



PACIFIC PLYWOOD HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 767)

RETIREMENT OF A DIRECTOR

The board of directors (the “Board”) of Pacific Plywood Holdings Limited (the “Company”) hereby announces that the Company has received from Mr. Peng Chiu Ching (“Mr. Peng”) a letter pursuant to the requirement under paragraph 13.51(2) of the Listing Rules. In his letter, Mr. Peng confirmed that he had no dispute with the Board and there was no matter relating to his cessation to act as a director of the Company that need to be brought to the attention of the Company’s shareholders and The Stock Exchange of Hong Kong Limited.

As disclosed in the Company’s announcements dated 2 March 2005, 7 March 2005, 23 June 2005 and 19 July 2005, Mr. Peng had through legal representatives indicated objection against his dismissal as the managing director of the Company. The Company had engaged legal representatives to deal with the legal implications relating to his service contract with the Company and any other matters that may arise pursuant to the service contract, his dismissal as the managing director and his retirement as a director of the Company.

An agreement was finally entered into between Mr. Peng and the Company on 9 January 2006. The Company has agreed to and has paid Mr. Peng in aggregate US\$63,500 which was calculated by reference to, but without admission by the Company of, payment of six months’ salary in lieu of notice and Mr. Peng’s accrued unused leave days under his service contract with the Company. This agreement constituted a full and final settlement of all claims, whether at common law, under statute, regulation or otherwise which Mr. Peng had or might in the future have against the Company and/or its subsidiaries or associates relating to his employment, his holding or loss of offices as employee and/or director or any other matter whatsoever whether arising out of the termination of the employment, loss of office as a director or otherwise.

As at the date of this announcement, the Directors of the Company are:-

Executive Directors

Mr. Budiono Widodo (*Chairman*)
Mr. Sardjono Widodo (*Managing Director*)
Mr. Liao Yun Kuang (*President*)
Mr. Yu Chien Te

Non-executive Director

Mr. Sudjono Halim
Mr. Pipin Kusnadi
Mr. Chen Chung I

Independent Non-executive Director

Mr. Marzuki Usman
Mr. Kusnadi Widjaja
Mr. Ngai Kwok Chuen

By order of the Board
Sardjono Widodo
Managing Director

Hong Kong, 11 January 2006