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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)

**NOTICE OF ANNUAL GENERAL MEETING,
RE-ELECTION OF DIRECTORS,
RENEWAL OF GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES
AND
REFRESHMENT OF THE SCHEME MANDATE LIMIT**

The notice of Annual General Meeting of the Company to be held at Joint Professional Centre, Unit 1, G/F., The Centre, 99 Queen’s Road Central, Hong Kong on Monday, 30 May 2011, at 9:00 a.m. (the “**AGM**”) is set out in Appendix I to this circular.

Whether or not you are able to attend the AGM, please 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 AGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

* *For identification purpose only*

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DEFINITIONS

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

“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at Joint Professional Centre, Unit 1, G/F., The Centre, 99 Queen’s Road Central, Hong Kong on Monday, 30 May 2011 at 9:00 a.m., the notice of which is set out in Appendix I to this circular or, where the context so admits, any adjournment thereof
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“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
“General Mandates”	the Issue Mandate and the Repurchase Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	any Shareholders other than the controlling Shareholders and their associates or, if there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Issue Mandate”	a general and unconditional mandate proposed to be granted at the AGM to Directors to exercise all the powers of the Company to allot, issue and deal with Shares up to 20% of the issued share capital of the Company as at the date of passing of such resolution
“Latest Practicable Date”	21 April 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Rights Issue”	the rights issue on the basis of thirty rights Shares for every one Share held on the record date of 26 April 2011 at a subscription price of HK\$0.08 per right Share. Details of which were set out in the announcement and the circular of the Company dated 8 March 2011 and 28 March 2011 respectively
“Repurchase Mandate”	a general and unconditional repurchase mandate proposed to be granted at the AGM to the Directors to exercise all the powers of the Company to repurchase Shares up to 10% of the issued share capital of the Company as at the date of passing of such resolution
“Scheme Mandate Limit”	the limit imposed under the rules of the Share Option Scheme on the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme of the Company, being 10% of the Company’s issued share capital as at the date of adoption of the Share Option Scheme on 21 June 2002, which may be “renewed”/“refreshed” pursuant to the rules of the Share Option Scheme
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholders”	the holders of issued Shares
“Share Option Scheme”	the share option scheme currently in force and adopted by the Company on 21 June 2002
“Shares”	shares of HK\$0.025 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

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

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Independent Non-executive Directors:

Mr. Chan Kin Sang
Mr. Cheng Po Yuen
Mr. Wong Chun Hung

*Head office and principal place of
business:*

Unit 1903, 19/F,
West Tower Shun Tak Centre,
168-200 Connaught Road Central
Sheung Wan
Hong Kong

27 April 2011

To the Shareholders

Dear Sir or Madam,

**NOTICE OF ANNUAL GENERAL MEETING,
RE-ELECTION OF DIRECTORS,
RENEWAL OF GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES
AND
REFRESHMENT OF THE SCHEME MANDATE LIMIT**

INTRODUCTION

The Company will propose resolutions at the AGM to re-elect the retiring Directors, to grant the Directors the General Mandates to issue and repurchase Shares and to refresh the Scheme Mandate Limit of the Share Option Scheme.

The purpose of this circular is to provide you with further information and details about the resolutions to be proposed at the AGM.

* *For identification purpose only*

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

A notice convening the AGM is set out in Appendix I to this circular. At the AGM, resolutions will be proposed to approve, *inter alia*, the re-election of Directors, the General Mandates to issue and repurchase Shares and the refreshment of the Scheme Mandate Limit.

RE-ELECTION OF DIRECTORS

In accordance with Bye-law 99 of the Company's Bye-laws and Code Provision A.4 under Appendix 14 to the Listing Rules, Mr. Huang Chuan Fu and Ms. Jia Hui will retire by rotation at the AGM and, being eligible, will offer themselves for re-election. In accordance with Bye-law 102(A), Mr. Cheng Po Yuen will retire at the AGM and, being eligible, will offer himself for re-election. Information of these retiring Directors as required to be disclosed under the Listing Rules is set out in Appendix II to this circular.

