

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, you should at once hand this circular and the accompanied 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 sales or transfer was effected for transmission to the purchaser or the transferee.

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



PACIFIC PLYWOOD HOLDINGS LIMITED
太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

**REFRESHMENT OF EXISTING GENERAL MANDATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

**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 on pages 3 to 9 of this circular. A letter from the Independent Board Committee is set out on page 10 of this circular. A letter from Tanrich Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 18 of this circular.

A notice convening the SGM of the Company to be held at Room 3, United Conference Centre, 10/F, United Centre, 95 Queensway, Hong Kong on Thursday, 5 January 2012 at 9:00 a.m. or any adjournment thereof is set out on pages 19 to 21 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 in accordance with the instructions printed thereon and return the same 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 the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) should you so wish.

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Letter from the Independent Board Committee	10
Letter from Tanrich Capital	11
Notice of Special General Meeting	19

DEFINITIONS

In this circular, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Acquisition”	the proposed acquisition of 30% of the entire issued share capital of Profit Grand Enterprises Limited, further details of which have been set out in the announcement of the Company dated 2 December 2011
“AGM”	the annual general meeting of the Company held on 30 May 2011
“associate(s)”	shall have the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“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
“Director(s)”	director(s) of the Company
“Existing General Mandate”	the general mandate granted at the AGM to the Directors to allot, issue and deal with a maximum of 817,233,655 new Shares, representing 20% of the issued share capital of the Company as at the date of the AGM
“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
“Independent Board Committee”	the independent board committee of the Board, comprising all the three independent non-executive Directors, namely Mr. Chan Kin Sang, Mr. Cheng Po Yuen and Mr. Wong Chun Hung, established to advise the Independent Shareholders in respect of the Refreshment of Existing General Mandate
“Independent Financial Adviser” or “Tanrich Capital”	Tanrich Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of Existing General Mandate
“Independent Shareholder(s)”	any Shareholder(s) other than the controlling Shareholders and their respective associates or, if there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates

DEFINITIONS

“Issue Mandate”	the new mandate proposed to be sought at the SGM to authorize the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolution at the SGM
“Latest Practicable Date”	13 December 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Refreshment of Existing General Mandate”	the proposed refreshment of the Existing General Mandate and the grant of the Issue Mandate
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	the special general meeting of the Company to be held on 5 January 2012 for the purpose of considering and, if thought fit, approving the Refreshment of Existing General Mandate
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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. Ng Kwok Fai (*Chairman*)
Mr. Huang Chuan Fu (*Deputy Chairman*)
Mr. Liang Jian Hua
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

15 December 2011

To the Shareholders

Dear Sir or Madam,

REFRESHMENT OF EXISTING GENERAL MANDATE

INTRODUCTION

The purpose of this circular is to provide you with (i) further information relating to the Refreshment of Existing General Mandate; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser setting out, among other things, its recommendation to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of SGM to be convened and held for the purpose of considering and, if thought fit, approving the resolution for the Refreshment of Existing General Mandate.

REFRESHMENT OF EXISTING GENERAL MANDATE

Background of and reasons for the Refreshment of Existing General Mandate

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.

* For identification purpose only

LETTER FROM THE BOARD

At the AGM, the Shareholders granted, among other things, the Existing General Mandate to the Directors to allot, issue and deal with a maximum of 817,233,655 new Shares, representing 20% of the issued share capital of the Company as at the date of the AGM.

As disclosed in the Company's announcements dated 19 October 2011 and 3 November 2011 (collectively the "**Placing Announcements**"), among other things, a total of 817,233,655 new Shares had been placed under the Existing General Mandate (the "**Placing**"), representing 100% of the new Shares which were allowed to be allotted, issued and dealt with under the Existing General Mandate. Given that the Existing General Mandate has not been refreshed since the grant thereof at the AGM, following the completion of the Placing on 3 November 2011, no further Shares can be allotted and issued under the Existing General Mandate.

As set out in the Placing Announcements, the net proceeds from the Placing, together with the net proceeds from the subscription of new Shares and the placing of convertible notes, will be used as to (i) not less than 60% (i.e. not less than HK\$15,180,000) for the development of the Group's finance businesses and securities investments; and (ii) not more than 40% (i.e. not more than HK\$10,120,000) for financing the Acquisition and/or any other acquisition opportunities identified/to be identified by the Company, including but not limited to the forestry businesses. In the event that the Company is unable to identify any suitable acquisition target or that the possible Acquisition is not materialized, the proceeds 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 said net 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.

