



**PRECIOUS WOODS**

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Zug, 26 November 2012

### **Invitation to the extraordinary General Meeting**

**On Tuesday, 18 December 2012, 10.00 a.m., at the Volkshaus Zürich,  
Stauffacherstrasse 60, Zurich**

Dear Shareholders

We are pleased to invite you to our extraordinary General Meeting on 18 December 2012 and hope that you can attend in person. Failing this, you have the option of exercising your voting rights by proxy. The meeting will be chaired by Ernst A. Brugger, Chairman of the Board of Directors.

<b>Agenda item</b>	<b>Motions of the Board of Directors</b>
1. Welcome, agenda and notes on the Annual General Meeting	
2. Reporting on financial year 2012	Note and discussion
3. Ordinary, conditional and authorized capital increase	Approval
4. Amendment of article 6 paragraph 2.2 and article 11 paragraph 2 of the Articles of Association (election of Chairman of the Board)	Approval
5. Election of new Members of the board of Directors possibly nominated by the Board	Approval



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With the agenda items submitted to the shareholders at the extraordinary general meeting, the Board of Directors intends to achieve the following goals in the interest of the company and all of its shareholders:

- To provide up-to-date information on the course of business and the execution of the earlier communicated measures.
- To secure medium-term liquidity by means of a package of capital market measures designed to allow for participation by current shareholders and new investors.
- Information on further debt reduction through the divestment of the shares in PWCA (Central America) connected with a strong strategic focus.

In agenda item 4, the Board of Directors also proposes an amendment to the Articles of Association that will give the Board of Directors the authority to elect its Chairman, which is a common procedure in virtually all corporations.

Finally the Board of Directors reserves the right to propose new members for election to the Board of Directors. Such nomination would be announced prior to the General Meeting via Company website and EANS Adhoc.

We welcome any questions and comments you may have.

Thank you for your interest in our company.

Immediately after the General Meeting, we warmly invite you to join us for an *Apéro*.

### Comments on the agenda items and motions of the Board of Directors

#### Explanatory notes on agenda item 3:

In our presentation of the figures for the first half of the year, we announced an extensive package of measures, one purpose of which was to secure liquidity. The changes proposed in the capital structure are intended to take this need into account as shown below:

1. Security liquidity requires new capital injection.
2. There are investors who want to make substantial investments in Precious Woods to secure liquidity in the interest of the Company. In order to be able to obtain a commitment of capital from these investors, we must also be able to access additional conditional and authorized capital. The increase would also enable us to react quickly in the future when necessary. The present link between conditional and authorized capital will be lifted in order to increase flexibility and transparency in the future.



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3. Conditional and authorized capital will be used for convertible loans, which can be subscribed primarily by major investors. However, since the loyal current shareholders are also very important to us, we also want them to be able to take part in the capital increase. We move that the ordinary capital be increased for this purpose.

We are submitting these measures to a vote of shareholders as a package since only all measures together will ensure that liquidity and financial flexibility is reliably secured and at the same time allow participation of all stakeholders to take part.

The Board of Directors therefore moves

- (a) that the share capital of the Company in the amount of CHF 3 438 355 be increased by a maximum of CHF 309 451 to a maximum of CHF 3 747 806 by issuing no more than 309 451 registered shares with a nominal value of CHF 1 each to be fully paid in. Neither pre-emption rights nor special benefits exist. The issue price will be determined by the Board of Directors on the basis of market conditions. Eligibility for dividends will commence upon entry of the ordinary capital increase in the commercial register. The subscription rights of shareholders will be granted in full; the Board of Directors may dispose of any subscription rights that are not exercised in the interest of the Company.
- (b) that the conditional share capital pursuant to Article 3a be increased to CHF 1 578 689 and Article 3a revised as follows: "The Company's share capital shall be increased, to a maximum sum of CHF 1 578 689, by issue of no more than 1 578 689 registered shares, to be fully paid in, with a nominal value of CHF 1 each. This shall be done by exercise of conversion and options rights granted in conjunction with bonds or similar obligations of the Company or its Group companies. Shareholders will receive no subscription rights. The respective holders of conversion and options rights are entitled to subscribe to the new shares. The conversion and/or option conditions will be determined by the Board of Directors.