RENEWAL OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 18 June 2010, the Shareholders approved, among other things, an ordinary resolution to renew a general mandate to grant to the Director to allot up to 318,663,889 Shares with par value of HK\$0.025 each. Among of which, 312,500,000 Shares were utilized as a result of the issue and allotment of 12,500,000 consideration Shares and 300,000,000 conversion Shares of a convertible bonds (the "**Convertible Bonds**") with a principal amount of HK\$48 million to settle part of the consideration of the acquisition of Delta Wealth Finance Limited (the "**Delta Wealth**") (formerly known as Head & Shoulders Finance Limited), details of which were set out in the announcement of the Company dated 24 September 2010.

The conversion price of the Convertible Bonds was adjusted from HK\$0.16 converting into 300,000,000 new Shares to HK\$4.00 converting into 12,000,000 new Shares after the effective date of the share consolidation of the Company, details of which were set out in the announcement of the Company dated 7 January 2011.

On 15 April 2011, the Company further announced that the conversion price of the Convertible Bonds of HK\$4.00 converting into 12,000,000 new Shares to be adjusted to HK\$0.274 converting into 175,182,481 new Shares, which is subject to approval of the independent Shareholders on the special general meeting to be held on 6 May 2011.

LETTER FROM THE BOARD

At the special general meeting of the Company held on 11 November 2010, the Shareholders approved, among other things, an ordinary resolution to renew a general mandate to grant to the Directors to allot up to 321,163,889 Shares with par value of HK\$0.025 each. Among of which, 321,000,000 Shares were utilized as a result of a placing of new Shares, details of which were set out in the announcement of the Company dated 30 November 2010.

At the special general meeting of the Company held on 7 January 2011, the Shareholders approved, among other things, an ordinary resolution to renew a general mandate to grant to the Directors to allot up to 385,363,889 shares in the company with par value of HK\$0.001 each. The number of new Shares that could be allotted and issued reduced to 15,414,555 Shares with par value of HK\$0.025 each after the share consolidation which became effective on 10 January 2011. Among of which, 15,400,000 Shares were utilized as a result of a placing of new Shares, details of which were set out in the announcement of the Company dated 21 January 2011.

There was not any renewal of the Issue Mandate thereafter and up to the Latest Practicable Date, and there was not any renewal of the Repurchase Mandate since the last annual general meeting of the Company held on 18 June 2010 and up to the Latest Practicable Date.

At the special general meeting of the Company on 13 April 2011, the independent Shareholders (the Shareholders, when applicable) approved, among other things, ordinary resolutions to approve the Rights Issue and a placing of placing convertible notes (the “**Placing Convertible Notes**”).

On 13 April 2011, the Company has obtained approval from the Shareholders to place the Placing Convertible Notes with an aggregate principal amount of HK\$100,000,000 with maximum conversion price of HK\$0.58 per Share converting to 172,413,793 new Shares (if the Rights Issue does not become unconditional or does not proceed); or with minimum conversion piece of HK\$0.082 per Share converting to 1,219,512,195 new Shares (if the Rights Issue becomes unconditional).

Following the completion of the Rights Issue, the total issued share capital of the Company is expected to increase to 2,866,656,087 Shares as at the date of the AGM, which is calculated on the basis of 92,472,777 issued Shares as at the Latest Practicable Date and the 2,774,183,310 new Shares to be issued under the Rights Issue.

LETTER FROM THE BOARD

At the AGM, ordinary resolutions will be proposed to the Shareholders to consider and if thought fit, approve the grant to the Directors of the Company general and unconditional mandates to issue Shares and to exercise the powers of the Company to repurchase Shares as follow:

- (i) to allot, issue and otherwise deal with additional Shares up to 20% of the issued share capital of the Company as at the date of passing of the relevant resolution approving the Issue Mandate; and
- (ii) to repurchase additional Shares up to 10% of the issued share capital of the Company as at the date of passing of the relevant resolution approving the Repurchase Mandate.