As disclosed in the announcement of the Company dated 2 December 2011 (the "**Acquisition Announcement**"), the Company, through its wholly-owned subsidiary, entered into the agreement (the "**Agreement**") dated 2 December 2011 with Able Famous Limited and Peak Sino Limited (collectively the "**Vendors**") in relation to the Acquisition. As stated in the Acquisition Announcement, the Group intends to settle part of the consideration for the Acquisition in the sum of HK\$250,000,000 by way of payment of cash to be funded partly by the internal resources of the Group and partly by debt and/or equity financing. In the event that at the completion of the Acquisition, the Group does not have sufficient internal resources and/or fails to raise sufficient funds for the settlement of the whole or part of that portion of the consideration in the sum of HK\$250,000,000, the whole or any shortfall thereof will be settled by procuring the Company to issue the promissory notes with interest rate of 10% per annum (the "**Promissory Notes**") to the Vendors. In the latter event, it is currently the Company's intention to conduct further fund raising activities as and when suitable opportunities arise for the early repayment of such Promissory Notes.

It was further disclosed in the Acquisition Announcement that the Company might implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve the financial position of the Group in the event that suitable fund raising opportunities arise, as the Company has from time to time been approached by investors for potential investment projects, on top of the needs to raise sufficient cash for the settlement of the consideration of the Acquisition as mentioned in the preceding paragraph.

LETTER FROM THE BOARD

In the premises, although the Group is not under any financial difficulties, it is expected to have imminent financing needs. As at the Latest Practicable Date, the Company had not carried out any formal discussion with any financial institutions in relation to any concrete fund raising plan. It is uncertain whether any fund raising exercises could be successfully conducted after the grant of the Issue Mandate or the actual amounts of proceeds that could be raised thereunder. Although the Company was undecided on the manner and timing of any debt/equity fund raising activities as at the Latest Practicable Date, given that equity financing by way of share placement is considered to be a less costly but more time efficient fund raising method for the Company as it (i) does not incur any interest paying obligations on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) provides the Company with the capability to capture any capital raising or prospective investment opportunity as and when it arises, the Board considers that the Refreshment of Existing General Mandate would provide the required ability and flexibility to the Company in selecting fund raising methods to raise funds on a timely basis to finance the Acquisition, to redeem the Promissory Notes (if any) so as to reduce the potential interest burden to the Group and other financing needs of the Group as mentioned above. For the aforesaid reasons, the Board considers that the Refreshment of Existing General Mandate is in the interest of the Company and its Shareholders as a whole and therefore proposes to refresh the Existing General Mandate for the Directors to allot, issue and deal with new Shares with an aggregate nominal amount of not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

Fund raising activities in the past twelve months

Set out below are the fund raising activities during the past twelve months prior to the Latest Practicable Date:

Date of announcement	Description of the fund raising activity	Net proceeds raised	Intended use of the net proceeds	Actual use of proceeds
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
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 Acquisition as a deposit. The remaining of approximately HK\$124.64 million 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 activity	Net proceeds raised	Intended use of the net proceeds	Actual use of proceeds
8 March 2011	Placing of convertible notes under specific mandate	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
19 October 2011	(i) placing of new Shares under the general mandate; (ii) subscription of new Shares under specific mandate; and (iii) placing of convertible notes under specific mandate	Approximately HK\$157.1 million	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 a 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	Approximately HK\$63.67 million has been utilized for the development of the Group's finance business, HK\$10 million has been utilized for financing the Acquisition and the remaining balances of approximately HK\$83.43 million has been deposited into banks of the Company

Save as and except for the above, the Company had not conducted any other fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

LETTER FROM THE BOARD

Potential dilution to shareholding of the public Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) after full utilization of the Issue Mandate (assuming no other Shares are issued or repurchased by the Company prior to the SGM):

Shareholder	As at the Latest Practicable Date (Note 1)		After full utilization of the Issue Mandate (assuming that no Shares are issued or repurchased by the Company prior to the SGM)	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
	—	—	—	—
Allied Summit Inc. (Note 2)	1,800,000,000	18.18	1,800,000,000	15.15
Mr. Su	142,000,000	1.43	142,000,000	1.19
Public Shareholders	7,961,401,934	80.39	7,961,401,934	66.99
New Shares available to be issued under the Issue Mandate	<u>—</u>	<u>—</u>	<u>1,980,680,386</u>	<u>16.67</u>
Total	<u><u>9,903,401,934</u></u>	<u><u>100.00</u></u>	<u><u>11,884,082,320</u></u>	<u><u>100.00</u></u>

