and has recruited a team of professionals in the areas of accounting, finance and company secretaries to provide services to its clients which include listed companies in Hong Kong.

After its establishment in November 2011, Pacific Vision has successfully identified and has been providing on-going corporate secretarial services to four listed clients in Hong Kong. Looking ahead, it is expected there would be increasing demand for financial advisory and corporate consultancy services in the People's Republic of China (the

“PRC”) under the economic environment and situation of the PRC. In order to capture this business opportunities and expand this business segment into the PRC, the Group will continue allocating resources to recruit a team of experienced professionals, to set up and equip the PRC subsidiaries and branch offices as well as to market, promote, develop and maintain the provision of corporate secretarial and consultancy services business in the PRC.

Forestry Business

On 12 April 2012, the Group has completed the acquisition (the “**Acquisition**”) of Profit Grand Enterprises Limited, which through its subsidiary has the harvesting right within a forest sized approximately 65,800 hectares in the Independent State of Papua New Guinea. The total consideration for the Acquisition of HK\$310 million was satisfied as to (i) HK\$33 million by the issue of the convertible bonds in the principal amount of HK\$33 million with conversion price of HK\$0.087; (ii) HK\$82 million in cash; and (iii) HK\$195 million by the issue of a 10% promissory note in the principal sum of HK\$195 million. Details of the Acquisition have been disclosed in the circular of the Company dated 29 February 2012. Currently, the Group has successfully been granted the foreign enterprise certificate. As advised by the Company’s lawyer, the official licenses and approvals, namely, the environment impact statement, the Forestry Industry Participant and the Clearance Authority are in progress and expected to be obtained by late 2012/ early 2013.

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 Group. 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 OF DIRECTORS

As at the Latest Practicable Date, save as mentioned below, none of the Directors and chief executive had any interests or short position in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (i) 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 (ii) were required to be entered into the register maintained by the Company, pursuant to section 352 of the SFO; or which (iii) 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.

Long positions in the Shares:

Name of Director	Capacity	Number of issued/ underlying Shares held	Approximate % of the Company's issued share capital as at the Latest Practicable Date
Ng Kwok Fai	Interested in controlled corporation	180,000,000	13.14%

Note: As at the Latest Practicable Date, Mr. Ng Kwok Fai, is the sole director of and holds 20% of the equity interest in Allied Summit Inc., a company which was in turn interested in 180,000,000 Shares. Mr. Ng Kwok Fai is therefore deemed to be interested in 180,000,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or chief executive 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 SFO.

3. DIRECTORS' INTEREST IN CONTRACT AND ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2011 (being the date to which the latest 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 was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and any of their associates had interest in a business which competes or may compete with the business of the Group, or may have any conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

5. LITIGATION

No member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

6. DIRECTORS' 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 (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

7. MISCELLANEOUS

- (a) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda and its principal place of business in Hong Kong is Units 3301–3303, 33/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.
- (b) The Company's Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The secretary of the Company is Ms. Tam Hang Yin, who is a member of the Hong Kong Institute of Certificated Public Accountants and holds a Bachelor's degree in Accountancy in the Chinese University of Hong Kong.
- (d) The English text of this circular shall prevail over their respective Chinese text in the case of inconsistency.

8. MATERIAL CONTRACTS

Set out below are the material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date:

- (a) the underwriting agreement dated 6 July 2012 entered into between the Company and Allied Summit Inc. and Kingston Securities Limited as underwriters in relation to the proposed rights issue on the basis of two (2) rights shares for every one (1) consolidated share held on the record date at HK\$0.14 per rights share, with the bonus issue on the basis of five (5) bonus shares for every one (1) rights share taken up under the rights issue;
- (b) the subscription agreement dated 26 June 2012 entered into between the Company as subscriber and China Environmental Energy Investment Limited as issuer in relation to the proposed subscription of convertible notes in the aggregate principal amount of HK\$95 million at a total consideration of HK\$95 million in cash;
- (c) the agreement dated 2 December 2011 entered into between Century Praise Limited as purchaser (a wholly-owned subsidiary of the Company), Able Famous Limited and Peak Sino Limited as vendors, and Ms. To Yuk Fung as guarantor in relation to the acquisition of 30% of the entire issued share capital in Profit Grand Enterprises Limited at a total consideration of HK\$310 million;
- (d) the strategic cooperation agreement dated 2 December 2011 entered into between the Company and 中國龍江森林工業(集團)總公司 (China Longjiang Forest Industry (Group) General Corporation*) (“**Longjiang**”) in respect of the development and management of a forest in the Independent State of Papua New Guinea (“**PNG**”), at a consideration of the conditional granting of an option to Longjiang to subscribe for not more than 5% of the issued share capital of the Company as at the date of the strategic cooperation agreement;
- (e) the agent agreement dated 2 December 2011 entered into between the Company and Jia Run Investments Limited (“**Jia Run**”) to facilitate the formation of strategic alliance between the Company and Longjiang, at a consideration of an option to Jia Run to subscribe for not more than 5% of the issued share capital of the Company as at the date of the agent agreement;
- (f) the share placing agreement dated 18 October 2011 entered into between the Company and Roofer Securities Limited (“**Roofer**”) as the share placing agent in relation to the placing of 817,233,655 placing shares of the Company at the share placing price of HK\$0.032 per placing share;
- (g) the subscription agreement dated 18 October 2011 entered into between the Company and Allied Summit Inc. as the subscriber in relation to the subscription of 1,800,000,000 subscription Shares at the share subscription price of HK\$0.025 per subscription Share;

