

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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



**PACIFIC PLYWOOD HOLDINGS LIMITED**

**太平洋實業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 767)**

**I. SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**  
**II. PLACING OF THE PLACING CONVERTIBLE NOTES**  
**UNDER SPECIFIC MANDATE**  
**III. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**  
**AND**  
**IV. NOTICE OF SPECIAL GENERAL MEETING**

**CN Placing Agent**



**United Simsen Securities Limited**

A member of SIMSEN INTERNATIONAL CORPORATION LIMITED

Terms used in this cover page have the same meanings as defined in this circular.

A letter from the Board is set out on pages 4 to 23 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 Thursday, 24 November 2011 or any adjournment thereof is set out on pages 24 to 27 of this circular. A form of proxy for use in the SGM is enclosed with this circular.

Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar 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 holding 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.

\* *For identification purpose only*

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## DEFINITIONS

*In this circular, the following terms shall have the meanings set out below unless the context requires otherwise:*

“Announcement”	the announcement of the Company dated 19 October 2011 in relation to, among other things, the Share Subscription, the CN Placing and the Increase in Authorised Share Capital
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday and public holiday) on which banks are generally open for business for more than five hours in Hong Kong
“CN Placee(s)”	the placee(s) of the Placing Convertible Notes under the CN Placing Agreement
“CN Placing”	the placing of the Placing Convertible Notes by the CN Placing Agent pursuant to the terms of the CN Placing Agreement
“CN Placing Agent”	United Simsen Securities Limited, a licensed corporation to carry on business in Type 1, 2, 4 and 6 regulated activities under the SFO
“CN Placing Agreement”	the placing agreement dated 18 October 2011 entered into between the Company and the CN Placing Agent in relation to the CN Placing
“CN Placing Price”	100% of the principal amount of the Placing Convertible Notes
“Company”	Pacific Plywood Holdings Limited, a company incorporated in Bermuda and the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	proposed increase in the authorised share capital of the Company from the existing HK\$200,000,000 divided into 8,000,000,000 Shares to HK\$400,000,000 divided into 16,000,000,000 Shares by the creation of an additional 8,000,000,000 new unissued Shares

## DEFINITIONS

“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Directors, chief executive and substantial Shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Latest Practicable Date”	4 November 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ng”	Mr. Ng Kwok Fai, who owns 20% equity interest in the Subscriber as at the Latest Practicable Date
“Mr. Su”	Mr. Su Weibiao, who owns 80% equity interest in the Subscriber as at the Latest Practicable Date
“Placing Conversion Price”	HK\$0.028 per Placing Conversion Share, subject to adjustments in accordance with the terms of the Placing Convertible Notes
“Placing Conversion Share(s)”	new Share(s) to be issued by the Company upon exercise of the conversion rights attaching to the Placing Convertible Notes
“Placing Convertible Notes”	the convertible notes in the aggregate principal amount of HK\$89,600,000 to be issued by the Company under the CN Placing Agreement in not more than two (2) tranches, each in the aggregate principal amount of not less than HK\$44,800,000 (save for the last tranche)
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission
“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 24 November 2011 for the Shareholders to consider, if thought fit, approve the Share Subscription Agreement, the CN Placing Agreement, the Increase in Authorised Share Capital and the transactions respectively contemplated thereunder, including the grant of specific mandates to allot and issue the Subscription Shares and the Placing Conversion Shares
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company

## DEFINITIONS

“Shareholder(s)”	holder(s) of the Shares
“Share Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Share Subscription Agreement
“Share Subscription Agreement”	the share subscription agreement dated 18 October 2011 entered into between the Company and the Subscriber in relation to the Share Subscription
“Share Subscription Price”	HK\$0.025 per Subscription Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Allied Summit Inc., a company incorporated in the British Virgin Islands with limited liability
“Subscription Shares”	an aggregate of 1,800,000,000 new Shares to be issued under the Share Subscription Agreement
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“%”	percentage or per centum

*In the event 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 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

8 November 2011

*To the Shareholders*

Dear Sir or Madam,

**I. SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE  
II. PLACING OF THE PLACING CONVERTIBLE NOTES  
UNDER SPECIFIC MANDATE  
AND  
III. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

**INTRODUCTION**

Reference is made to the Announcement in relation to, among other things, the Share Subscription, the CN Placing and the Increase in Authorised Share Capital.

The purpose of this circular is to provide you with (i) further information regarding the Share Subscription, the CN Placing and the Increase in Authorised Share Capital; and (ii) the notice of the SGM to be convened for the purpose of considering and, if thought fit, approving the relevant resolutions in relation to the Share Subscription Agreement, the CN Placing Agreement, the Increase in Authorised Share Capital and the transactions respectively contemplated thereunder, including the grant of specific mandates to allot and issue the Subscription Shares and the Placing Conversion Shares.

