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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 AND CONNECTED TRANSACTION

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



Terms used in this cover page have the same meanings as defined in this circular. A letter from the Board is set out from pages 4 to 9 of this circular. A letter from the Independent Board Committee is set out on page 10 of this circular. A letter from Guangdong Securities containing its advice to the Independent Board Committee and the Independent Shareholders of the Company is set out from pages 11 to 17 of this circular.

A notice convening the SGM to be held at Joint Professional Centre, Unit 1, G/F., The Center, 99 Queen's Road Central, Hong Kong at 9:00 a.m. on Tuesday, 15 November 2011 or any adjournment is set out from pages 26 to 27 of this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM should you so wish.

* For identification purposes only

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	10
LETTER FROM GUANGDONG SECURITIES	11
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	18
APPENDIX II — GENERAL INFORMATION	21
NOTICE OF SGM	26

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Best Harvest”	Best Harvest Asia Limited, a wholly-owned subsidiary of the Company and being the vendor of the Disposal under the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and public holidays) on which banks are generally open for business more than five hours in Hong Kong
“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
“Completion”	the completion of the Disposal
“Consideration”	HK\$52 million, being the consideration for the Disposal
“Convertible Notes”	the redeemable convertible notes in the aggregate principal amount of HK\$48 million due on 31 December 2011
“Delta Wealth”	Delta Wealth Finance Limited (formerly known as Head & Shoulders Finance Limited), a company incorporated in Hong Kong with limited liability
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by Best Harvest pursuant to the Sale and Purchase Agreement
“Facility Letters”	the facility letters granted to Delta Wealth by the Company with principal amounts of HK\$12 million and HK\$138 million on 27 October 2010 and 10 November 2010 respectively. HK\$80 million has been utilized in aggregate, in which, HK\$60 million has been settled in the form of assignment of loan receivables by Delta Wealth
“Favor Way”	Favor Way Investments Limited, being the purchaser of the Disposal under the Sale and Purchase Agreement and the holder of all the Convertible Notes as at the Latest Practicable Date
“Group”	the Company and its subsidiaries

DEFINITIONS

“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, namely Mr. Chan Kin Sang, Mr. Cheng Po Yuen and Mr. Wong Chun Hung
“Independent Shareholder(s)”	any Shareholder(s) other than Favor Way, Ms. Tin and their respective associate(s)
“Independent Third Parties”	third parties independent of, and not connected with, the Directors, chief executive and substantial shareholder(s) of the Company or any of its subsidiaries or any of their respective associate(s)
“Joy Wealth”	Joy Wealth Finance Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. It is a licensed money lender in Hong Kong and is principally engaged in the business of money lending and provision of credits
“Latest Practicable Date”	26 October 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Tin”	Ms. Tin Yuen Sin, Carol
“Original Sale and Purchase Agreement”	the original sale and purchase agreement in relation to the acquisition of 51% of the issued share capital of Delta Wealth entered into among the Company, Best Harvest and Favor Way on 24 September 2010
“PRC”	the People’s Republic of China

DEFINITIONS

“Put Option”	the option granted to Best Harvest to require Favor Way to purchase the Sale Shares and the Sale Loan at HK\$48 million as set out in the Original Sale and Purchase Agreement
“Sale and Purchase Agreement”	the conditional sale and purchase agreement in relation to the Disposal entered into among the Company, Best Harvest and Favor Way on 13 October 2011
“Sale Loan”	the shareholders’ loan of HK\$44,236,125, pursuant to a deed of assignment of loan
“Sale Shares”	510,000 shares of HK\$1.00 each in the issued share capital of Delta Wealth legally and beneficially owned by Best Harvest, representing 51% of the issued share capital of Delta Wealth
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened on 15 November 2011 to consider and, if thought fit, approve, among other things, the Disposal and the transactions contemplated thereunder
“Share(s)”	share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Simsen”	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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	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. 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, HM12
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

31 October 2011

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 24 September 2010 regarding the acquisition of 51% of the issued share capital of Delta Wealth by Best Harvest (a wholly-owned subsidiary of the Company) at a total consideration of HK\$52 million.

On 13 October 2011 (after trading hours), the Sale and Purchase Agreement is entered into among the Company, Best Harvest and Favor Way, pursuant to which Best Harvest has conditionally agreed to dispose of and Favor Way has conditionally agreed to acquire the Sale Shares and the Sale Loan at the Consideration of HK\$52 million.

* For identification purposes only

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENT

Set out below are the principal terms of the Sale and Purchase Agreement:

Date:

13 October 2011 (after trading hours)

Parties involved:

- (i) the Company;
- (ii) Best Harvest Asia Limited, as vendor, being a wholly-owned subsidiary of the Company, an investment holding company incorporated in the British Virgin Islands with limited liability; and
- (iii) Favor Way Investments Limited, as purchaser, an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ms. Tin. It is also the controlling shareholder of Delta Wealth.