Notes:

1. The above shareholding information is based on the disclosure of interests posted on the website of the Stock Exchange.
2. Allied Summit Inc. is owned as to 80% by Mr. Su Weibiao (“**Mr. Su**”) and as to the remaining 20% by Mr. Ng Kwok Fai (“**Mr. Ng**”). Mr. Su is interested in 142,000,000 Shares; Mr. Ng is the executive Director and chairman of the Company.

The table above illustrates that the shareholding of the existing public Shareholders would be decreased from approximately 80.39% as at the Latest Practicable Date to approximately 66.99% upon full utilization of the Issue Mandate (assuming that no Shares are issued or repurchased by the Company prior to the SGM).

General

As at the Latest Practicable Date, a total of 9,903,401,934 Shares were in issue. An ordinary resolution will be proposed to the Independent Shareholders to approve the Refreshment of Existing General Mandate to authorise the Directors to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

The Independent Board Committee, comprising Mr. Chan Kin Sang, Mr. Cheng Po Yuen and Mr. Wong Chun Hung, all being the independent non-executive Directors, has been formed to consider the Refreshment of Existing General Mandate. Tanrich Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

Pursuant to Rule 13.36(4)(a) of the Listing Rules, any controlling Shareholders and their associates, or where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution regarding the Refreshment of Existing General Mandate to be proposed at the SGM. As at the Latest Practicable Date, Mr. Ng, being the chairman of the Company and the executive Director, holds 20% of the equity interest of Allied Summit Inc. and is indirectly interested in 1,800,000,000 Shares, representing approximately 18.18% of the issued share capital of the Company. Save for Mr. Ng, neither the Directors (excluding independent non-executive Directors) nor the chief executive of the Company held any Shares as at the Latest Practicable Date. Accordingly, Mr. Ng and his associates (including Allied Summit Inc.) shall abstain from voting in favour of the relevant resolution regarding the Refreshment of Existing General Mandate. Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders in respect of the Refreshment of Existing General Mandate at the SGM will be taken by way of poll.

As at the Latest Practicable Date, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates had indicated that they have no intention to vote against the resolution(s) regarding the Refreshment of Existing General Mandate at the SGM.

Recommendation

Having considered the reasons as set out herein, the Board hereby recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the Refreshment of Existing General Mandate.

Your attention is drawn to the letter from Tanrich Capital, which contains its advice to the Independent Board Committee and the Independent Shareholders as regards to the Refreshment of Existing General Mandate. The text of the letter from Tanrich Capital is set out on pages 11 to 18 of this circular.

SGM

A notice convening the SGM to be held at Room 3, United Conference Centre, 10/F, United Centre, 95 Queensway, Hong Kong on Thursday, 5 January 2012 at 9:00 a.m. is set out on pages 19 to 21 of this circular.

Whether or not you are able to attend the meeting 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 special general meeting of the Company. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) should you so wish.

LETTER FROM THE BOARD

Period during which the Issue Mandate will remain effective

The Issue Mandate will, if granted, remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting is required to be held; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules on the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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)

15 December 2011

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF EXISTING GENERAL MANDATE

We refer to the circular of the Company dated 15 December 2011 (the “**Circular**”), of which this letter forms part. Terms as 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 Shareholders in connection with the Refreshment of Existing General Mandate. Tanrich Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

We are of the view that the Refreshment of Existing General Mandate, after taking into account the advice of Tanrich Capital as set out on pages 11 to 18 of the Circular, is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to approve the Refreshment of Existing General Mandate.

Yours faithfully,

Independent Board Committee

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

Independent Non-Executive Directors

* For identification purpose only



16/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Tel: 2802 8838 Fax: 2824 0888

15 December 2011

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

PROPOSED REFRESHMENT OF EXISTING GENERAL MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed Refreshment of Existing General Mandate. The details of the Refreshment of Existing General Mandate are set out in the letter from the Board contained in the circular of the Company dated 15 December 2011 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Pursuant to Rules 13.36(4) of the Listing Rules, the Refreshment of Existing General Mandate is subject to the approval of the Independent Shareholders by way of a poll at the SGM with the controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates abstain from voting in favour.