* For identification purpose only

- (h) the convertible notes placing agreement dated 18 October 2011 entered into between the Company and United Simsen Securities Limited as the convertible notes placing agent in relation to the placing of placing convertible notes in the principal amount of HK\$89,600,000 and a placing conversion price of HK\$0.028 per placing conversion share;
- (i) the conditional sale and purchase agreement dated 13 October 2011 entered into between Best Harvest Asia Limited as vendor (a wholly-owned subsidiary of the Company) and Favor Way Investments Limited as purchaser in relation to the disposal of 51% interest in Delta Wealth Finance Limited (formerly Head & Shoulders Finance Limited) at a total consideration of HK\$52,000,000;
- (j) a series of subscription agreements entered between the Company and independent places in relation to the subscription of the placing convertible notes in an aggregate amount of HK\$100,000,000 which is completed on 16 May 2011;
- (k) the placing agreement dated 8 March 2011 entered into between the Company and United Simsen Securities Limited in relation to the placing of the placing convertible notes in an aggregate amount of HK\$100,000,000;
- (l) the underwriting agreement dated 8 March 2011 entered into between the Company and Kingston Securities Limited in relation to the rights issue on the basis of thirty (30) rights share on every one (1) Share held on the record date of 26 April 2011;
- (m) the supplemental agreement dated 24 January 2011 entered into between the Company and Roofers as the placing agent for revising the placing price of HK\$0.73 per placing share pursuant to the placing agreement dated 21 January 2011 to HK\$0.74 per placing share;
- (n) the placing agreement dated 21 January 2011 entered into between the Company and Roofers as the placing agent with regard to the placement of 15,400,000 Shares of the Company at the placing price of HK\$0.73 per placing share;
- (o) the placing agreement dated 30 November 2010 entered into between the Company and Roofers as the placing agent with regard to the placement of 321,000,000 Shares of the Company at the placing price of HK\$0.105 per placing share;
- (p) the facility letter granted to Head & Shoulders Finance Limited (“**Head & Shoulders**”) dated 10 November 2010 in which the Company agreed to provide a facility of HK\$138,000,000;
- (q) the sale and purchase agreement dated 29 October 2010 entered into between the Company as vendor and Global Axis Limited as purchaser in respect of the disposal with a total consideration of HK\$5 million of entire share capital of Ankan Holdings Limited (“**Ankan**”), Georich Trading Limited and SMI Global Corporation, which are direct wholly-owned subsidiaries of the Company. Ankan 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;

- (r) the facility letter granted to Head & Shoulders Dated 27 October 2010 in which the Company agreed to provide a facility of HK\$12,000,000; and
- (s) 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 at a total consideration of HK\$52,000,000.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's head office and principal place of business in Hong Kong at Units 3301–3303, 33/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong during normal business hours in any week day (except Saturdays, Sundays and public holidays) from the date of this circular up to and including the date of the SGM:

- (a) the Facility Letter and the Supplemental Facility Letter;
- (b) the Share Mortgage and the Supplemental Share Mortgage;
- (c) the bye-laws of the Company;
- (d) the letter from the Board, the text of which is set out on page 3 to 8 of this circular;
- (e) the annual reports of the Company for each of the two financial years ended 31 December 2010 and 2011;
- (f) the material contracts referred to in the section headed "Material Contracts" in this appendix;
- (g) a copy of each circular of the Company pursuant to the requirements set out in Chapter 14 and Chapter 14A of the Listing Rules which has been issued since the date to which the latest published audited consolidated financial statements of the Group were made up; and
- (h) this circular.

NOTICE OF SPECIAL GENERAL MEETING



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 the special general meeting (the “**SGM**”) of Pacific Plywood Holdings Limited (the “**Company**”) will be held at 10:00 a.m. on Tuesday, 14 August 2012 at Units 3301–3303, 33/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong for the purposes of considering and, if thought fit, passing the following resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to the terms and conditions set out in the supplemental facility letter dated 1 July 2012 entered into between Joy Wealth Finance Limited (“**Joy Wealth**”), a wholly-owned subsidiary of the Company, as lender and Super Century Investments Limited as borrower (the “**Supplemental Facility Letter**”) (a copy of which is produced to the meeting marked “**A**” and signed by the Chairman of the meeting for the purpose of identification), the execution, delivery and performance of the Supplemental Facility Letter and the transactions contemplated thereunder and all actions taken or to be taken by the Company or Joy Wealth pursuant to or incidental to the Supplemental Facility Letter be and are hereby approved, confirmed and ratified and any one or more of the Directors be and is/are hereby authorized to do all such acts and things, including but without limitation to the execution of all such documents under seal where applicable, as he/she may in his/her discretion consider necessary, expedient or desirable for the purpose of or in connection with the implementation of or giving effect to the Supplemental Facility Letter and the transactions contemplated thereunder, including but without limitation, the exercise or enforcement of any of the Company’s or Joy Wealth’s rights under the Supplemental Facility Letter as he/she may consider to be appropriate and in the interests of the Company or Joy Wealth.”

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

Hong Kong, 30 July 2012

* *For identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

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

Head office and principal place of business:
Units 3301–3303, 33/F.
West Tower Shun Tak Centre
168–200 Connaught Road Central
Sheung Wan, Hong Kong

Notes:

1. Any shareholder of the Company (the “**Shareholders**”) 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.
2. The form of proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
3. 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.
4. 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.
5. The form of proxy and (if required by the board of Directors) 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 Shops 1712–1716, Hopewell Centre, 183 Queen's Road East, Wanchai, 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.