Assets to be disposed of:

Best Harvest has conditionally agreed to dispose of and Favor Way has conditionally agreed to acquire the Sale Shares and the Sale Loan. Upon Completion, the Company will cease to hold any interest in Delta Wealth, and Delta Wealth will cease to be a subsidiary of the Company. Meanwhile, the Put Option shall be expired.

The Consideration:

The Consideration of HK\$52 million shall be settled in the following manner:

- (i) as to HK\$4 million in cash payable upon Completion; and
- (ii) as to HK\$48 million by setting off against the Convertible Notes with principal amount of HK\$48 million issued by the Company under the Original Sale and Purchase Agreement, the Convertible Notes will be cancelled upon setting off.

Basis of the Consideration:

The Consideration was determined between the Company and Favor Way after arm's length negotiations and on normal commercial terms, with reference to, among other things, the original acquisition cost of HK\$52 million under the Original Sale and Purchase Agreement by the Company, details of which have been set out in the announcement of the Company dated 24 September 2010.

The net proceeds from the Disposal will be principally utilized for the development of the finance business of the Group and/or financing any acquisition opportunities identified/to be identified by the Company.

LETTER FROM THE BOARD

Conditions precedent:

Completion shall take place on the third Business Day after all the conditions precedent set out below are fulfilled (or otherwise waived by Best Harvest) or such other date as Best Harvest and Favor Way may agree in writing:

- (i) the facilities granted to Delta Wealth under the Facility Letters shall be terminated and Favor Way shall procure Delta Wealth to repay to the Company all the outstanding loans together with interests accrued thereon before Completion;
- (ii) the passing by the sole director of Best Harvest of all necessary resolutions for approving the Sale and Purchase Agreement and the transactions contemplated hereunder;
- (iii) the termination of the shareholders' agreement dated 19 October 2010 in relation to Delta Wealth;
- (iv) the execution of a deed of assignment of the Sale Loan; and
- (v) the passing by the Independent Shareholder(s) by way of poll at the SGM of all resolutions required under the Listing Rules (if any) to approve the performance by Best Harvest (as a subsidiary of the Company) of the transactions contemplated under the Sale and Purchase Agreement.

Save as and except for conditions (ii) and (v) above, Best Harvest may in its absolute discretion at any time waive in writing any or all of the conditions set out in the Sale and Purchase Agreement (or any part thereof) and such waiver may be granted subject to such terms and conditions as are determined by Best Harvest.

Parties to the Sale and Purchase Agreement shall use their best endeavors to procure the fulfillment of the conditions precedent as set out above on or before 31 December 2011 (or such other dates as agreed in writing among parties to the Sale and Purchase Agreement).

Completion:

Completion shall take place on the third Business Day after the fulfillment of the conditions precedent of the Sale and Purchase Agreement (or otherwise waived by Best Harvest) or at such later date as Best Harvest and Favor Way may agree in writing.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company, and through its subsidiaries (including Delta Wealth and Joy Wealth) is principally engaged in the business of money lending, provision of credits, securities investments, and provision of corporate secretarial and consultancy services.

Upon the completion of the acquisition of 51% of the issued share capital of Delta Wealth in October 2010, the Company started to develop its business of the money lending and provision of credits. In addition, Joy Wealth, a wholly-owned subsidiary of the Company, started up the money lending and provision of credits business after obtaining the Money Lender's License under the Money

LETTER FROM THE BOARD

Lenders Ordinance of Hong Kong in April 2011. Joy Wealth has successfully achieved remarkable results during the six months ended 30 June 2011 and has provided a wide variety of loans with the amount of over HK\$470 million. The interest rates of these loans range from 8% to 48% per annum and the terms of these loans range from two weeks to one year. Existing client portfolio comprises of individuals, small-medium enterprises and listed companies from Hong Kong, Macau, Taiwan and mainland China. Details of certain loans have been set out in the past announcements of the Company in 2011.

To further enhance the finance business of the Group, the Company has acquired 100,000,000 ordinary shares of Simsen and accepted the provisional allotment of 2,000,000,000 rights shares of Simsen (details of which have been disclosed in the announcements of the Company dated 27 May 2011 and 15 June 2011 respectively). As at the Latest Practicable Date, the Company is interested in approximately 7.70% of the total issued share capital of Simsen. Simsen is principally engaged in broking and dealing of securities, futures and options contracts, margin financing, loan financing, financial advisory, investment holding, broking and dealing of bullion and forex contracts, and provision of management and consultancy services. Through this strategic investment, the Company intends to utilize the platform provided by Simsen to further promote the business of Joy Wealth. Furthermore, the Group has expanded its principal activities to the provision of corporate secretarial and consultancy services in October 2011. Details of such expansion have been set out in the announcement of the Company dated 7 October 2011.