As at the Latest Practicable Date, the Company had no controlling Shareholders and that the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to be proposed at the SGM to approve the Refreshment of Existing General Mandate. As at the Latest Practicable Date, Mr. Ng Kwok Fai, being the chairman of the Company and the executive Director, holds 20% of the equity interest of Allied Summit Inc. and is indirectly interested in 1,800,000,000 Shares, representing approximately 18.18% of the issued share capital of the Company. Accordingly, Mr. Ng Kwok Fai and his associates (including Allied Summit Inc.) shall abstain from voting in favour of the relevant resolution regarding the Refreshment of Existing General Mandate. Save as disclosed herein, none of the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates owned any Shares as at the Latest Practicable Date.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chan Kin Sang, Mr. Cheng Po Yuen and Mr. Wong Chun Hung, has been established to advise the Independent Shareholders regarding the proposed Refreshment of Existing General Mandate. We have

LETTER FROM TANRICH CAPITAL

been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of Existing General Mandate.

Our role is to provide you with our independent opinion and recommendation as to whether the Refreshment of Existing General Mandate is fair and reasonable and whether the Refreshment of Existing General Mandate is in the interests of the Company and the Shareholders as a whole and how the Independent Shareholders should vote in respect of the relevant resolution regarding the Refreshment of Existing General Mandate.

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 provided to us by the Directors, the Company and its management.

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

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 date of the SGM. 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 management and/or the Directors, which have been provided to us.

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 verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

LETTER FROM TANRICH CAPITAL

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the proposed Refreshment of Existing General Mandate, we have considered the following principal factors and reasons:

1. Background of the Refreshment of Existing General Mandate

The Group is principally engaged in the business of money lending, provision of credits, securities investments, and provision of corporate secretarial and consultancy services.

At the AGM held on 30 May 2011, the Shareholders approved, among other things, an ordinary resolution to grant the Existing General Mandate which enables the Directors to allot, issue and deal with the Shares with nominal value of HK\$0.025 each in the share capital of the Company not exceeding 20% of the issued share capital of the Company at the date of the Last Annual General Meeting (equivalent to 817,233,655 Shares with par value of HK\$0.025 each).

As disclosed in the Company's announcements dated 19 October 2011 and 3 November 2011, among other things, a total of 817,233,655 new Shares had been placed under the Existing General Mandate (the "**Placing**"), representing 100% of the new Shares which were allowed to be allotted, issued and dealt with under the Existing General Mandate. Given that the Existing General Mandate has not been refreshed since the grant thereof at the AGM, following the completion of the Placing on 3 November 2011, no further Shares can be allotted and issued under the Existing General Mandate. The Directors, therefore, propose to seek the approval of the Independent Shareholders at the SGM to grant the Refreshment of Existing General Mandate to maintain the financial flexibility necessary for the Group to finance the Acquisition, to redeem the Promissory Notes (if any) and to fulfill other financing needs of the Group.

As at the Latest Practicable Date, the total number of Shares in issue was 9,903,401,934 Shares. Upon passing the relevant resolution at the SGM and assuming no further Shares are/will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Issue Mandate (before taking into account any extension thereof by any repurchased Shares) would enable the Board to allot, issue and deal with up to a limit of 1,980,680,386 Shares.

2. Reasons for the Refreshment of Existing General Mandate

As disclosed in the announcement of the Company dated 2 December 2011 (the "**Acquisition Announcement**"), the Company, through its wholly-owned subsidiary, entered into the agreement (the "**Acquisition Agreement**") dated 2 December 2011 with Able Famous Limited and Peak Sino Limited (collectively the "**Vendors**") in relation to the Acquisition. As stated in the Acquisition Announcement, the Group intends to settle part of the consideration for the Acquisition in the sum of HK\$250,000,000 by way of payment of cash to be funded partly by the internal resources of the Group and partly by debt and/or equity financing. In the event that at the completion of the Acquisition, the Group does not have sufficient internal resources and/or fails to raise sufficient funds for the settlement of the whole or part of that portion of the consideration in the sum of HK\$250,000,000, the whole or any shortfall thereof will be settled by procuring the Company to issue the promissory notes with interest rate of 10% per annum (the "**Promissory Notes**") to the

LETTER FROM TANRICH CAPITAL

Vendors. In the latter event, it is currently the Company's intention to conduct further fund raising activities as and when suitable opportunities arise for the early repayment of such Promissory Notes.