The ordinary resolutions proposed to Shareholders in relation to the Issue Mandate and the Repurchase Mandate at the AGM will continue to be in full force until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (iii) the date on which the authority set out in the ordinary resolution(s) is/are revoked or varied by an ordinary resolution in general meeting.

Assuming that no new Shares will be issued or repurchased from the Latest Practicable Date to the date of the AGM and that the Rights Issue becomes unconditional, the Directors will then be allowed to allot and issue under the Issue Mandate a maximum of 573,331,217 Shares, being 20% of the enlarged issued share capital as at the date of the AGM, and to repurchase Shares of a maximum of 286,665,608 Shares under the Repurchase mandate, being 10% of the enlarged share capital as at the date of the AGM.

Assuming that no new Shares will be issued or repurchased from the Latest Practicable Date to the date of the AGM, the Rights Issue has not become unconditional and the Placing Convertible Notes and the Convertible Bonds (based on the adjusted conversion price of HK\$0.274 to be approved by the independent Shareholders at the special general meeting on 6 May 2011) has not been converted into Share, the Company will have 92,472,777 issued Shares. The Directors will then be allowed to allot and issue under the Issue Mandate a maximum of 18,494,555 Shares, being 20% of the issued share capital, and to repurchase a maximum of 9,247,277 Shares under the Repurchase Mandate, being 10% of the issued share capital.

LETTER FROM THE BOARD

Assuming that no new Shares will be issued or repurchased from the Latest Practicable Date to the date of the AGM, the Rights Issue has become unconditional and the Placing Convertible Notes and the Convertible Bonds (based on the adjusted conversion price of HK\$0.274 to be approved by the independent Shareholders at the special general meeting on 6 May 2011) are converted in full, the Company will have 4,261,350,763 issued Shares. The Directors will then be allowed to allot and issue under the Issue Mandate a maximum of 852,270,152 Shares, being 20% of the enlarged issued share capital, and to repurchase a maximum of 426,135,076 Shares under the Repurchase Mandate, being 10% of the enlarged issued share capital.

An explanatory statement giving the particulars under the Listing Rules in respect of the Repurchase Mandate is set out in the Appendix III to this circular.

REFRESHMENT OF THE SCHEME MANDATE LIMIT

The Company adopted the Share Option Scheme pursuant to an ordinary resolution passed on 21 June 2002. Subject to the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules, the Scheme Mandate Limit may be refreshed to the extent not exceeding 10% of the Shares in issue as at the date of the AGM. Apart from the Share Option Scheme, the Company had no other share option scheme in force as at the Latest Practicable Date.

The Scheme Mandate Limit was last refreshed at the special general meeting of the Company held on 9 April 2011 pursuant to which the Directors were authorized to grant options to subscribe for up to a maximum number of 9,247,277 Shares, which represented 10% of the total issued share capital of the Company as at the date of that meeting. As at the Latest Practicable Date, no share option is outstanding.

Following the completion of the Rights Issue, the total issued share capital of the Company is expected to increase to 2,866,656,087 Shares as at the date of the AGM, which is calculated on the basis of 92,472,777 issued Shares as at the Latest Practicable Date and the 2,744,183,310 new Shares to be issued under the Rights Issue. Assuming that no new Shares (other than those under the Rights Issue) will be issued or repurchased prior to the AGM, the Directors will be able to allot and issue under the Scheme Mandate Limit a maximum of 286,665,608 options, being 10% of the enlarged issued share capital as at the date of the AGM.

Assuming that no new Shares will be issued or repurchased from the Latest Practicable Date to the date of the AGM, the Rights Issue has not become unconditional and the Placing Convertible Notes and the Convertible Bonds (based on the adjusted conversion

LETTER FROM THE BOARD

price of HK\$0.274 to be approved by the independent Shareholders at the special general meeting on 6 May 2011) have not been converted into Shares, the Company will have 92,472,777 issued Shares. The Directors will then be allowed to allot and issue under the Scheme Mandate Limit a maximum of 9,247,277 Shares, being 10% of the issued capital.