Meanwhile, it is mentioned in the announcement of the Company dated 8 March 2011 that other shareholders of Delta Wealth expressed their concerns on the business operation of Delta Wealth as complying with Rules 13.13 and 13.15 of the Listing Rules require disclosure on the identity of the borrower and the interest rates charged on the loans, which will reveal highly confidential information to Delta Wealth's competitors. Due to the difference in management style between the Company and other shareholders of Delta Wealth as aforementioned, the Company has set up Joy Wealth to continue its finance business. As the Company has set up a new finance company, Joy Wealth, to further develop the finance business of the Company, the Directors considered that it is in the interests of the Company and the Shareholder(s) as a whole to dispose of Delta Wealth at the original acquisition cost.

In the view that (i) Delta Wealth is not a wholly-owned subsidiary of the Company; and (ii) the Company has successfully conducted business of money lending and provision of credits through Joy Wealth since April 2011, the Directors consider the terms of the Sale and Purchase Agreement are entered on normal and commercial terms and are fair and reasonable and the Disposal is in the interests of the Company and its Shareholder(s) as a whole.

INFORMATION ON FAVOR WAY

Favor Way is an investment holding company incorporated in the British Virgin Islands with limited liability. Ms. Tin is the sole director and sole shareholder of Favor Way.

LETTER FROM THE BOARD

INFORMATION ON DELTA WEALTH

Delta Wealth is a company incorporated in Hong Kong with limited liability. It is a licensed money lender in Hong Kong and is principally engaged in the business of money lending and provision of credits. It has a registered capital of HK\$1 million. As at the Latest Practicable Date, Delta Wealth was owned as to 51% by Best Harvest, 40% by Favor Way, 5% by Mr. Chan Koon Wa and 4% by Best Fortune Assets Limited. Mr. Chan Koon Wa and Best Fortune Assets Limited and their respective associate(s) are Independent Third Parties. In accordance with the generally accepted accounting principles in Hong Kong, the revenue, profit before and after taxation for the two years ended 31 March 2010 and 2011 are set out in the following table:

	For the year ended 31 March 2010	For the year ended 31 March 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	8,736	23,540
Profit before tax	1,311	3,152
Profit after tax	1,094	2,632

The audited net asset value of Delta Wealth was approximately HK\$6.5 million as at 31 March 2011.

POTENTIAL FINANCIAL EFFECTS OF THE DISPOSAL

Based on the interim report of the Group as at 30 June 2011, the Group would realize a book loss of approximately HK\$7,812,000. The book loss was computed by reference to (a) the Consideration of HK\$52,000,000; (b) the shareholders' loan and the net asset value of Delta Wealth attributable to the Group as at 30 June 2011 totaling approximately HK\$52,320,000; (c) the carrying value of the Put Option of approximately HK\$5,132,000 as at 30 June 2011; and (d) the difference of the carrying value as at 30 June 2011 and the nominal value of the Convertible Notes of approximately HK\$2,360,000.

Based on the interim report of the Company as at 30 June 2011, upon completion of the Disposal, it is expected that the total assets and total liabilities of the Group will both be decreased, while the earnings will be decreased by the book loss of approximately HK\$7,812,000.

The actual financial effect derived from the Disposal would depend on the profit or loss of Delta Wealth up to the date of Completion.

LISTING RULES IMPLICATION

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and shall be subject to the Shareholders' approval requirement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Favor Way, being the controlling shareholder of Delta Wealth, and Ms. Tin, being the ultimate beneficial owner of Favor Way and also the director of Favor Way and Delta Wealth, each of

LETTER FROM THE BOARD

Favor Way and Ms. Tin is regarded as a connected person of the Company under Chapter 14A of the Listing Rules and thus the Disposal constitutes a connected transaction for the Company and is subject to approval by the Independent Shareholders by way of poll at the SGM. Accordingly, Favor Way, Ms. Tin and their respective associate(s) shall abstain from voting on the relevant resolution to approve the Disposal and the transactions contemplated thereunder to be proposed at the SGM. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as and except for being the holder of the Convertible Notes with principal amount of HK\$48 million, neither Favor Way, Ms. Tin nor their respective associate(s) is interested in any Shares or underlying Shares. Save as disclosed above, none of the Shareholders has material interest in the Disposal and shall be required to abstain from voting on the relevant resolution to be proposed at the SGM. As no Director has material interest in the Disposal, none of the Directors was required to abstain from voting in the board resolutions to approve the Disposal and the transactions contemplated thereunder.

SGM

A notice convening the SGM to be held at Joint Professional Centre, Unit 1, G/F., The Center, 99 Queen's Road Central, Hong Kong at 9:00 a.m. on Tuesday, 15 November 2011 or any adjournment is set out from pages 26 to 27 of this circular. Whether or not you are able to attend the SGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM should you so wish.

RECOMMENDATION

Having considered the reasons set out herein and the letters of advice from the Independent Board Committee and Guangdong Securities, the Board considers that the terms and conditions of the Sale and Purchase Agreement are on normal and commercial terms which are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole and accordingly recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the Disposal and the transactions contemplated thereunder.