It was further disclosed in the Acquisition Announcement that the Company might implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve the financial position of the Group in the event that suitable fund raising opportunities arise, as the Company has from time to time been approached by investors for potential investment projects, on top of the needs to raise sufficient cash for the settlement of the consideration of the Acquisition as mentioned in the preceding paragraph.

In the premises, although the Group is not under any financial difficulties, it is expected to have imminent financing needs. As such, the Board proposed to pass an ordinary resolution at the SGM to approve the Refreshment of Existing General Mandate in accordance with Rule 13.36(4) of the Listing Rules to allow flexibility to issue any additional new Shares so that the Directors would be granted to allot, issue and deal with up to a maximum of 20% of the entire issued share capital of the Company as at the date of the SGM.

Given that the Company is in the process of completing the Acquisition, part of the consideration for the Acquisition of HK\$250,000,000 will be settled in whole or part of the portion in cash and if there is any shortfall thereof will be settled by issuing the Promissory Notes to the Vendors at an interest rate of 10% per annum which would incur interest burden on the Company, the Company is minded to conduct further fund raising activities for the early repayment of the Promissory Notes to be issued. Accordingly, we consider it is reasonable for the Company to have the flexibility in deciding the best financing solutions for the settlement of part of the consideration for the Acquisition and we are of the view that the Refreshment of Existing General Mandate is in the interest of the Company and the Shareholders as a whole. Shareholders should be aware that the completion of the Acquisition is subject to the conditions of the Acquisition Agreement being fulfilled or waived (as applicable) and thus the Acquisition may or may not be completed.

3. Fund raising activities of the Company in the past twelve months

Set out below are the fund raising activities of the Company during the past 12 months immediately prior to the Latest Practicable Date:

Date of announcement	Description	Net proceeds raised (approximately)	Intended use of proceeds from fund raising	Actual use of proceeds as at the Latest Practicable Date
21 January 2011 and 24 January 2011	Placing of new Shares under 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 TANRICH CAPITAL

Date of announcement	Description	Net proceeds raised (approximately)	Intended use of proceeds from fund raising	Actual use of proceeds as at the Latest Practicable Date
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 Acquisition 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 under specific mandate	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 TANRICH CAPITAL

Date of announcement	Description	Net proceeds raised (approximately)	Intended use of proceeds from fund raising	Actual use of proceeds as at the Latest Practicable Date
19 October 2011	(i) placing of new Shares under the general mandate; (ii) subscription of new Shares under specific mandate; and (iii) placing of convertible notes under specific mandate	Approximately HK\$157.1 million	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 a 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	Approximately HK\$63.67 million has been utilized for the development of the Group's finance business, HK\$10 million has been utilized for financing the Acquisition and the remaining balances of approximately HK\$83.43 million has been deposited into banks of the Company

Save as the above, the Directors confirmed that the Company has not conducted any other fund raising activities during the past 12 months immediately prior to the Latest Practicable Date. As noted from the table above, the actual use of proceeds was in line with the intended use of proceeds.

4. Financial flexibility

The Directors have confirmed to us that there is an imminent financing needs arising from the financing of the Acquisition. However, the Company had not carried out any formal discussion with any financial institutions in relation to any concrete fund raising plan as at the Latest Practicable Date. It is uncertain whether any fund raising exercises could be successfully conducted after the grant of the Refreshment of Existing General Mandate or the actual amounts of proceeds that could be raised.

Further to our discussion with the Directors, they have not decided on the manner and timing of any debt/equity fund raising activities as at the Latest Practicable Date, we concur with the Directors that the Refreshment of Existing General Mandate will provide the Group with necessary financial flexibility as allowed under the Listing Rules to allot, issue and deal with new Shares for possible future equity fund raising activities, through the way of placing of new Shares for the development of finance business of the Group. Given the financial flexibility available to the Company, we are of the view that the Refreshment of Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

5. Other financing alternatives

We have enquired the Directors and the Directors considered that the Company was undecided on the manner and timing of any debt/equity fund raising activities as at the Latest Practicable Date, given that equity financing by way of share placement is considered to be a less costly but more time efficient fund raising method for the Company as it (i) does not incur any interest paying obligations on the Group as compared with bank financing; (ii) is less costly and

LETTER FROM TANRICH CAPITAL

time-consuming than raising funds by way of rights issue or open offer; and (iii) provides the Company with the capability to capture any capital raising or prospective investment opportunity as and when it arises, the Director consider that the Refreshment of Existing General Mandate would provide the required ability and flexibility to the Company in selecting fund raising methods to raise funds on a timely basis to finance the Acquisition, to redeem the Promissory Notes (if any) so as to reduce the potential interest burden to the Group and other financing needs of the Group.