\* For identification purpose only

## LETTER FROM THE BOARD

### I. SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 18 October 2011, the Company entered into the Share Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 1,800,000,000 Subscription Shares at the Share Subscription Price of HK\$0.025 per Subscription Share.

#### The Share Subscription Agreement

The following is a summary of the principal terms of the Share Subscription Agreement:

Date: 18 October 2011

Issuer: the Company

Subscriber: Allied Summit Inc., a company incorporated in the British Virgin Islands with limited liability. It is an investment holding company. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Subscriber, its ultimate beneficial owners, and their respective associates are Independent Third Parties

Number of the Subscription Shares: 1,800,000,000 Subscription Shares, which represent: (i) approximately 36.71% of the existing issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 26.85% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares; and (iii) approximately 18.18% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Placing Conversion Shares in full.

Share Subscription Price: HK\$0.025 per Subscription Share, which represents:

- (i) a discount of approximately 34.21% to the closing price of HK\$0.038 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (ii) a discount of approximately 69.88% to the unaudited net asset value per Share of the Group of approximately HK\$0.083 as at 30 June 2011 (based on the total number of Shares of 4,903,401,934 as at the Latest Practicable Date);
- (iii) a discount of approximately 35.90% to the closing price of HK\$0.0390 per Share as quoted on the Stock Exchange as at the date of the Share Subscription Agreement; and

## LETTER FROM THE BOARD

- (iv) a discount of approximately 36.87% to the average closing price of approximately HK\$0.0396 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the date of the Share Subscription Agreement.

The Share Subscription Price of HK\$0.025 per Subscription Share was arrived at after arm's length negotiation between the Company and the Subscriber with reference to the prevailing market price of the Shares.

The Directors note that the Share Subscription Price is lower than the Placing Conversion Price. However, taking into account that (i) the Subscription Shares are subject to the lock-up period of six months from the date of completion of the Share Subscription; and (ii) the holder(s) of the Placing Convertible Notes are entitled to receive the principal amounts together with accrued interests upon the maturity of the Placing Convertible Notes in the event that no conversion of the Placing Convertible Notes takes place, the Directors consider that the Share Subscription Price is in the interests of the Company and the Shareholders as a whole.

The Directors also note that the Share Subscription Price represents a substantial discount to its latest unaudited net asset value per Share. However, taking into account the fact that (i) the recent placing price of the placing of new Shares under the general mandate of the Company of HK\$0.032 also represents a discount to the latest unaudited net asset value per Share; (ii) it is not uncommon for issued securities of listed issuers to trade at a discount to its net asset value per Share and any further issue of securities is normally priced with reference to its prevailing market price in order to attract potential investor(s); and (iii) the market price of the Shares reflects a number of factors, including but not limited to the investors' perception on the future prospect of the global economy (as well as the Hong Kong financial market) and the future profitability of the Group, whereas the net asset value only reflects the historical financial results of the Group, which makes the prevailing market price of the Shares a better indicator to reflect the value of the Shares; and having regard to the financing needs of the Company for future development of the businesses of the Group and the factors as mentioned in the previous paragraph, the Directors consider that the Share Subscription Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.



## LETTER FROM THE BOARD

The Company will bear the costs and expenses in connection with the Share Subscription. The total proceeds from the Share Subscription will be HK\$45,000,000 and the estimated net proceeds from the Share Subscription will be approximately HK\$44,800,000. As a result, the net issue price per Subscription Share will be approximately HK\$0.0249. The aggregate nominal value of the Subscription Shares is HK\$45,000,000.

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares then in issue at the time of allotment and issue of the Subscription Shares. The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Subscription Shares will be allotted and issued under the specific mandate of the Company. The Board proposed to seek the approval for granting the specific mandate to allot and issue the Subscription Shares at the SGM.

Lock-up period:

The Subscription Shares are subject to a lock-up period of six (6) months from the date of completion of the Share Subscription.

Conditions precedent:

Completion of the Share Subscription is conditional upon, among other things, the following conditions precedent having been fulfilled on or before 31 December 2011 (or such other date as the parties to the Share Subscription Agreement may agree in writing):

- (i) the Listing Committee of the Stock Exchange granting, or having agreed to grant, the listing of, and permission to deal in, all the Subscription Shares;
- (ii) all other consents of the Stock Exchange, the SFC and any other applicable governmental or regulatory authorities or any other third party which are required or appropriate for the entering into and the implementation of the Share Subscription Agreement having been given, and all applicable statutory and legal obligations, all applicable securities regulations and all requirements of the applicable authorities having been complied with;

## LETTER FROM THE BOARD

- (iii) the Shares remaining listed and traded on the Stock Exchange at all times from the date of the Share Subscription Agreement up to the date of completion of Share Subscription, save for any temporary suspension not exceeding seven (7) consecutive trading days (other than any temporary suspension relating to the clearance of any announcement in respect of the Share Subscription Agreement), or such longer period as the Subscriber may accept; and no indication being received on or before the date of completion of the Share Subscription from the Stock Exchange and/or the SFC to the effect that the listing of the Shares or the Subscription Shares (as the case may be) on the Stock Exchange will or may be withdrawn or objected to (or conditions will or may be attached thereto) as a result of the completion of or in connection with the terms of the Share Subscription Agreement;
- (iv) the Shareholders having passed the ordinary resolution at the SGM approving, among other things, the issue of the Subscription Shares; and
- (v) the Share Subscription by the Subscriber and parties acting in concert (with the meaning ascribed to it under the Takeovers Code) with it does not trigger a mandatory offer under Rule 26 of the Takeovers Code on the part of the Subscriber and parties acting in concert.