Your attention is drawn to the letter from Guangdong Securities, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposal. The text of the letter from Guangdong Securities is set out from pages 11 to 17 of this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

31 October 2011

To the Independent Shareholder(s)

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 31 October 2011 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed to advise the Independent Shareholder(s) in connection with the Disposal. Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholder(s) in this respect.

We are of the view that the Disposal, after taking into account the advice as contained in the letter from Guangdong Securities as set out from pages 11 to 17 of the Circular, is fair and reasonable so far as the Independent Shareholder(s) are concerned, and is in the interests of the Company and the Shareholder(s) as a whole. Accordingly, we recommend the Independent Shareholder(s) to vote in favour of the relevant resolution to be proposed at the SGM to approve the Disposal and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

Mr. Cheng Po Yuen

Mr. Chan Kin Sang

Mr. Wong Chun Hung

Independent non-executive Directors

* *For identification purposes only*

LETTER FROM GUANGDONG SECURITIES

Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal for the purpose of inclusion in this circular.



Units 2505–06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

31 October 2011

To: *The independent board committee and the independent shareholders
of Pacific Plywood Holdings Limited*

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 31 October 2011 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 13 October 2011 (after trading hours), the Company, Best Harvest (being a wholly-owned subsidiary of the Company) and Favor Way entered into the Sale and Purchase Agreement, pursuant to which Best Harvest has conditionally agreed to dispose of and Favor Way has conditionally agreed to acquire the Sale Shares and the Sale Loan at the Consideration of HK\$52 million.

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal is subject to the approval by the Independent Shareholders by way of poll at the SGM. Favor Way, Ms. Tin and their respective associate(s) will abstain from voting on the relevant resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder proposed to be passed at the SGM.

An Independent Board Committee comprising Mr. Chan Kin Sang, Mr. Cheng Po Yuen and Mr. Wong Chun Hung (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Disposal is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder proposed to be passed at the SGM. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM GUANGDONG SECURITIES

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Best Harvest, Delta Wealth, Ms. Tin, Favor Way or their respective subsidiary(ies) or associate(s), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Disposal. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

LETTER FROM GUANGDONG SECURITIES

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Disposal, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Disposal

Business overview of the Group

As referred to in the Board Letter, the Company is an investment holding company and its subsidiaries (including Delta Wealth and Joy Wealth) are principally engaged in the business of (i) money lending; (ii) provision of credits; (iii) securities investments; and (iv) provision of corporate secretarial and consultancy services.

Set out below is the financial information of the Group for the six months ended 30 June 2011 and the two years ended 31 December 2010 as extracted from the interim report of the Company for the six months ended 30 June 2011 (the “**2011 Interim Report**”) and the annual report of the Company for the year ended 31 December 2010 (the “**2010 Annual Report**”):

	For the six months ended 30 June 2011 HK\$'000 (unaudited)	For the year ended 31 December 2010 US\$'000 (audited)	For the year ended 31 December 2009 US\$'000 (audited) (restated)
Revenue	23,471	564	—
Profit/(Loss) for the period/year from continuing operations <i>(Note)</i>	933	661	(1,482)
Profit/(Loss) for the period/year from discontinued operations	—	9,153	(8,312)
Profit/(Loss) for the period/year	933	9,814	(9,794)
	As at 30 June 2011 HK\$'000 (unaudited)	As at 31 December 2010 US\$'000 (audited)	As at 31 December 2009 US\$'000 (audited) (restated)
Total assets	542,773	29,341	68,660
Total liabilities	129,295	17,575	80,969
Total equity/(deficit)	413,478	11,766	(12,309)

Note: The figures include changes in fair value of the Convertible Notes and other income and gains.

LETTER FROM GUANGDONG SECURITIES

From the above table, we noted that the profitability of the Group improved significantly from a loss of approximately US\$9.79 million for the year ended 31 December 2009 to a profit of approximately US\$9.81 million for the year ended 31 December 2010. With reference to the 2010 Annual Report, the profit for the year ended 31 December 2010 was attributable to the disposal of the loss-making plywood manufacturing and distribution business in December 2010 and the Group stretched into the money lending and provision of credits business since the acquisition of 51% of the issued share capital of Delta Wealth in October 2010. According to the 2011 Interim Report, the entire revenue of the Group was derived from the interest income from loan receivables during the six months ended 30 June 2011. Going forward, the Group will be expanding its money lending and provision of credits business while concurrently expanding its other businesses of the provision of corporate secretarial and consultancy services and securities investments and contemplating the acquisition of a forestry business.

Information on Delta Wealth

As referred to in the Board Letter, Delta Wealth is a company incorporated in Hong Kong with limited liability. It is a licensed money lender in Hong Kong and is principally engaged in the business of money lending and provision of credits. It has a registered capital of HK\$1 million. As at the Latest Practicable Date, Delta Wealth was owned as to 51% by Best Harvest, 40% by Favor Way, 5% by Mr. Chan Koon Wa and 4% by Best Fortune Assets Limited. Mr. Chan Koon Wa and Best Fortune Assets Limited and their respective associate(s) are Independent Third Parties.

