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## **PACIFIC PLYWOOD HOLDINGS LIMITED**

**太平洋實業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 767)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing agent**



**Grand Vinco Capital Limited**

*(A wholly owned subsidiary of Vinco Financial Group Limited)*

#### **THE PLACING**

On 2 March 2010, 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 265,540,000 Shares at a price of HK\$0.158 per Placing Share, for and on behalf of the Company.

The maximum number of 265,540,000 Placing Shares represents approximately 20.00% of the entire issued share capital of the Company as at the date of this announcement and approximately 16.67% 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 19 June 2009. The net proceeds from the Placing of approximately HK\$41.7 million (assuming the Placing Shares are fully placed) will be used as the Group's general working capital.

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 2 March 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 3 March 2010.

\* For identification purpose only

## THE PLACING

Date of Placing Agreement: 2 March 2010

Placing Agent: Grand Vinco Capital Limited.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

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 265,540,000 Shares, to be placed by the Placing Agent on best efforts basis. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 20.00% of the entire issued share capital of the Company as at the date of this announcement and approximately 16.67% 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 19 June 2009.

The nominal value of the Placing Shares is approximately HK\$6.6 million.

Placing Price: HK\$0.158 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 relevant expenses, will be approximately HK\$0.157. The Board (including the independent non-executive Directors) consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The Placing Price represents:

- (a) a discount of approximately 19.39% to the closing price of HK\$0.196 per Share as quoted on the Stock Exchange on 1 March 2010, being the last trading day of the Shares immediately before the date of this announcement;
- (b) a discount of approximately 19.80% to the average closing price of approximately HK\$0.197 per Share, for the last 5 trading days of the Shares immediately before the date of this announcement; and
- (c) a discount of approximately 11.73% to the average closing price of approximately HK\$0.179 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 fee:** The Placing Agent will receive a fee in the amount of HK\$200,000.

**Completion of the Placing:** The completion of the Placing is expected to take place on or before 31 May 2010 (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.

## **EQUITY FUND-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund-raising activity in the 12-month period immediately preceding the date of this announcement.

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

The estimated net proceeds of the Placing will be approximately HK\$41.7 million, which will be used as the Group's general working capital. The Directors consider that the Placing represents a good opportunity to broaden the shareholders base and capital base of the Company and to strengthen its capital structure. 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 Company and the Shareholders as a whole.

## INFORMATION ON THE COMPANY

The Company is an investment holding company. The principal activities of the Group are manufacturing, distribution and sale of plywood, veneer, jamb and moulding, structural, flooring and other wood related products. The Directors believe, having made all reasonable enquiries, that the Placing will not have any impact on the business, management or operations of the Group. No change in the composition of the Board of Directors will occur as a result of the Placing.

## 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 (assuming no outstanding share options of the Company are exercised during the period) are and will be as follows:

Shareholders	As at the date of this announcement		Expected shareholding structure of the Company immediately 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	1.87%	24,827,600	1.56%
Wealth Summit Holdings Limited ( <i>Note 2</i> )	24,827,600	1.87%	24,827,600	1.56%
The Peace Trust ( <i>Note 3</i> )	394,944,000	29.75%	394,944,000	24.78%
Sub-total of interest deemed to be beneficially owned by Dr. Budiono Widodo	444,599,200	33.49%	444,599,200	27.90%
Yu Chien Te ( <i>Note 4</i> )	5,887,320	0.44%	5,887,320	0.37%
Places	–	–	265,540,000	16.67%
Public	877,292,928	66.07%	877,292,928	55.06%
Total	1,327,779,448	100.00%	1,593,319,448	100.00%

### Notes:

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.
4. Mr. Yu Chien Te is an executive Director, owned as to 5,887,320 Shares through beneficial interest.

## RESUMPTION OF TRADING

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## 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 Bermuda 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 Company and the Placing Agent dated 2 March 2010 in relation to the Placing
“Placing Price”	HK\$0.158 per Placing Share
“Placing Shares”	265,540,000 new Shares to be placed pursuant to the Placing Agreement, representing an aggregate nominal value of approximately HK\$6.6 million
“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  
**Budiono Widodo**  
*Chairman*

Hong Kong, 2 March 2010

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

*Executive Directors*

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

*Non-executive Directors*

Mr. Pipin Kusnadi  
Mr. Sudjono Halim

*Independent non-executive Directors*

Mr. Marzuki Usman  
Mr. Kusnadi Widjaja  
Mr. Siah Chong Huat