Completion of the Share Subscription is expected to take place on or before the fifth Business Day after all the conditions precedent of the Share Subscription Agreement having been fulfilled (or such other date as the parties to the Share Subscription Agreement may agree in writing). For the avoidance of doubt, the Share Subscription is not conditional upon the CN Placing becoming unconditional.

As at the Latest Practicable Date, none of the conditions had been fulfilled or waived.

### **Information on the Subscriber**

The Subscriber is a company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, the Subscriber was owned as to 80% by Mr. Su and 20% by Mr. Ng.

## LETTER FROM THE BOARD

Mr. Su is a merchant with more than 10 years' investment experience in the PRC. Mr. Ng has extensive experience in the financial markets of Hong Kong and the PRC and is mainly responsible for providing advice to a wide spectrum of clients, including private and institutional investors, Hong Kong listed companies and the PRC enterprises, in a comprehensive approach. He has originated and handled numerous corporate transactions throughout the Asia-Pacific region, including securities dealing, investment portfolio management and accounting and financial advisory. Mr. Ng's insight and acumen in these areas, along with his substantial experience in international business development, has aptly assisted the management of his clients in the oversight of their companies' businesses. He also has in-depth knowledge in due diligence review and internal control advisory which provides him with the expertise in corporate governance. Mr. Ng is a member of the American Institute of Certified Public Accountants, a member of the Hong Kong Institute of Certified Public Accountants, a member of the Hong Kong Institute of Chartered Secretaries, and a member of the Institute of Chartered Secretaries and Administrators. Mr. Ng is also an independent non-executive director of China Information Technology Development Limited (stock code: 8178) which is a company listed on the Growth Enterprise Market of the Stock Exchange.

Upon completion of the Share Subscription, the Board will invite Mr. Ng to be the executive Director and the chairman of the Company. Details of the proposed change of the Board and Mr. Ng's biography have been set out in the Announcement. Further announcement will be made in compliance with Rule 13.51(2) of the Listing Rules by the Company upon such appointment becoming effective.

## II. PLACING OF THE PLACING CONVERTIBLE NOTES UNDER SPECIFIC MANDATE

On 18 October 2011, the Company and the CN Placing Agent entered into the CN Placing Agreement pursuant to which the CN Placing Agent has conditionally agreed to procure the CN Placee(s), on a best effort basis, to subscribe at the CN Placing Price for the Placing Convertible Notes up to an aggregate principal amount of HK\$89,600,000.

### The CN Placing Agreement

The following is a summary of the principal terms of the CN Placing Agreement:

Date:	18 October 2011
Issuer:	the Company
CN Placing Agent:	the CN Placing Agent

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the CN Placing Agent, its ultimate beneficial owners, and their associates are Independent Third Parties.

## LETTER FROM THE BOARD

CN Placing: The CN Placing Agent has conditionally agreed to procure the CN Placee(s), on a best effort basis, to subscribe at the CN Placing Price for the Placing Convertible Notes up to an aggregate principal amount of HK\$89,600,000 during the period commencing from the date of the CN Placing Agreement and ending on 31 March 2012 or such other date as may be agreed by the Company and the CN Placing Agent in writing. The Placing Convertible Notes shall be placed by the CN Placing Agent in two tranches, each in the aggregate principal amount of not less than HK\$44,800,000 (save for the last tranche).

The CN Placing Agent has agreed to place the Placing Convertible Notes to CN Placee(s) who and whose ultimate beneficial owners are Independent Third Parties and not acting in concert with any of the Directors, chief executives, Shareholders of the Company or any of its subsidiaries or their respective associates. As at the Latest Practicable Date, it was uncertain whether the number of CN Placee(s) of the Placing Convertible Notes will be not less than six. In case the number of CN Placee(s) of the Placing Convertible Notes is less than six, the Company shall comply with Rule 13.28(7) of the Listing Rules and disclose in the relevant announcement the names of such CN Placee(s).

CN Placing commission: Pursuant to the terms of the CN Placing Agreement, the CN Placing Agent shall be entitled to a commission equivalent to 2.5% of the gross proceeds of the CN Placing placed by the CN Placing Agent.

The Directors are of the view that the placing commission of the CN Placing is fair and reasonable and determined with reference to the current market norm in relation to similar transactions.