Reasons for the Disposal

With reference to the Board Letter, the Company started to develop its business of money lending and provision of credits after the acquisition of 51% of the issued share capital of Delta Wealth in October 2010. However, other shareholders of Delta Wealth have expressed their concerns on the business operation of Delta Wealth as complying with Rules 13.13 and 13.15 of the Listing Rules require disclosure on the identity of the borrowers and the interest rates charged on the loans, which will reveal highly confidential information to Delta Wealth's competitors.

Meanwhile, Joy Wealth, a wholly-owned subsidiary of the Company, has been set up by the Company and started up the money lending and provision of credits business after obtaining the Money Lender's License under the Money Lenders Ordinance of Hong Kong in April 2011 to continue the finance business of the Company due to the difference in the management style between the Company and other shareholders of Delta Wealth. As advised by the Directors, Joy Wealth has achieved remarkable results during the six months ended 30 June 2011 and has provided a wide variety of loans with amount of over HK\$470 million. The interest rates of these loans range from 8% to 48% per annum and the terms of these loans range from two weeks to one year. Existing client portfolio of Joy Wealth comprises individuals, small-medium enterprises and listed companies in Hong Kong, Macau, Taiwan and mainland China. Given the recent volatile and uncertain condition of the Hong Kong stock market and economic development, and the continuing tight monetary policies imposed by the PRC policymakers to adjust the economic overheat and inflation in the PRC, the

LETTER FROM GUANGDONG SECURITIES

Directors are of the view that the funding needs of companies and individuals in the PRC and Hong Kong would be strong and hence they are optimistic on the business prospect of Joy Wealth and its money lending and provision of credits business.

We have been provided with the financial information of Delta Wealth and Joy Wealth respectively for the five months ended 31 August 2011 and noted that Joy Wealth recorded less revenue than Delta Wealth while the profit before tax of Joy Wealth exceeded the corresponding figure of Delta Wealth for the five months ended 31 August 2011. Furthermore, although both Delta Wealth and Joy Wealth are engaged in the money lending and provision of credits business, Joy Wealth is wholly owned by the Company and is fast growing while the Company owns only 51% of the issued share capital of Delta Wealth. The Directors confirmed that priority has been given to Joy Wealth when business opportunities were identified by the Company as it is a fast growing company and is wholly owned by the Company.

As aforementioned, it is the Group's strategy to expand its money lending and provision of credits business. In addition, although the Group disposed of its plywood business in December 2010, the Directors confirmed that the Group has been trying to continue with the forestry business should suitable opportunities arise. The Company entered into a memorandum of understanding in relation to the acquisition of Profit Grand Enterprises Limited, which holds the rights to harvest forest logs in a forest located in the Vabari Timber Authority Area in the Independent State of Papua New Guinea through its wholly-owned subsidiary. As stated in the Board Letter, the net proceeds from the Disposal will be principally utilised for the development of the finance business of the Group and/or financing any acquisition opportunities identified/to be identified by the Company. Concurrently on 19 October 2011, the Company announced the placing of new Shares and convertible notes and the subscription for new Shares to raise an aggregate net proceeds of approximately HK\$157.1 million, which is intended to be used for the development of the Group's finance business and securities investments and for financing the acquisition of the aforementioned forestry business and/or any other acquisition opportunities identified/to be identified by the Company. Furthermore, the Group is currently expanding its business segment to the provision of corporate secretarial and consultancy services and securities investments. Hence, the Directors believe that the net proceeds from the Disposal would provide financial flexibility for the Group should suitable investment opportunities arise.

In view of all of the foregoing, including (i) the fact that Delta Wealth is not a wholly-owned subsidiary of the Company; (ii) the difference in the management style between the Company and other shareholders of Delta Wealth; (iii) the fact that the Company has successfully conducted the business of money lending and provision of credits through Joy Wealth since April 2011 and the financial performance of Joy Wealth since then; and (iv) the net proceeds from the Disposal would allow the Company to better utilise its resources for the development of the finance business of the Group and/or financing any acquisition opportunities identified/to be identified by the Company, we concur with the Directors that the Disposal is in the interests of the Company and the Shareholders as a whole.

LETTER FROM GUANGDONG SECURITIES

2. Principal terms of the Sale and Purchase Agreement

The Sale and Purchase Agreement

On 13 October 2011 (after trading hours), the Company, Best Harvest and Favor Way entered into the Sale and Purchase Agreement, pursuant to which Best Harvest has conditionally agreed to dispose of and Favor Way has conditionally agreed to acquire the Sale Shares and the Sale Loan at the Consideration of HK\$52 million.

Completion is conditional upon certain conditions precedent, being fulfilled or waived by Best Harvest (as the case may be), which are detailed in the Board Letter.