The pre-emptive subscription rights of the shareholders in respect of these new registered shares may be restricted or denied by a resolution of the Board of Directors for the purposes of financing or refinancing the acquisition of companies, parts of companies, interests in companies or new investment projects of the Company or a Group company, for the purpose of allowing strategic partners to acquire an interest in the Company, for the purpose of expanding the shareholder base in certain investor markets or for other important reasons pursuant to Article 653c(2) of the Swiss Code of Obligations.

As far as the pre-emptive subscription rights are excluded, [1] the convertible bonds and options will be placed at market conditions, [2] the exercise period for options will not exceed 5 years and for convertible bonds 10 years from the date



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of issue of the options or convertible bonds and [3] the conversion or exercise price for the new shares will be fixed at an amount that at least approximates the market conditions prevailing as of the date of issue of the convertible bonds or options.” and

- (c) that the current authorized share capital pursuant to Article 3d be increased to CHF 1 547 260 and Article 3d revised as follows: “The Board of Directors is authorized to increase the share capital to a maximum sum of CHF 1 547 260 by issuing at any time prior to 18 December 2014 no more than 1 547 260 registered shares, to be fully paid in, with a nominal value of CHF 1 each. Increases may be affected by way of firm underwriting or in instalments. The timing of issue of such new shares, the respective issue price, the conditions for the exercise of subscription rights, the commencement of the period of eligibility for dividends and the nature of contributions will be determined by the Board of Directors.

The Board of Directors may restrict or suspend the subscription rights of shareholders and assign such rights to third parties if such new shares are used for the purposes of financing or refinancing the acquisition of companies, parts of companies, interests in companies or new investment projects of the Company or a Group company, for the purpose of expanding the shareholder base to include strategic investors, for the purpose of issuing convertible bonds and options or for other important reasons pursuant to Article 652b(2) of the Swiss Code of Obligations. In the case of obligations to deliver convertible bonds or options in connection with corporate acquisitions, the Board of Directors may, for the purpose of fulfilling obligations to deliver such bonds or options, issue new shares without subscription rights. The Board of Directors may allow subscription rights that are not exercised to expire or may place such rights or shares for which subscription rights have been granted but not exercised in the interest of the Company.”

### **Explanatory notes on agenda item 4:**

The appointment of the Chairman of the Board of Directors by the shareholders at the Annual General Meeting is an usual procedure for listed companies. This provision has proven to be unnecessarily formalistic in practice: an extraordinary general meeting would have to be called for a change in the chairmanship of the Board of Directors.

The Board of Directors therefore moves that “... of the Chairman of the Board of Directors ...” be deleted from Article 6(2)(2) and Article 11(2) revised as follows so that the Chairman of the Board of Directors will no longer be chosen at the Annual General Meeting, but rather by the Board of Directors itself: “The Board of Directors shall elect its own President and Committees.”

### **Explanatory notes on agenda item 5:**

The proposed election of a possibly nominated new member of the Board of Directors will be announced by the Board of Directors prior to the General Meeting and a report will be issued via the Company website and EANS-Adhoc.



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### General matters

Shareholders who are unable to attend the Annual General Meeting in person may arrange to be represented by

1. Members of the bodies of the company (members of the Board of Directors or dependent persons), by completing the proxy form on the admission card and sending it to the share register (envelope enclosed);
2. The independent proxy (Dr. Urs Egli, of Egli Isler Partner Rechtsanwälte AG, Puls 5, Hardturmstrasse 11, 8005 Zurich), by completing the proxy form on the admission card and sending it to the independent proxy;
3. Another person with capacity to act (who need not be a shareholder), by completing the proxy form on the admission card and passing it to the designated proxy; or
4. The custodian bank, by completing the proxy form on the admission card and forwarding it to the custodian bank.

Save express contrary instructions, votes shall be cast in favour of the motions of the Board of Directors, unless additional or amendment motions are submitted to the Annual General Meeting.

Custodian proxies, in the terms of the Article 689d of the Swiss Code of Obligations, are required to inform the company of the number and par values of the shares they represent. They shall do so no later than during the admission process of the meeting. Custodian proxies shall be institutions governed by the Swiss Federal Act of 8 November 1934 on banks and savings banks and commercial asset managers.

The shareholders entered in the share register as of 10 December 2012 with voting rights shall be entitled to vote. No entries shall be made in the share register in the period from 10 to 18 December 2012.

Please return the enclosed registration form to Nimbus no later than 10 December 2012.

Yours sincerely

The Board of Directors

Encl.:

- Registration form for the extraordinary General Meeting,
- Return envelope to Nimbus
- Location plan of the Volkhaus Zurich