Conditions of the CN Placing: Completion of the placing of each tranche of the Placing Convertible Notes is conditional upon:

- (i) the Stock Exchange having granted approval for the listing of, and permission to deal in, the Placing Conversion Shares fall to be issued upon the exercise of conversion rights attached to the relevant tranche of the Placing Convertible Notes;

## LETTER FROM THE BOARD

- (ii) the Shareholders having passed the resolution(s) at the SGM approving, among other things, the CN Placing Agreement and the transactions contemplated thereunder, including the CN Placing, the issue of the Placing Convertible Notes, and the allotment and issue of the Placing Conversion Shares; and
- (iii) (if so required by the laws of Bermuda) the permission of the Bermuda Monetary Authority for the issue of the Placing Convertible Notes and the allotment and issue of the Placing Conversion Shares.

None of the conditions above can be waived. As at the Latest Practicable Date, none of the conditions had been fulfilled.

If the above conditions precedent are not fulfilled by 31 March 2012 or such other date as may be agreed by the Company and the CN Placing Agent in writing, all obligations of the CN Placing Agent and of the Company under the CN Placing Agreement shall cease and determine and none of the parties shall have any claim against the other in relation to the CN Placing Agreement.

For the avoidance of doubt, the CN Placing is not conditional upon the Share Subscription becoming unconditional.

### Termination:

The CN Placing Agreement may be terminated by the CN Placing Agent if at any time prior to 10:00 a.m. on the relevant date of completion:

- (i) there develops, occurs or comes into effect:
  - (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the CN Placing Agreement), including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, the political, economic, fiscal, financial, regulatory or stock market conditions;

## LETTER FROM THE BOARD

- (b) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;
- (c) any change in conditions of local, national or international currency or securities markets and for this purpose but without limiting the generality of the foregoing, a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America shall be a change in currency markets;
- (d) any new law or regulation or change in the existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group;
- (e) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere;
- (f) any litigation or claim being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial position of the Group;

and which, in the reasonable opinion of the CN Placing Agent, is or is likely to materially and adversely affect the business, financial or trading prospects of the Group and/or the success of the CN Placing; or

- (ii) it comes to the notice of the CN Placing Agent that any of the representations, warranties or undertakings of the Company contained in the CN Placing Agreement is untrue or inaccurate, breached or not complied with in any respect or if any event occurs or any matter arises on or after the date thereof and prior to the completion which if it had occurred or arisen before the date thereof would have rendered any of such representations and warranties untrue or incorrect in any material respect; or
- (iii) it comes to the notice of the CN Placing Agent that there has been any material adverse change in the business or financial or trading position of the Company; or

## LETTER FROM THE BOARD

- (iv) if any adverse change in market conditions occurs which makes it inexpedient or inadvisable to proceed with the CN Placing or if there is any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than thirty (30) consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement, the circular or other documents in connection with the CN Placing.

Upon the termination of the CN Placing Agreement pursuant to the above terms, the CN Placing Agreement shall be of no further effect and no party shall be under any liability to the other in respect of such termination except for any antecedent breach of any obligation under the CN Placing Agreement.

The Directors were not aware of the occurrence of any such events as at the Latest Practicable Date.

Completion of the CN  
Placing:

Subject to the conditions of the CN Placing having been fulfilled, completion of the placing of each tranche of the Placing Convertible Notes shall take place at such time and on such Business Day as the CN Placing Agent shall specify by giving not less than three (3) Business Days' notice in writing to the Company, or on such other date as the CN Placing Agent and the Company may agree in writing.

### Principal terms of the Placing Convertible Notes

The following is a summary of the principal terms of the Placing Convertible Notes:

Aggregate principal amount:	Up to HK\$89,600,000
Placing price:	100% of the principal amount of the Placing Convertible Notes
Initial Placing Conversion Price:	The Placing Conversion Price shall be HK\$0.028 per Placing Conversion Share.

The Placing Conversion Price represents:

- (i) a discount of approximately 26.32% based on the closing price of HK\$0.038 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;

## LETTER FROM THE BOARD

- (ii) a discount of approximately 66.27% to the unaudited net asset value per Share of the Group of approximately HK\$0.083 as at 30 June 2011 (based on the total number of Shares of 4,903,401,934 as at the Latest Practicable Date);
- (iii) a discount of approximately 28.21% based on the closing price of HK\$0.0390 per Share as quoted on the Stock Exchange as at the date of the CN Placing Agreement; and
- (iv) a discount of approximately 29.29% based on the average closing price of HK\$0.0396 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the date of the CN Placing Agreement.