The Consideration

The Consideration of HK\$52 million shall be settled in the following manner:

- (i) as to HK\$4 million in cash payable upon Completion; and
- (ii) as to HK\$48 million by setting off against the Convertible Notes with the principal amount of HK\$48 million issued by the Company under the Original Sale and Purchase Agreement, the Convertible Notes will be cancelled upon setting off.

As confirmed by the Directors, the Consideration was arrived at after arm's length negotiations among the Company, Best Harvest and Favor Way on normal commercial terms by reference to, among other things, the original acquisition cost of HK\$52 million under the Original Sale and Purchase Agreement by the Company, details of which have been set out in the announcement of the Company dated 24 September 2010 (the "**Original Cost**").

As confirmed by the Directors, the Disposal would allow the Company to better utilise its resources for the development of the finance business of the Group and/or financing any acquisition opportunities identified/to be identified by the Company and thereby generating higher possible economic value to the Company and the Shareholders.

In light of that (i) the Consideration is equivalent to the Original Cost; and (ii) the Disposal would allow the Company to better utilise its resources for the future development of the Group, we concur with the Directors that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

Other terms of the Sale and Purchase Agreement

We have also reviewed the other major terms of the Sale and Purchase Agreement (such as "**Completion**", "**Costs**" and "**Confidentiality**") and are not aware of any terms which are uncommon. Consequently, we consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM GUANGDONG SECURITIES

3. Possible financial effects of the Disposal

As extracted from the Board Letter, the Company will cease to hold any interest in Delta Wealth, and Delta Wealth will cease to be a subsidiary of the Company upon Completion.

Effect on net assets and earnings

As extracted from the 2011 Interim Report, the unaudited consolidated net assets of the Group were approximately HK\$413.48 million as at 30 June 2011. The Directors expected that the Disposal would decrease the total assets and the total liabilities of the Group by approximately HK\$82.16 million and approximately HK\$74.35 million respectively. As confirmed by the Directors, the net assets of the Group would decrease and the Group would realise a book loss of approximately HK\$7.81 million.

Effect on gearing

As extracted from the 2011 Interim Report, the gearing level (calculated as net debt over total capital) of the Group was approximately -28.17% as at 30 June 2011 due to the net cash position of the Group. The Directors expected that the gearing level of the Group would improve upon Completion due to the cancellation of the Convertible Notes and the loans from shareholders of a subsidiary.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon Completion.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director

1. FINANCIAL INFORMATION INCORPORATED BY REFERENCE

The unaudited consolidated financial statements of the Group for the period ended 30 June 2011 and the audited consolidated financial statements of the Group for each of the year ended 31 December 2008, 31 December 2009 and 31 December 2010, including the notes thereto, have been published in the interim report of the Company (pages 1 to 13) dated 30 August 2011 and the annual reports of the Company for the years ended 31 December 2008 (pages 24 to 86) dated 16 April 2009, 31 December 2009 (pages 21 to 84) dated 8 April 2010 and 31 December 2010 (pages 22 to 86) dated 29 March 2011 respectively, which are incorporated by reference into this circular. The aforesaid interim report and 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 September 2011, being the latest practical date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the Group has (i) no outstanding bank overdraft. However, a bank facility which is unsecured but guaranteed by Ms. Tin has been granted to Delta Wealth; (ii) unguaranteed and unsecured loans from shareholders of a subsidiary of approximately HK\$51,745,714; (iii) the Convertible Notes which is unguaranteed and unsecured. It will be cancelled upon setting off at the Completion; and (iv) unguaranteed and unsecured loans from an independent financial institution with aggregate amount of HK\$20,000,000.

Commitment and contingent liabilities

As at 30 September 2011, the Group had total future aggregate minimum lease payments under various non-cancellable operating leases in respect of office properties amounting to approximately HK\$588,990.

At the close of business on 30 September 2011, the Group had no material contingent liabilities.

Pledge of assets

At the close of business on 30 September 2011, the Group did not pledge 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 September 2011, 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.

As at the Latest Practicable Date, the Directors confirmed that there had been no material change in the indebtedness and contingent liabilities of the Group since 30 September 2011.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the internal resources of the Group, the existing available credit facilities and the estimated net proceeds from the Disposal, 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

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 2010, the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

After the completion of the Disposal, the Company will focus on other business segments of the Group, together with the existing money lending and provision of credits business through Joy Wealth.

Money lending and provision of credits business

In prospect of the appearance where (i) the policymakers of the PRC will continue to conduct tough control on the monetary policies to adjust the economic overheat and inflation, which will raise the hurdle for individuals and companies to borrow money from banks; and (ii) the stock market and economic development of Hong Kong is still uncertain in the future, which rises funding needs of companies and individuals in Hong Kong, the Board expects that there would be a persistently increasing demand on the money lending and provision of credits business (e.g. personal loans and corporate loans from the Hong Kong general public).