Assuming that no new Shares will be issued or repurchased from the Latest Practicable Date to the date of the AGM, the Rights Issue has become unconditional and the Placing Convertible Notes and the Convertible Bonds (based on the adjusted conversion price of HK\$0.274 to be approved by the independent Shareholders at the special general meeting on 6 May 2011) are converted in full, the Company will have 4,261,350,763 issued Shares. The Directors will then be allowed to allot and issue under the Scheme Mandate Limit a maximum of 426,135,076 Shares, being 10% of the enlarged issued capital.

Pursuant to the terms of the Share Option Scheme and the Listing Rules, the Scheme Mandate Limit shall be no event result in the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company exceeding 30% of the Shares in issue from time to time.

The refreshment of the Scheme Mandate Limit is conditional on:

- (i) the Shareholders passing an ordinary resolution by way of poll pursuant to the Listing Rules to approve the refreshment of the Scheme Mandate Limit at the AGM; and
- (ii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, any new Shares (representing a maximum of 10% of the Shares in issue as at the date of approval of the resolution at the AGM) which may fall to be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company.

Application will be made to the Stock Exchange for the listing of, and permission to deal in any Shares to be issued upon exercise of all options granted under the refreshed Scheme Mandate Limit.

LETTER FROM THE BOARD

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 Company. 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.

RECOMMENDATION

The Board believes that the re-election of the retiring Directors, the General Mandates to issue and repurchase Shares and the refreshment of the Scheme Mandate Limit are in the interests of the Company and Shareholders as a whole and accordingly recommend you to vote in favour of all the relevant resolutions to be proposed at the AGM.

By order of the Board
Pacific Plywood Holdings Limited
Liang Jian Hua
Executive Director and Chairman

**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 IS HEREBY GIVEN that the Annual General Meeting (the “AGM”) of members of Pacific Plywood Holdings Limited (the “**Company**”) will be held at Joint Professional Centre, Unit 1, G/F., The Centre, 99 Queen’s Road Central, Hong Kong on Monday, 30 May, 2011 at 9:00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the audited financial statements, the directors’ report and the auditor’s report for the year ended 31 December, 2010.
2. To re-elect each a separate resolution, the following retiring directors of the Company:
 - (a) to re-elect Mr. Huang Chuan Fu as an executive director of the Company;
 - (b) to re-elect Ms. Jia Hui as an executive director of the Company;
 - (c) to re-elect Mr. Cheng Po Yuen as an independent non-executive director of the Company; and
 - (d) to authorize the board of directors of the Company to fix their remuneration.
3. To re-appoint SHINEWING (HK) CPA Limited as the Company’s auditors until the conclusion of the next annual general meeting and to authorize the board of directors to fix their remuneration.

* For identification purpose only

SPECIAL BUSINESS

4. To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

(A) “THAT

- (i) subject to sub-paragraph (ii) of this resolution, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot and issue additional shares in the capital of the Company and to make or grant offers, agreements, warrants and options which might require the exercise of such powers either during or after the Relevant Period, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in sub-paragraph (i) of this resolution, otherwise than pursuant to a Rights Issue or the exercise of subscription or conversion rights under any warrants of the Company or any securities which are convertible into shares of the Company or any share option scheme, shall not exceed 20% of the nominal amount of the issued share capital of the Company on the date of this resolution and this approval shall be limited accordingly; and
- (iii) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restriction or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

(B) “THAT

- (i) subject to paragraph (ii) below, the exercise by the directors during the Relevant Period of all the powers of the Company to repurchase issued shares in the capital of the Company, subject to and in accordance with all applicable laws and the bye-laws of the Company, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of the share capital which the Company is authorized to repurchase pursuant to the approval in paragraph (i) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and
- (iii) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
- (c) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution in general meeting.”

(C) “THAT

conditional upon resolution no. 4(B) above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors of the Company as mentioned in resolution no. 4(B) above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 4(A) above.”