The Placing Conversion Price was arrived at after arm's length negotiation between the Company and the CN Placing Agent with reference to the market price of the Shares under the prevailing market conditions. The Directors note that the Placing Conversion Price is lower than the recent placing price of new Shares under the general mandate of the Company of HK\$0.032. Having considered the fact that the size of the CN Placing is larger than the recent placing of new Shares of the Company under the general mandate and the CN Placing is subject to the approval of the Shareholders, which is expected to take place in about one to two months from the date of the Announcement, a deeper discount of the Placing Conversion Price to the price of the Shares is required to increase the successful rate of the CN Placing. The Directors also agree with the CN Placing Agent that the Placing Conversion Price determined with reference to the prevailing market price instead of the latest net asset value of the Group could increase the successful rate of the CN Placing. The Directors consider that the Placing Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Adjustment of  
Conversion Price:

- (i) The Placing Conversion Price is subject to adjustments upon the occurrence of, among other matters, subdivision or consolidation of Shares, capitalization issue, rights issue, capital distribution, open offer, and warrants issue. Such adjustments shall be certified either (at the option of the Company) by the auditors of the Company for the time being or by an approved merchant bank in accordance with the terms and conditions of the Placing Convertible Notes.



## LETTER FROM THE BOARD

- (ii) If and whenever the Company shall issue wholly for cash any new Shares at a price per Share which is less than 90% of the market price on the date of the announcement of the terms of such issue, the Placing Conversion Price shall be adjusted by multiplying the Placing Conversion Price in force immediately before the date of such announcement by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of new Shares which the aggregate amount payable for the issue would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued. Such adjustment shall become effective on the date of the issue.

- Maturity: 18 months from the date of issue of the Placing Convertible Notes. To the extent not previously converted, purchased, redeemed or cancelled, the Company shall, on the maturity date of the Placing Convertible Notes, redeem the Placing Convertible Notes at 100% of the outstanding principal amount.
- Conversion period: Provided that the exercise of the conversion rights attaching to the Placing Convertible Notes (i) by the holder thereof and parties acting in concert (within the meaning ascribed to it under the Takeovers Code) with it does not trigger a mandatory offer under Rule 26 of the Takeovers Code on the part of the holder thereof and parties acting in concert with it; and (ii) by the holder thereof and its associates will not render the Shares held in public hands being less than the minimum public float of the Shares required under the Listing Rules (i.e. 25% of the issued share capital of the Company), holder(s) of the Placing Convertible Notes shall have the rights to convert, at any time during the period commencing from the date of issuing the Placing Convertible Notes until the fifth Business Day before the maturity date of the Placing Convertible Notes, the whole or part in an integral multiple of HK\$1,000,000 of the outstanding principal amount of the Placing Convertible Notes.
- Interest: The Placing Convertible Notes will bear an annual interest of 2%, payable on annual basis.

## LETTER FROM THE BOARD

- Ranking of the Placing Conversion Shares: The Placing Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all other Shares in issue as at the date of conversion and will be entitled to all dividends and other distributions at the record date which falls on a date on or after the notice of the exercise of conversion right is given.
- Voting: The holder(s) of the Placing Convertible Notes will not be entitled to receive notice of, attend, or vote at, any meeting of the Company by reason only of it/they being the holder(s) of the Placing Convertible Notes.
- Transferability: The Placing Convertible Notes may be transferred to any third party. Any transfer of the Placing Convertible Notes shall be in respect of the whole or part only in an integral multiple of HK\$1,000,000 of the outstanding principal amount of the Placing Convertible Notes.
- No transfer shall be made to any connected person of the Company or parties acting in concert (within the meaning ascribed to it under the Takeovers Code) with the holder(s) of the Placing Convertible Notes unless compliance of the Listing Rules and the Takeovers Code has been made.
- Early redemption: The Placing Convertible Notes may be redeemed at 100% of the outstanding principal amount thereof (in whole or in part) at any time and from time to time at the option of the Company prior to the maturity date of the Placing Convertible Notes.
- Listing: No application will be made for the listing of, or permission to deal in, the Placing Convertible Notes on the Stock Exchange or any other stock exchange. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Conversion Shares.

### Placing Conversion Shares

Assuming the issue of the Placing Convertible Notes is completed, based on the initial Placing Conversion Price of HK\$0.028 per Placing Conversion Share, a maximum number of 3,200,000,000 Placing Conversion Shares will be allotted and issued if the conversion rights attached to the Placing Convertible Notes are exercised in full, representing (i) approximately 65.26% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 39.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Conversion Shares upon exercise in full of the conversion rights attaching to the Placing Convertible Notes; and (iii) approximately 32.32% of the issued share capital of the

## LETTER FROM THE BOARD

Company as enlarged by the allotment and issue of the Subscription Shares and the Placing Conversion Shares upon exercise in full of the conversion rights attaching to the Placing Convertible Notes.

The Company will bear the costs and expenses in connection with the CN Placing. The total proceeds from the CN Placing will be HK\$89,600,000 and the net proceeds from the CN Placing will be approximately HK\$87,000,000. As a result, the net issue price per Placing Conversion Share will be approximately HK\$0.0272. The aggregate nominal value of the Placing Conversion Shares is HK\$80,000,000.

The Placing Conversion Shares will be allotted and issued under the specific mandate of the Company. The Board proposed to seek the approval for granting the specific mandate to allot and issue the Placing Conversion Shares at the SGM.