Provision of corporate secretarial and consultancy services

To cope with this business expansion, the Company shall recruit a team of professionals in the areas of accounting, finance and company secretaries to provide the said services to its corporate clients which include listed companies in Hong Kong. Currently, the Company is in negotiation with not less than three listed companies for providing the said corporate secretarial and consultancy services. The Directors believe such business segment will grow gradually in the future in view of increasing number of companies getting listed in Hong Kong as well as merger and acquisition activities.

Securities investments

Currently, the aforesaid strategic investment in Simsen is the only securities investment of the Group as at the Latest Practicable Date, through this strategic investment, the Company intends to utilize the platform provided by Simsen to further promote the finance business of Joy Wealth. The Company will try to identify any possible securities investments with a prudent approach in the coming future as a result of the recent downturn of the global stock markets.

Possible acquisition of a forestry business

On 28 July 2011, the Company entered into a memorandum of understanding with vendors in relation to the acquisition of Profit Grand Enterprises Limited (the “**Target Company**”), a company incorporated under the laws of the British Virgin Islands with limited liability. According to the information provided by the vendors, the Target Company, through its wholly-owned subsidiary, I-Sky Natural Resources (PNG) Limited (the “**Project Company**”), has entered into a project agreement with the owner of the forest in the Vabari Timber Authority Area in the Independent State of Papua New Guinea with the size of approximately 65,800 hectares (the “**Forest**”). Pursuant to the project agreement, the Project Company is entitled the rights to harvest forest logs in the Forest for purposes of sale and export and other related activities for a period of ninety nine years.

Currently, the Company has appointed its financial adviser, legal advisers and valuer to carry out the necessary due diligence exercises relating to the Target Company and its subsidiaries. In the event that the relevant preliminary due diligence results are satisfactory to the Company, the Company will enter into a conditional sale and purchase agreement with the vendors for the acquisition of the Target Company. To ensure that the operations of the Project Company will run smoothly after the completion of the said possible acquisition, the Company is in negotiation with a PRC corporation with wealthy forestry experiences for a strategic alliance cooperation for the operating and management of the Forest. The said PRC corporation will allocate suitable expertise on providing advices to the Board on the operating and management of the Forest and arrange skilled labour for the development of the Forest. Further announcement will be made in relation to such strategic alliance cooperation as and when appropriate.

The Board wishes to emphasize that the said possible acquisition is subject to, among other things, the signing of the formal agreement and the terms and conditions of which are yet to be agreed. As the possible acquisition may or may not proceed, Shareholder(s) and potential investors are advised to exercise caution when dealing with the Shares. Further announcement of the said possible acquisition will be made by the Company should any formal agreement be entered into as and when appropriate in accordance with the Listing Rules.

Furthermore, the Company is identifying other acquisition opportunities and/or potential investment projects from time to time, including but not limited to the opportunities in other forestry businesses. The Company will make further announcement in accordance with the Listing Rules as and when appropriate.

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 INTEREST

As at the Latest Practicable Date, save as disclosed below, none of the Directors is a director or employee 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 provisions of Divisions 2 and 3 Part XV of the SFO and none of the Directors, the chief executive of the Company nor their associates had any interests or short positions 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 Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange.

Long position in the Shares or underlying Shares

Name	Number of shares held	Approximately percentage of the Company's issued share capital
Ng Kwok Fai	1,800,000,000 <i>(Note)</i>	44.05%

Note: As at the Latest Practicable Date, a proposed Director, Mr. Ng Kwok Fai (“**Mr. Ng**”), is deemed to have an interest in the Shares by his 20% equity interest in a subscriber of the Company, Allied Summit Inc.. The Company has entered into a share subscription agreement with the said subscriber on 18 October 2011 in respect of the subscription of 1,800,000,000 new Shares. The said share subscription agreement is subject to approval from Shareholders and may or may not complete. Details of the said share subscription agreement have been set out in the announcement of the Company dated 19 October 2011.

3. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors or proposed Director had any interest, direct or indirect, in any assets which have been, since 31 December 2010 (being the date to which the latest published 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 date of this circular, none of the Directors or proposed Director 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 associate(s) 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, save as disclosed below, 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)).

As at the Latest Practicable Date, a proposed Director, Mr. Ng, has an existing consultancy service agreement dated 13 April 2010 with the Company, pursuant to which Mr. Ng agreed to provide all advisory and consultancy services as may be required by the Company, introduce potential projects to the Company, provide assistance on liaising with the Stock Exchange and management of cashflow of the Company, for a fee equivalent to 3% of the total consideration of any successful acquisition introduced by Mr. Ng.

7. EXPERT AND CONSENT

The qualification of the expert who has provided advices contained in this circular is as follows:

Name	Qualification
Guangdong Securities Limited	a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

Guangdong Securities has given and has not withdrawn its written consent dated 31 October 2011 to the issue of this circular with the inclusion of its statement and/or letter and the references to its name in the form and context in which it appears.

