

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 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 (the "Stock Exchange") 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)**

**PROPOSED SHARE CONSOLIDATION,  
CHANGE IN BOARD LOT SIZE  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the special general meeting of the Company to be held at 10:30 a.m. on Friday, 7 January 2011 at Joint Professional Centre, Unit 1, G/F., The Centre, 99 Queen's Road Central, Hong Kong or any adjournment is set out from pages 9 to 10 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 Shops 1712-1716, 17 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 special general meeting of the Company should you so wish.

# CONTENTS

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Expected Timetable</b> .....	3
<b>Letter from the Board</b> .....	4
<b>Notice of Special General Meeting</b> .....	9

## DEFINITIONS

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

“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“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
“Consolidated Shares”	consolidated ordinary share(s) of HK\$0.025 each in the issued and unissued share capital of the Company upon the Share Consolidation becoming effective
“Convertible Notes”	the convertible notes with outstanding principal amount of HK\$48 million as at the Latest Practicable Date, issued by the Company to Favor Way Investments Limited
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	20 December 2010, 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

## DEFINITIONS

“SGM”	the special general meeting of the Company to be held on 7 January 2011 for the purpose of considering and, if thought fit, approving the proposed Share Consolidation
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Share Consolidation”	the proposed consolidation of every 25 Shares into 1 Consolidated Share
“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.*

<b>EXPECTED TIMETABLE</b>
---------------------------

Set out below is the expected timetable for the implementation of the Share Consolidation. The timetable is subject to the results of the SGM and other changes. The Company will notify the Shareholders of any significant changes to the expected timetable by way of announcement(s) as and when appropriate.

Latest time for lodging the proxy form for use at the Special General Meeting .....	10:30 a.m., Wednesday, 5 January 2011
Date of SGM .....	10:30 a.m., Friday, 7 January 2011
Effective date for the Share Consolidation .....	Monday, 10 January 2011
First day for free exchange of existing share certificates for new share certificates .....	Monday, 10 January 2011
Original counter for trading in Shares in board lots of 20,000 Shares temporarily closes .....	9:30 a.m., Monday, 10 January 2011
Temporary counter for trading in Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates) opens .....	9:30 a.m., Monday, 10 January 2011
Original counter for trading in Consolidated Shares in new board lots of 2,000 Consolidated Shares (in the form of new share certificates) re-opens .....	9:30 a.m., Monday, 24 January 2011
Parallel trading in Consolidated Shares in the form of new share certificates and existing share certificates commences .....	9:30 a.m., Monday, 24 January 2011
Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares .....	Monday, 24 January 2011
Temporary counter for trading in Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates) closes .....	4:00 p.m., Tuesday, 15 February 2011
Parallel trading in Consolidated Shares in the form of new share certificates and existing share certificates closes .....	4:00 p.m., Tuesday, 15 February 2011
Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated Shares .....	Tuesday, 15 February 2011
Last day for free exchange of existing share certificates for new share certificates .....	Thursday, 17 February 2011

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:*

Budiono Widodo (*Chairman*)  
Mr. Sardjono Widodo (*Managing Director*)  
Ms. Jia Hui  
Mr. Huang Chuan Fu  
Mr. Jiang Yi Ren  
Mr. Liang Jian Hua

*Independent non-executive Directors:*

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

*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton, HM12  
Bermuda

*Head Office and*

*principal place of business:*  
Room 1405, 14/F.  
Admiralty Center Tower 1  
18 Harcourt Road, Admiralty  
Hong Kong

21 December 2010

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED SHARE CONSOLIDATION  
AND  
CHANGE IN BOARD LOT SIZE**

**INTRODUCTION**

The Company has announced on 20 December 2010 in relation to the proposed Share Consolidation and change in board lot size. The purpose of this circular is to provide you with information regarding the Share Consolidation and change in board lot size and the notice of SGM for the purpose of considering and, if thought fit, approving the ordinary resolution relating to the proposed Share Consolidation.

\* For identification purpose only

## LETTER FROM THE BOARD

### SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

#### Share Consolidation

The Board proposes to implement the Share Consolidation on the basis that every 25 issued and unissued Shares of HK\$0.001 each will be consolidated into 1 Consolidated Share of HK\$0.025 each. Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

#### Effects of the Share Consolidation

As at the latest practicable date, the authorised share capital of the Company is HK\$200,000,000 divided into 200,000,000,000 Shares of HK\$0.001 each, of which 1,926,819,448 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, on the basis that the Company does not allot and issue any further Shares prior thereto, the authorised share capital of the Company shall remain at HK\$200,000,000 divided into 8,000,000,000 Consolidated Shares of HK\$0.025 each, of which 77,072,777 Consolidated Shares will be in issue.

The Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's memorandum of association and bye-laws. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

#### Listing application

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

## LETTER FROM THE BOARD

### Conditions of the Share Consolidation

The Share Consolidation is conditional on:

- i. the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the SGM; and
- ii. the Stock Exchange granting listing of, and the permission to deal in, the Consolidated Shares in issue

### Change in board lot size

The Board also proposes to change the board lot size for trading in the shares of the Company from 20,000 Shares to 2,000 Consolidated Shares after the Share Consolidation becoming effective.

### REASONS FOR THE SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

It is expected that the Share Consolidation would bring about a corresponding increase in the trading price of the Consolidated Shares. It is also expected that the change in board lot size would increase the trading amount for each board lot. As a result, the Share Consolidation and change in board lot size would enable the Company to comply with the trading requirements of the Listing Rules. Accordingly, the Board is of the view that the Share Consolidation and change in board lot size are in the interest of the Company and the Shareholders as a whole.

### ARRANGEMENT ON ODD LOT TRADING

In order to facilitate the trading of odd lots of the Consolidated Shares, the Company has appointed One China Securities Limited, as an agent to provide matching service, on a best effort basis, for the sale and purchase of odd lots of Consolidated Shares arising from the Share Consolidation. Shareholders who wish to take advantage of this facility should contact Mr. Marco Ko at telephone number (852)3106 3522 during office hours. Shareholders should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Please refer to the section headed "EXPECTED TIMETABLE" on page 3 of this circular for the period during which the Company will provide matching service for the sale and purchase of odd lots of the Consolidated Shares.

### CONVERTIBLE NOTES

As at the Latest Practicable Date, there is an outstanding principal amount of HK\$48,000,000 Convertible Notes. An approved merchant bank will be engaged by the Company in accordance with the terms of the Convertible Notes to certify in writing as to the adjustments to the conversion price of the Convertible Notes required to be made in respect of the outstanding Convertible Notes as a result of the Share Consolidation. The Company will make a further announcement about the adjustments to the Convertible Notes in due course.

## LETTER FROM THE BOARD

### EXCHANGE OF SHARE CERTIFICATES

Subject to the Share Consolidation becoming effective, Shareholders may submit share certificates for existing Shares to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, between 10 January 2011 and 17 February 2011 (both dates inclusive) during the business hours, to exchange, at the expense of the Company, for certificates of the Consolidated Shares. It is expected that the new certificates for the Consolidated Shares will be available for collection within 10 business days after the submission of the existing share certificates to the branch share registrar for exchange. Thereafter, the existing share certificates for the Shares will cease to be valid for delivery, trading and settlement purpose but will remain effective as documents of legal title and will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by Stock Exchange) per existing share certificate cancelled or new share certificate issued (whichever is the higher) by shareholders. The existing share certificates are in light blue colour and the new share certificates will be in purple colour.

### EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation and change in board lot size was set out on page 3 of this circular.

### SGM

A notice for convening the SGM to be held at 10:30 a.m. on Friday, 7 January 2011 at Joint Professional Centre, Unit 1, G/F., The Centre, 99 Queen's Road Central, Hong Kong or any adjournment is set out from pages 9 to 10 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 Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM should you so wish.

No Shareholder has any material interest in the Share Consolidation. Therefore no Shareholder is required to abstain from voting at the SGM in respect of the ordinary resolution to approve the same.

### RECOMMENDATION

The Directors are of the opinion that the proposed Share Consolidation and change in board lot size are in the interest of the Company and the Shareholders as a whole and recommend you to vote in favour of the ordinary resolution to be proposed at the SGM.

## 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 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*

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 10:30 a.m. on Friday, 7 January 2011 at Joint Professional Centre, Unit 1, G/F., The Centre, 99 Queen’s Road Central, Hong Kong 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 conditional upon The Stock Exchange of Hong Kong Limited granting approval for the listing of, and permission to deal in, the Consolidated Shares (as defined below) in issue, with effect from Monday 10 January 2011, every 25 existing issued and unissued ordinary shares of HK\$0.001 each in the share capital of the Company be consolidated into 1 consolidated share of HK\$0.025 each (each a “Consolidated Share”), and such Consolidated Share(s) shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the bye-laws of the Company and any one or more Directors be and is/are hereby authorised for and on behalf of the Company to sign, execute, perfect, deliver any document and to do all such acts, deeds and things and to effect all necessary actions as they may consider necessary or desirable in order to effect, implement and complete any and all of the aforesaid matters.”

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

Hong Kong, 21 December 2010

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

*Head Office and  
principal place of business:*  
Room 1405, 14/F.  
Admiralty Center Tower 1  
18 Harcourt Road, Admiralty  
Hong Kong

\* For identification purpose only

## NOTICE OF SPECIAL GENERAL MEETING

*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 authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (3) Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the SGM and in such event, the form of proxy shall be deemed to be revoked.
- (4) Where there are joint Shareholders any one of such joint Shareholder may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint Shareholders be present at the SGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names stand in the register of shareholders of the Company in respect of the joint holding.
- (5) The form of proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 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.