### REASONS FOR THE SHARE SUBSCRIPTION AND THE CN PLACING AND USE OF PROCEEDS

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

On 28 July 2011, the Company entered into a memorandum of understanding with certain vendors in relation to the acquisition of Profit Grand Enterprises Limited (the “**Target Company**”) (the “**Forest Projects**”), 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 to the rights to harvest forest logs in the Forest for the purposes of sale and export and other related activities for a period of 99 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 substantial forestry experiences for a strategic alliance and cooperation for the operation and management of the Forest. The said PRC corporation will allocate suitable expertise to provide advice to the Board on the management and operation of the Forest and arrange skilled labour for the development of the Forest. Further announcement will be made in relation to such strategic alliance and 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, Shareholders and potential investors are advised to exercise caution when dealing in 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

## LETTER FROM THE BOARD

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

Besides the steps being taken to pursue the Forest Project as aforementioned, the Group has been actively expanding its finance businesses, details of the loans made by the Group which constituted notifiable transactions under the Listing Rules have been disclosed in the recent announcements of the Company. In view of the business expansion of the Company as above mentioned, the Company is considering to use appropriate financing methods to raise additional capital for the future development of the Group.

The Board has considered various fund raising methods available to the Group (including but not limited to rights issue and open offer), however, in the absence of any underwriter(s) under the current distressed financial market condition, the Directors are of the view that the Share Subscription and the CN Placing are the most feasible fund raising methods under the current distressed financial market condition. In future, the Company will continue to review and consider other feasible fund raising methods from time to time available to the Group (including rights issue/open offer) to raise additional funds for the future development of the Group with a view to maximize the return of the Company as well as the Shareholders.

The estimated net proceeds (the “**Proceeds**”) from the Share Subscription and the CN Placing will be approximately HK\$131.80 million in aggregate. The Company plans to use the Proceeds as to (i) not less than 60% thereof for the development of the Group’s finance businesses and securities investments; and (ii) not more than 40% thereof for financing the possible acquisition of the Forest Project and/or any other acquisition opportunities identified/to be identified by the Company, including but not limited to the other forestry businesses. In the event that the Company is unable to identify any suitable acquisition target or that the said possible acquisition of the Forest Project is not materialized, the Proceeds intended to be applied thereof shall be utilized for the development of the provision of corporate secretarial and consultancy services of the Group and/or the general working capital of the Group. To the extent that the Proceeds are not immediately required for or applied to the above purposes, the Company may hold such funds within licensed banks or licensed financial institutions in Hong Kong for so long as it is in the Company’s best interests.

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is a summary of the shareholding structure of the Company: (i) as at the Latest Practicable Date; (ii) upon completion of the Share Subscription; and (iii) upon completion of the Share Subscription and after allotment and issue of the Placing Conversion Shares upon the conversion of the Placing Convertible Notes in full.

Shareholding	(i) As at the Latest Practicable Date		(ii) Upon completion of the Share Subscription		(iii) Upon completion of the Share Subscription and after allotment and issue of the Placing Conversion Shares upon the conversion of the Placing Convertible Notes in full	
	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
The Subscriber and Mr. Su ( <i>Note</i> )	142,000,000	2.90	1,942,000,000	28.97	1,942,000,000	19.61
<b>Public:</b>						
CN Placee(s)						
— first tranche	0	0.00	0	0.00	1,600,000,000	16.16
— second tranche	0	0.00	0	0.00	1,600,000,000	16.16
Other public Shareholders	<u>4,761,401,934</u>	<u>97.10</u>	<u>4,761,401,934</u>	<u>71.03</u>	<u>4,761,401,934</u>	<u>48.07</u>
<b>Total</b>	<u><u>4,903,401,934</u></u>	<u><u>100.00</u></u>	<u><u>6,703,401,934</u></u>	<u><u>100.00</u></u>	<u><u>9,903,401,934</u></u>	<u><u>100.00</u></u>

*Note:* Mr. Su held 142,000,000 Shares as at the Latest Practicable Date.

### FUND RAISING ACTIVITIES OF THE COMPANY

The following table summarizes the equity fund raising activities of the Company in the past 12 months immediately before the Latest Practicable Date.