(D) “THAT

subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting listing of and permission to deal in the shares of the Company to be issued upon the exercise of options which may be granted under the Company’s share option scheme adopted by the Company on 21 June 2002 (the “**Share Option Scheme**”), the existing scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the Share Option Scheme be refreshed and renewed provided that the total number of shares which may be allotted and issued pursuant to the grant or exercises of the options under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme) shall not exceed 10% of the shares of the Company in issue as at the date of passing this resolution (the “**Refreshed Limit**”) and that the directors of the Company be and are hereby authorized, subject to compliance with the Rules Governing the Listing of Securities on the Stock Exchange, to grant options under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options and to do such acts and execute such documents for or incidental to such purpose.”

By order of the Board
Pacific Plywood Holdings Limited
Liang Jian Hua
Executive Director and Chairman

Hong Kong, 27 April 2011

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

Head office and principal place of business:
Unit 1903, 19/F.
West Tower Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

Notes:

- (1) Any shareholder of the Company (the “**Shareholder(s)**”) entitled to attend and vote at the AGM 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 authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (3) Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the AGM 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 was solely entitled thereto, but if more than one of such joint Shareholders be present at the AGM 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 of the Company) 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, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the AGM 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 AGM 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.

APPENDIX II INFORMATION OF DIRECTORS PROPOSED TO BE RE-ELECTED

The following is the information, as required to be disclosed by the Listing Rules, on the retiring Directors proposed to be re-elected at the AGM.

Mr. Huang Chuan Fu, aged 37, is the Deputy Chairman of the Group. He is also a director of four subsidiaries of the Company. He has around 8 years of working experience. He was the vice president of Nanping Wang Jia Wood Bamboo & Wood Industry Co., Ltd from 2002 to 2005. He joined the Group since 13 April 2010.

Other than the position as the Deputy Chairman and an executive Director of the Company and a director of four subsidiaries of the Company, Mr. Huang does not hold any position with the Company and other members of the Group. Mr. Huang has not entered into any service contract with the Company and will not receive any remuneration.

Mr. Huang does not have any relationships with any Directors, senior management, substantial or controlling Shareholders of the Company and is not interested in the Shares within the meaning of Part XV of SFO.

Saved as disclosed above, there is no information to be disclosed pursuant to any of the requirements under paragraph 13.51(2) of the Listing Rules and there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

Ms. Jia Hui, aged 43, has around 20 years of working experience in area of merchandising and project management. Since 2003, she has been appointed as the business development manager of Beijing International Trade Corporation. She joined the Group since 13 April 2010.

Other than the position as an executive Director of the Company, Ms. Jia does not hold any position with the Company and other members of the Group. Ms. Jia has not entered into any service contract with the Company and will not receive any remuneration.

Ms. Jia does not have any relationships with any Directors, senior management, substantial or controlling Shareholders of the Company and is not interested in the Shares within the meaning of Part XV of SFO.

Saved as disclosed above, there is no information to be disclosed pursuant to any of the requirements under paragraph 13.51(2) of the Listing Rules and there are no other matters relating to her re-election that need to be brought to the attention of the Shareholders.

APPENDIX II INFORMATION OF DIRECTORS PROPOSED TO BE RE-ELECTED

Mr. Cheng Po Yuen, aged 35, holds a Bachelor of Business Administration degree majoring in accounting. He joined the Group since 24 November 2010. Mr. Cheng is a practicing accountant in Hong Kong and he is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Secretaries and Administrators, the Hong Kong Institute of Chartered Secretaries and the Taxation Institute of Hong Kong. He has over 10 years of experience in auditing, accounting and finance.

Other than the position as an independent non-executive Director of the Company, Mr. Cheng does not hold any position with the Company and other members of the Group. Mr. Cheng has not entered into any service contract with the Company and will not receive any remuneration.

Mr. Cheng does not have any relationships with any Directors, senior management, substantial or controlling Shareholders of the Company and is not interested in the Shares within the meaning of Part XV of SFO.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements under paragraph 13.51(2) of the Listing Rules and there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration in relation to the Repurchase Mandate as set out in resolution no. 4(B) of the notice of AGM.