In this regard, we consider that the Refreshment of Existing General Mandate provides the Company an additional financing alternative for the Company to raise capital for its future investments or business developments and it is reasonable for the Company to have the flexibility in deciding the best financing methods for any future investments or business developments. Accordingly, we are of the view that the Refreshment of Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

6. Potential dilution to shareholding of the Independent Shareholders

Set out below is a table illustrating the shareholdings of the Company as at the Latest Practicable Date and, for illustrative purpose, the potential dilution effect on the shareholdings immediately after full utilisation of the Issue Mandate (assuming no further Shares are issued or repurchased by the Company after the Latest Practicable Date and up to the date of the SGM):

Name of Shareholders	As at the date of Latest Practicable Date		Upon full utilisation of the Issue Mandate (assuming that no Shares are issued or repurchased by the Company prior to the SGM)	
	<i>Approximate</i> <i>No. of Shares</i>	<i>Approximate</i> <i>%</i>	<i>Approximate</i> <i>No. of Shares</i>	<i>Approximate</i> <i>%</i>
	—	—	—	—
Allied Summit Inc. <i>(Note)</i>	1,800,000,000	18.18	1,800,000,000	15.15
Mr. Su Weibiao	142,000,000	1.43	142,000,000	1.19
Other public Shareholders	7,961,401,934	80.39	7,961,401,934	66.99
Shares which may be issued under the Issue Mandate	—	—	1,980,680,386	16.67
Total	9,903,401,934	100.00	11,884,082,320	100.00

Note:

Allied Summit Inc. is owned as to 80% by Mr. Su Weibiao and as to the remaining 20% by Mr. Ng Kwok Fai. Mr. Su Weibiao is interested in 142,000,000 Shares; and Mr. Ng Kwok Fai is the executive Director and chairman of the Company.

LETTER FROM TANRICH CAPITAL

The aggregate shareholding of the other public Shareholders will decrease from approximately 80.39% to approximately 66.99% upon full utilisation of the Issue Mandate. Taking into account the potential benefits of the Refreshment of Existing General Mandate as discussed above and the fact that the shareholdings of all Shareholders will be diluted proportionally to their respective shareholdings, we consider such potential dilution to the shareholdings of the Independent Shareholders to be acceptable.

RECOMMENDATION

Having considered the principal factors discussed above, we concur with the view of the Board that the Refreshment of Existing General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and 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, as well as the Independent Shareholders, to vote in favour of the resolution to approve the Refreshment of Existing General Mandate.

Yours faithfully,
For and on behalf of
Tanrich Capital Limited
Andy Chan
Managing Director

NOTICE OF SPECIAL GENERAL MEETING



PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Pacific Plywood Holdings Limited (the “Company”) will be held at Room 3, United Conference Centre, 10/F, United Centre, 95 Queensway, Hong Kong on Thursday, 5 January 2012 at 9:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period (to be defined in paragraph (d) below) to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below), or (ii) any share option schemes of the Company approved by The Stock Exchange of Hong Kong Limited, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, or (iv) the exercise of the outstanding conversion rights attaching to any convertible securities issued by the Company, which are convertible into shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

(d) for the purposes of this resolution:

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

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

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

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

Hong Kong, 15 December 2011

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

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

Notes:

1. Any shareholder of the Company (the “**Shareholder(s)**”) entitled to attend and vote at the 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 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.

NOTICE OF SPECIAL GENERAL MEETING

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, 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.

As at the date of this notice, the executive Directors are Mr. Ng Kwok Fai (Chairman), Mr. Huang Chuan Fu (Deputy Chairman), Mr. Liang Jian Hua, Ms. Jia Hui and Mr. Jiang Yi Ren and the independent non-executive Directors are Mr. Chan Kin Sang, Mr. Cheng Po Yuen and Mr. Wong Chun Hung.