Date of announcement	Description of the fund raising exercise	Net proceeds actually raised	Intended use of proceeds	Actual use of proceeds
30 November 2010	Placing of new shares under the general mandate	Approximately HK\$32.61 million	For general corporate and working capital of the Group or/and the future development of the finance businesses of the Group	Approximately HK\$30 million has been utilized for drawdown of the loan facility provided by the Company to Delta Wealth Finance Limited and approximately HK\$2.61 million has been utilized as working capital of the Group
21 January 2011 and 24 January 2011	Placing of new shares under the general mandate	Approximately HK\$11.03 million	For general corporate and working capital of the Group or/and the future development of the finance businesses of the Group	Has been fully utilized for the loan facility provided by the Company to Delta Wealth Finance Limited

## LETTER FROM THE BOARD

Date of announcement	Description of the fund raising exercise	Net proceeds actually raised	Intended use of proceeds	Actual use of proceeds
8 March 2011	Rights issue of 2,774,183,310 shares at the subscription price of HK\$0.08 per right share on the basis of thirty (30) rights shares for every one (1) existing share held on 26 April 2011	Approximately HK\$214.64 million	As to not more than 70% for financing any acquisition opportunities identified/to be identified by the Company and as to not less than 30% for the development of the finance businesses of the Group	Approximately HK\$90 million has been utilized for financing acquisition opportunities identified by the Group, in which, HK\$80 million has been utilized in acquiring a strategic investment of 7.7% equity interests in Simsen International Corporation Limited, the shares of which are listed on the main board of the Stock Exchange (stock code: 993) and HK\$10 million has been utilized in the Forest Project as a deposit. The remaining of approximately HK\$124.64 million has been utilized for the development of the finance business of the Group
8 March 2011	Placing of convertible notes	Approximately HK\$97.25 million	As to not more than 60% for financing any acquisition opportunities identified/to be identified by the Company (including but not limited to the possible acquisition of the oil fields in Kazakhstan and the said possible acquisition was lapsed, further details of which have been set out in the announcements of the Company dated 3 March 2011 and 15 June 2011 respectively) and as to not less than 40% for the development of the finance businesses of the Group	Has been utilized for the development of the finance business of the Group

## LETTER FROM THE BOARD

Date of announcement	Description of the fund raising exercise	Net proceeds actually raised	Intended use of proceeds	Actual use of proceeds
19 October 2011	Placing of new shares under the general mandate	Approximately HK\$25.3 million	In aggregate the proceeds from the Share Subscription and the CN Placing, as to (i) not less than 60% of the proceeds for the development of the Group's finance businesses and securities investments; and (ii) not more than 40% of the proceeds for financing the acquisition of the Forest Project and/or financing any other acquisition opportunities identified/to be identified by the Company, including but not limited to the other forestry businesses	Has not yet been utilized

Save as disclosed above, there had not been any other equity fund raising activity in the last 12 months immediately before the Latest Practicable Date.

### III. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK\$200,000,000 divided into 8,000,000,000 Shares, of which 4,903,401,934 Shares were in issue as at the Latest Practicable Date. In order to accommodate for the future expansion and growth of the Group, the Board proposed to increase the authorised share capital of the Company to HK\$400,000,000 divided into 16,000,000,000 Shares, by the creation of an additional 8,000,000,000 new unissued Shares. The Board considers that the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

Save as disclosed herein, the Directors have no other present intention of issuing any part of the share capital.

The Increase in Authorised Share Capital of the Company is conditional upon the approval of the Shareholders at the SGM.

#### 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 Thursday, 24 November 2011 or any adjournment thereof is set out on pages 24 to 27 of this circular.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong,

## LETTER FROM THE BOARD

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 holding 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.

As at the Latest Practicable Date, the Subscriber was owned as to 80% by Mr. Su and as to the remaining 20% by Mr. Ng. Mr. Su is interested in 142,000,000 Shares, representing approximately 2.90% of the issued share capital of the Company. As the Subscriber is considered to have a material interest in the Share Subscription Agreement, the Subscriber, its ultimate beneficial owners and their respective associates are required to abstain from the voting at the SGM on the relevant resolution(s) to approve the Share Subscription Agreement and the transactions contemplated thereunder, including the grant of the specific mandate to allot and issue the Subscription Shares. Save for the aforementioned, to the best information, knowledge and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, none of the Directors or Shareholders had a material interest in the Share Subscription Agreement, the CN Placing Agreement and the Increase in Authorised Share Capital and shall be required to abstain from voting on the resolutions to be proposed at the SGM to approve the Share Subscription Agreement, the CN Placing Agreement, the Increase in Authorised Share Capital and the transactions respectively contemplated thereunder, including the grant of specific mandates to allot and issue the Subscription Shares and the Placing Conversion Shares.

### RECOMMENDATION

The Directors consider that the Share Subscription, the CN Placing and the Increase in Authorised Share Capital are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Share Subscription Agreement, the CN Placing Agreement, the Increase in Authorised Share Capital and the transactions respectively contemplated thereunder, including the grant of specific mandates to allot and issue the Subscription Shares and the Placing Conversion Shares.

### GENERAL

**The Share Subscription Agreement and the CN Placing Agreement may be terminated under certain circumstances. As the Share Subscription Agreement and the CN Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,999.00, the Stock Exchange reserves the rights to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. As at the Latest Practicable Date, the price of the Shares closed at HK\$0.038. After the completion of the Share Subscription and the CN Placing, the Company will closely monitor the price of the Shares and consider implementing a share consolidation as and when necessary to comply with the requirements of Rule 13.64 of the Listing Rules.