1. LISTING RULES

The Listing Rules permit companies with their primary listing on the Stock Exchange to repurchase their Shares on the Stock Exchange subject to certain restrictions, the most important of which is:

Sources of funds

Repurchase must be funded entirely from the Company's available cash flow or working capital facilities, which will be funds legally available for the purpose and in accordance with the memorandum of association and Bye-laws of the Company concerned and The Companies Act 1981 of Bermuda (as amended).

2. SHARE CAPITAL

As at the Latest Practicable Date, the Company has 92,472,777 Shares in issue. Subject to the passing of the ordinary resolution granting the general mandate to repurchase Shares and on the basis that no further Shares will be issued or repurchased prior to the AGM, the Company will be allowed to repurchase up to 9,247,277 Shares, representing 10% of the total issued Shares of the Company as at the date of passing the relevant resolution.

Following the completion of the Rights Issue, the total issued share capital of the Company is expected to increase to 2,866,656,087 Shares as at the date of the AGM, which is calculated on the basis of 92,472,777 issued Shares as at the Latest Practicable Date and the 2,744,183,310 new Shares to be issued under the Rights Issue, Assuming that no new Shares (other than those under the Rights Issue) will be issued or repurchased prior to the AGM, the Directors will then be allowed to allot and issue under the Scheme Mandate Limit a maximum of 286,665,608 options, being 10% of the enlarged issued share capital at the date of the AGM.

Upon completion of the Rights Issue, the Placing Convertible Notes and the Convertible Bonds (based on the adjusted conversion price of HK\$0.274 to be approved by the independent Shareholders at the special general meeting on 6 May 2011) convert in full, the total issued share capital of the Company is expected to increase to 4,261,350,763 Shares. Assuming that no new Shares other than those

under the Rights Issue will be issued and no Shares will be repurchased by the Company prior to the AGM, the Company will then be allowed to repurchase up to 426,135,076 Shares, representing 10% of the enlarged issued share capital.

3. REASONS FOR REPURCHASE

The Directors believe that the granting of the Repurchase Mandate is in the best interests of the Company and its Shareholders as a whole. The exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or earnings per share and will only be made when the Directors believe that such a purchase will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds entirely from the Company's available cash flow or working capital facilities, which will be funds legally available for such purpose in accordance with its memorandum of association and Bye-laws and the Companies Act 1981 of Bermuda (as amended). The Directors propose that repurchases of Shares be financed by the Company's distributable profits or proceeds from a new issue of Shares.

There might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report for the year ended 31 December 2010) in the event that the Repurchase Mandate is carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise their power under the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous 12 months were as follows:–

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2010		
April	0.348A	0.266A
May	0.335A	0.275A
June	0.287A	0.261A
July	0.307A	0.247A
August	0.265A	0.247A
September	0.260A	0.232A
October	0.235A	0.188A
November (<i>Note 1</i>)	0.174A	0.156A
December	0.162A	0.118A
2011		
January	0.124A	0.102A
February	0.105A	0.099A
March	0.224A	0.099A
April (<i>Note 2</i>)	0.910	0.142A

Note 1: The Share of the Company has been suspended from trading from 1 November 2010 to 8 November 2010.

Note 2: Up to the Latest Practicable Date.

A: adjusted as shown on Stock Exchange website: www.hkex.com.hk due to the Rights Issue

6. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases under the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong and The Companies Act 1981 of Bermuda (as amended).

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares of the Company to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders.

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders. As at the Latest Practicable Date, there is no substantial shareholder of the Company.

If on the exercise of the power to repurchase Shares of the Company pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 8 of the Hong Kong Code on Share Repurchases. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Takeover Code.

The Directors do not intend to exercise the Repurchase Mandate to such an extent as would result in a Shareholder, or group of Shareholders acting in concert, becoming obliged to make a mandatory general offer under Rule 26 of the Takeover Code and accordingly, it is not anticipated that purchases of Shares under the Repurchase Mandate will give rise to any consequences under the Takeover Code.

7. SHARES REPURCHASES MADE BY THE COMPANY

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the 6-month period prior to the date of this circular.