8. EXPERT'S INTERESTS IN ASSET AND SHAREHOLDING

As at the Latest Practicable Date, Guangdong Securities did not have any direct or indirect interests in any assets which have been, since 31 December 2010 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, Guangdong Securities did not have any shareholding in any member of the Group or the rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. 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 situated at Unit 1903, 19/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.
- b. The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- c. The company secretary of the Company is Ms. Tam Hang Yin, who is a member of the Hong Kong Institute of Certified Public Accountants and holds a Bachelor's degree in Accountancy from 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.

10. 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 share placing agreement dated 18 October 2011 entered into between the Company and Roofer Securities Limited as the share placing agent in relation to the placing of 817,233,655 placing Shares at the share placing price of HK\$0.032 per placing share;
- b. 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;
- c. 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;

- d. the Sale and Purchase Agreement;
- e. a memorandum of understanding dated 28 July 2011 entered into among the Company, Peak Sino Limited and Able Famous Limited in relation to a possible acquisition for the rights to harvest forest logs in a forest for purposes of sale and export and other related activities for a period of ninety nine years;
- f. a series of subscription agreements entered into among 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;
- g. the placing agreement dated 8 March 2011 entered into between the Company and United Simsen Securities Limited as the placing agent in relation to the placing of placing convertible notes in an aggregate amount of HK\$100,000,000;
- h. the underwriting agreement dated 8 March 2011 entered into between the Company and Kingston Securities Limited as the underwriter in relation to the rights issue on the basis of thirty (30) rights shares on every one (1) Share held on the record date of 26 April 2011;
- i. the supplemental agreement dated 24 January 2011 entered into between the Company and Roofers Securities Limited 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;
- j. the placing agreement dated 21 January 2011 entered into between the Company and Roofers Securities Limited 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;
- k. the placing agreement dated 30 November 2010 entered into between the Company and Roofers Securities Limited 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;
- l. 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 the entire share capital of Ankan Holdings Limited, Georich Trading Limited and SMI Global Corporation, which are direct wholly-owned subsidiaries of the Company. Ankan Holdings Limited 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;
- m. the Original Sale and Purchase Agreement;

- n. the option dated 16 April 2010 and the subsequent formal agreement dated 30 April 2010 between SMI Management & Co., Pte. Limited as vendor (a wholly-owned subsidiary of the Company) and Evergreen Marine (Singapore) Pte. Limited as the purchaser in relation to the disposal of a commercial property in Singapore at a consideration of Singapore dollar \$23,000,000; and
- o. the placing agreement dated 2 March 2010 entered into between the Company and Grand Vinco Capital Limited as the placing agent for the placement of 265,540,000 Shares of the Company. The placing price is HK\$0.158 per placing share.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's head office and principal place of business in Hong Kong at Unit 1903, 19/F., West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this circular up to and including the date of the SGM:

- a. the memorandum of association and the bye-laws of the Company;
- b. the annual reports of the Company for each of the three financial years ended 31 December 2008, 2009 and 2010;
- c. the interim report of the Company for the six months ended 30 June 2011;
- d. the written consent given by Guangdong Securities as referred to in the paragraph headed "Expert and consent" above;
- e. the letter from the Independent Board Committee;
- f. the letter from Guangdong Securities;
- g. the Original Sale and Purchase Agreement and the Sale and Purchase Agreement;
- h. 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;
- i. this circular; and
- j. any other contracts, including the material contracts referred to in the paragraph headed "Material contracts" in this Appendix, referred to in this circular.

NOTICE OF SGM



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 a special general meeting (the “**SGM**”) of Pacific Plywood Holdings Limited (the “**Company**”) will be held at Joint Professional Centre, Unit 1, G/F., The Center, 99 Queen’s Road Central, Hong Kong at 9:00 a.m. on Tuesday, 15 November 2011 for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) dated 13 October 2011 entered into among the Company, Best Harvest Asia Limited (the “**Vendor**”), a wholly-owned subsidiary of the Company, and Favor Way Investments Limited (the “**Purchaser**”) pursuant to which, *inter alia*, the Vendor agreed to dispose of and the Purchaser agreed to acquire the 510,000 shares of HK\$1.00 each in the issued share capital of Delta Wealth Finance Limited (“**Delta Wealth**”), representing 51% of the issued share capital of Delta Wealth and the shareholders’ loan of HK\$44,236,125 pursuant to a deed of assignment of loan (the “**Deed of Assignment of Loan**”) (a copy each of the Sale and Purchase Agreement and the Deed of Assignment of Loan having been produced to the SGM marked “A” and “B” respectively and initialled by the chairman of the SGM for identification purpose) and all transactions contemplated under the Sale and Purchase Agreement be and are hereby confirmed, approved and ratified; and
- (b) any director of the Company be and is hereby authorised to take such actions and execute such documents to effect the Sale and Purchase Agreement and the transactions contemplated under the Sale and Purchase Agreement and to sign or execute such other documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he/she may in his/her discretion consider necessary or desirable for the purposes of giving effect to the Sale and Purchase Agreement.”

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

Hong Kong, 31 October 2011

* *For identification purposes only*

NOTICE OF SGM

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 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, 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.