## 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 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.

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

## 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 Thursday, 24 November 2011 for the purposes of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company with or without amendments:

#### ORDINARY RESOLUTIONS

**“(1) THAT**

- (a) the authorised share capital of the Company be and is hereby increased from HK\$200,000,000 divided into 8,000,000,000 ordinary shares of HK\$0.025 each (“**Shares**”) to HK\$400,000,000 divided into 16,000,000,000 Shares, by the creation of an additional 8,000,000,000 new unissued Shares each ranking *pari passu* in all respects with the existing Shares (the “**Increase in the Authorised Share Capital**”); and
- (b) any one or more of the directors of the Company (the “**Director**”) be and is/are hereby authorised for and on behalf of the Company to sign, execute, perfect and deliver all such documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in and for the completion of the Increase in the Authorised Share Capital.

**(2) THAT**

- (a) the share subscription agreement dated 18 October 2011 (the “**Share Subscription Agreement**”) made between the Company and Allied Summit Inc. (the “**Subscriber**”) in respect of the subscription of 1,800,000,000 new Shares (the “**Subscription Shares**”) at the subscription price of HK\$0.025 per Subscription Share by the Subscriber (a copy of the Share Subscription Agreement has been produced to the SGM marked “A” and signed by the chairman of the SGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

\* For identification purpose only

## NOTICE OF SGM

- (b) the execution, delivery and performance by the Company of the Share Subscription Agreement be and are hereby approved, confirmed and ratified;
- (c) the subscription of the Subscription Shares by the Subscriber subject to and upon the terms and conditions of the Share Subscription Agreement and all transactions contemplated under or incidental to the Share Subscription Agreement and all actions taken or to be taken by the Company pursuant to the Share Subscription Agreement be and are hereby approved, confirmed and ratified; and
- (d) any Director be and is hereby authorised to do all such acts and things, as he/she may in his/her discretion consider necessary, expedient or desirable and any two Directors be and are hereby authorised to execute all such documents provided that the seal is required to be affixed thereto for the purpose of or in connection with the implementation of or giving effect to the subscription of the Subscription Shares, the Share Subscription Agreement and the transactions contemplated thereunder, including but without limitation, the exercise or enforcement of any of the Company's rights under the Share Subscription Agreement and to make and agree to such variations of the terms of the Share Subscription Agreement as he/she may consider to be appropriate and in the interests of the Company.

### (3) THAT

- (a) the placing agreement dated 18 October 2011 (the "**CN Placing Agreement**") made between the Company and United Simsen Securities Limited (the "**CN Placing Agent**") in respect of the placing of the convertible notes in an aggregate principal amount of up to HK\$89,600,000 (the "**Placing Convertible Notes**") by the CN Placing Agent (a copy of the CN Placing Agreement has been produced to the SGM marked "B" and signed by the chairman of the SGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the execution, delivery and performance by the Company of the CN Placing Agreement be and are hereby approved, confirmed and ratified;
- (c) the execution, delivery and performance of the instrument by the Company by way of deed poll to create the Placing Convertible Notes (the "**Deed Poll**") (a copy of the Deed Poll has been produced to the SGM marked "C" and signed by the chairman of the SGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (d) the placing of the Placing Convertible Notes by the CN Placing Agent subject to and upon the terms and conditions of the CN Placing Agreement and all transactions contemplated under or incidental to the CN Placing Agreement and all actions taken or to be taken by the Company pursuant to the CN Placing Agreement be and are hereby approved, confirmed and ratified;

## NOTICE OF SGM

- (e) subject to the fulfillment or waiver of the conditions set out in the CN Placing Agreement, any Director be and is hereby authorised to issue the Placing Convertible Note(s) in accordance with the terms and conditions of the CN Placing Agreement and the Deed Poll;
- (f) any Director be and is hereby authorised to allot and issue new Shares which may fall to be issued upon the exercise of the conversion rights attached to the Placing Convertible Notes or part thereof to the relevant holder(s) of the Placing Convertible Note(s); and
- (g) any Director be and is hereby authorised to do all such acts and things, as he/she may in his/her discretion consider necessary, expedient or desirable and any two Directors be and are hereby authorised to execute all such documents provided that the seal is required to be affixed thereto for the purpose of or in connection with the implementation of or giving effect to the placing of the Placing Convertible Notes, the CN Placing Agreement and the transactions contemplated thereunder, including but without limitation, the exercise or enforcement of any of the Company's rights under the CN Placing Agreement and to make and agree to such variations of the terms of the CN Placing Agreement as he/she may consider to be appropriate and in the interests of the Company."

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

Hong Kong, 8 November 2011

*Registered office:*  
Canon's Court  
22 Victoria Street  
Hamilton HM 12  
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. A form of proxy for the SGM is enclosed herewith.
2. 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.
3. 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.
4. 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.

## NOTICE OF SGM

5. Where there are joint Shareholders, any one of such joint Shareholders 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.
6. 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 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.