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# Pacific Plywood Holdings Limited

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 767)**

## **PLACING OF NEW SHARES AND RESUMPTION OF TRADING**

**Placing agent**

**VINCO**  **域高**

**Grand Vinco Capital Limited**

On 23 April 2007, the Company entered into the Placing Agreement with the Placing Agent. Pursuant to which, the Placing Agent has agreed to place, on best effort basis, to not less than six independent places for up to 111,600,000 Shares at a price of HK\$0.30 per Placing Share, for and on behalf of the Company.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Placing Shares.

The maximum number of 111,600,000 Placing Shares represents approximately 10.00% of the entire issued share capital of the Company of 1,116,179,448 Shares as at the date of this announcement and approximately 9.09% of the Company's entire issued share capital as enlarged by the Placing. The issue of the Placing Shares will be made under the general mandate of the Company dated 16 June 2006. The net proceeds from the Placing of approximately HK\$33 million (assuming the Placing Shares are fully placed) will be used for general working capital of the Group.

Trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on 23 April 2007. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on 24 April 2007.

### **THE PLACING AGREEMENT**

Date: 23 April 2007.

Placing Agent: Grand Vinco Capital Limited, an Independent Third Party.

Places: The Placing Shares will be placed to not less than six places (which will be independent individual, corporate and/or institutional investors). The places and their ultimate beneficial owners will be Independent Third Parties. It is expected that no placee will become a substantial Shareholder immediately following completion of the Placing.

Number of Placing Shares: Up to 111,600,000 Shares, to be placed by the Placing Agent on best efforts basis. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 10.00% of the entire issued share capital of the Company of 1,116,179,448 Shares as at the date of this announcement and approximately 9.09% of the Company's entire issued share capital as enlarged by the Placing. The issue of the Placing Shares will be made under the general mandate of the Company dated 16 June 2006.

- Placing Price: HK\$0.30 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on Stock Exchange. The net price per Placing Share to the Company, after deducting the placing commission, will be approximately HK\$0.2976. The Placing Price represents:
- (a) a discount of approximately 6.25% to the closing price of HK\$0.320 per Share as quoted on the Stock Exchange on 20 April 2007, being the last trading day of the Shares immediately before the date of this announcement;
  - (b) a premium of approximately 20.00% over the average closing price of approximately HK\$0.250 per Share, for the last 10 trading days of the Shares immediately before the date of this announcement.
- Condition: The Placing is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Placing Shares.
- Rights of the Placing Shares: The Placing Shares will rank pari passu with the existing Shares.
- Placing Commission: The Placing Agent will receive a placing commission of 0.8% on the gross proceeds of the Placing.
- Termination of the Placing: The Placing is subject to termination by the Placing Agent on the occurrence of certain events prior to completion of the Placing, including:
- (a) any of the undertakings, warranties or representations contained herein becomes untrue or misleading in any material respect; or
  - (b) there develops, occurs or comes into effect:
    - (i) 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 on and/or after the date hereof), 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 political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong, the PRC or the United States;
    - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptionally adverse financial circumstances;
    - (iii) any material adverse change in conditions of local, national or international securities markets;
    - (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the PRC or any other jurisdiction relevant to the Group;
    - (v) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong, the PRC or elsewhere;
    - (vi) the instigation of any litigation or claim of material importance by any third party against any member of the Group; or
    - (vii) a development of an act of war or declaration of war on any state or country or jurisdiction.
- Completion of the Placing: Save for the Placing Agent's right of termination as set out above, the Placing is unconditional and completion of the Placing is expected to take place on or before 7 May 2007 (or such other date as the Company and the Placing Agent may agree in writing).

The Company shall make an application to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares in due course.

### EFFECT OF THE PLACING AND THE SUBSCRIPTION ON SHAREHOLDING

The shareholdings in the Company immediately before completion of the Placing and immediately after completion of the Placing are and will be as follows:

Shareholders	Existing shareholding structure of the Company prior to completion of the Placing		Expected shareholding structure of the Company after completion of the Placing	
	Number of Shares	Percentage	Number of Shares	Percentage
Dr. Budiono Widodo – beneficial interest ( <i>Note 1</i> )	24,827,600	2.22%	24,827,600	2.02%
Wealth Summit Holdings Limited ( <i>Note 2</i> )	24,827,600	2.22%	24,827,600	2.02%
The Peace Trust ( <i>Note 3</i> )	394,944,000	35.39%	394,944,000	32.17%
Sub-total of interest deemed to be beneficially owned by Dr. Budiono Widodo	444,599,200	39.83%	444,599,200	36.21%
Places	0	0%	111,600,000	9.09%
Public	671,580,248	60.17%	671,580,248	54.70%
Total	1,116,179,448	100%	1,227,779,448	100%

*Note:*

1. Dr. Budiono Widodo, Chairman of the Company, owned as to 24,827,600 Shares through beneficial interest.
2. Wealth Summit Holdings Limited is wholly owned by Dr. Budiono Widodo.
3. The Peace Trust is interested as to 394,944,000 Shares indirectly in Precious Win Group Limited (197,472,000 Shares) and SMI International Limited (197,472,000 Shares). Dr. Budiono Widodo and Mr. Sardjono Widodo, Managing Director of the Company are named beneficiaries of The Peace Trust.

### REASONS FOR AND BENEFITS OF THE PLACING AND USE OF THE PROCEEDS

The estimated net proceeds of the Placing will be approximately HK\$33 million, which will be used for general working capital of the Company. In view of the current market conditions, the Directors consider that the Placing represent a good opportunity to broaden the shareholders base and capital base of the Company and to raise capital for the Company for its future business developments. The Directors have confirmed that no specific targets or projects have been identified by the Group as at the date of this announcement. The Directors consider the terms of the Placing Agreement to be fair and reasonable and in the interest of the Group and the Shareholders as a whole.

### EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for an open offer of 558,089,724 Shares by the Company in August 2006 which generated approximately HK\$14 million, which the entire fund raised from the open offer has been used as general working capital of the Company, the Company has not conducted any equity fundraising activity in the 12-month period immediately preceding the date of this announcement.

### GENERAL

Trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on 23 April 2007. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on 24 April 2007.

### DEFINITIONS:

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning number 8 or above is issued or remains issued between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon or on which a “Black” rainstorm warning is issued or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“Company”	Pacific Plywood Holdings Limited, a company incorporated in Bermudas with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the Listing Rules)

“Placing”	the placing of the Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Grand Vinco Capital Limited, an Independent Third Party
“Placing Agreement”	the placing agreement entered into between the Vendor and the Placing Agent dated 23 April 2007 in relation to the Placing
“Placing Price”	HK\$0.30 per Placing Share
“Placing Shares”	111,600,000 new Shares to be placed pursuant to the Placing Agreement, representing an aggregate nominal value of HK\$2,790,000
“Share(s)”	ordinary share(s) of HK\$0.025 each in the issued capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of  
**PACIFIC PLYWOOD HOLDINGS LIMITED**  
**Dr. Budiono Widodo**  
*Chairman*

Hong Kong, 23 April 2007

*As at the date of this announcement, the Board comprises 4 executive directors, namely Dr. Budiono Widodo, Mr. Sardjono Widodo, Mr. Liao Yun Kuang, Mr. Yu Chien Te, 3 non-executive directors, namely Mr. Chen Chung I, Mr. Pipin Kusnadi and Mr. Sudjono Halim and 3 independent non-executive directors namely Mr. Marzuki Usman, Mr. Kusnadi Widjaja and Mr. Ngai Kwok Chuen.*