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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)

MAJOR TRANSACTION OPTION TO DISPOSE OF PROPERTY

THE OPTION

The Board announces that on 16 April 2010 (after trading hours), the Vendor received from the Purchaser a non-refundable premium of S\$230,000 and granted the Option to the Purchaser in relation to the disposal of the Property at a consideration of S\$23,000,000.

The grant of the Option constitutes a major transaction on the part of the Company under Rule 14.06 and 14.74(1) of the Listing Rules.

On the exercise of the Option by the Purchaser, the Company will make a further announcement in accordance with Rule 14.74(2) of the Listing Rules.

The Board announces that on 16 April 2010 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into an option with the Purchaser in relation to the disposal of the Property at a consideration of S\$23,000,000.

THE OPTION

Date

16 April 2010 (after trading hours)

Parties

Vendor : SMI Management & Co., Pte. Limited, a wholly-owned subsidiary of the Company

Purchaser : Evergreen Marine (Singapore) Pte. Limited

* *For identification purpose only*

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

Option to purchase

By the payment of a non-refundable premium of S\$230,000, the Purchaser was given an option to purchase the Property at a consideration of S\$23,000,000, subject to the conditions precedent below.

Conditions precedent

According to the Option and the Formal Agreement to be entered into between the Vendor and the Purchaser, completion of this transaction shall be conditional upon the Company complying with the Listing Rules and approvals, if any, are obtained from the Stock Exchange and/or Shareholders of the Company in relation to the sale and purchase as contemplated under the Option.

Neither the Vendor nor the Purchaser has the right to waive the condition as mentioned above.

Property to be disposed

The Property is a commercial property located at 12th Floor, Southpoint, 200 Cantonment Road, Singapore with an aggregated gross floor area of approximately 16,038 sq. ft..

The Property is to be disposed of with vacant possession.

Consideration

The consideration for the Disposal is S\$23,000,000 which was determined after arm's length negotiations between the parties to the Option in normal commercial terms having taken into account the valuation on the Property conducted by an independent valuer. The Property has a book value of approximately S\$21,700,000 and was valued at S\$25,000,000 on an open market basis by adopting the comparison approach as at 14 April 2010.

A non-refundable premium of S\$230,000 has been paid by the Purchaser and received by the Vendor upon signing of the Option on 16 April 2010. If the Option is exercised by the Purchaser, balance of the consideration for the Disposal will be paid in the following manner:-

- S\$920,000 will be paid upon exercise of the Option by the Purchaser on or before 30 April 2010
- S\$21,850,000 will be paid upon completion of the Disposal, which shall be within 12 weeks from the date of exercising the Option.

If the condition precedent is not fulfilled by the Company on or before 1 July 2010, the Vendor shall refund to the Purchaser all the monies paid by the Purchaser to the Vendor together with all interest accrued thereon calculated at the rate of 1.3% per annum on a daily basis from the date of the Option until the date of the actual refund to the Purchaser but without any compensation or deductions.

Completion

Subject to the Option being exercised by the Purchaser and the conditions precedent being satisfied, completion of the Disposal is expected to take place on or before 24 July 2010.

INFORMATION ON THE GROUP

The Group is principally engaged in the manufacture, distribution and sale of plywood, veneer, flooring and other wood related products.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Singapore with limited liability and is principally engaged in shipping and logistics.

INFORMATION ON THE PROPERTY

The Property is a commercial property located at 12th Floor, Southpoint, 200 Cantonment Road, Singapore with an aggregated gross floor area of approximately 16,038 sq. ft..

The following table sets out the unaudited losses derived from the Property for the year ended 31 December 2008 and 2009:–

	Financial year ended 31 December	
	2009	2008
	S\$'000	S\$'000
Net loss before taxation	543	993
Net loss after taxation	543	993

REASON FOR AND BENEFITS OF THE DISPOSAL

The Disposal represents a good opportunity for the Group to realize its investment in the Property. The Directors expected that the Disposal will generate net cash proceeds, after repayment of the bank loan pertaining to the Property and expenses, of approximately S\$9,937,000 to the Group, which will be used for general working capital purposes of the Group.

FINANCIAL EFFECT OF THE DISPOSAL

Subject to audit, the Company expects to record a consolidated gain of approximately US\$946,000 arising from the Disposal as calculated by reference to the net book value of the Property of approximately S\$21,700,000 and the consideration for the Disposal of S\$23,000,000 at the exchange rate of US\$:S\$ = 1:1.3740.

USE OF PROCEEDS

The Directors expected that the cash proceeds will be used for payment of expenses in connection with the Disposal of S\$263,000; repayment of the bank loans pertaining to the Property in the aggregated amount of approximately S\$12,800,000 and the balance of S\$9,937,000 will be used as general working capital of the Group.

LISTING RULES IMPLICATION

The Option and the Disposal constitutes a major transaction on the part of the Company under Rule 14.06 and 14.74(1) of the Listing Rules and is subject to announcement, circular and shareholders' approval requirements under the Listing Rules. To the best of the Directors' knowledge, information and belief having made reasonable enquiries, no Shareholders have a material interest in the Disposal and are required to abstain from voting at the SGM.

A circular containing, among other matters, further details of the Disposal and notice of SGM will be dispatched to the Shareholders as soon as practicable after the Option is exercised by the Purchaser and in compliance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:–

“Board”	the board of Directors of the Company;
“Company”	Pacific Plywood Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Disposal”	disposal of the Property by the Vendor to the Purchaser pursuant to the Option and the subsequent Formal Agreement;
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Vendor and the Purchaser in relation to the Disposal on or before 30 April 2010;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Option”	an option given by the Vendor to the Purchase to purchase the Property, subject to conditions precedent;
“Property”	a commercial property located at 12th Floor, Southpoint, 200 Cantonment Road, Singapore with an aggregated gross floor area of approximately 16,038 sq. ft.;
“Purchaser”	Evergreen Marine (Singapore) Pte. Limited, a company incorporated in Singapore with limited liabilities.
“SGM”	a special general meeting of Shareholders of the Company to be convened and held to consider and approve the Disposal;
“Share(s)”	share(s) of HK\$0.025 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	SMI Management & Co., Pte. Limited, a company incorporated in Singapore with limited liabilities and a wholly-owned subsidiary of the Company;
“sq. ft.”	square feet;
“S\$”	Singapore dollars, the lawful currency of Republic of Singapore;
“US\$”	United States dollars, the lawful currency of the United States of America.

By order of the Board
Sardjono Widodo
Managing Director

Hong Kong, 16 April 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
Ms. Gu Hui
Mr. Huang Chuan Fu

Independent Non-executive Directors

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