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PACIFIC PLYWOOD HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 767)

ACQUISITION OF A COMPANY WITH AN INTEREST IN FOREST CONCESSION AND RESUMPTION OF TRADING

Pursuant to rule 13.09 of the Listing Rules, the Board announces that on 22 August 2007, Ankan Holdings Limited has entered into a sale and purchase agreement to acquire the entire issued capital of SPL. SPL is a special purpose company and has entered into a MOU with an independent third party Malaysian company to invest in a 49% interest of a 40,000 acres concession in Malaysia. The remaining 51% interests of the concession will be owned by the Malaysian company. The consideration for the Acquisition is US\$2 million.

Suspension and Resumption of Trading

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 3:01 p.m. on 21 August 2007 pending release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 23 August 2007.

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For the concession to be invested, the concession holder shall have an annual quota to cut logs within the concession area. After payment of relevant royalties and taxes, the concession holder may sell the logs locally or export. SPL, upon successful acquisition of 49% interest, will have full control over the logging operations and shall be entitled to 49% of the profits from the entire operations.

The Agreement

Date : 22 August 2007
Vendor : Mr. Leong
Purchaser : Ankan Holdings Limited, a wholly owned subsidiary of the Company
Consideration : US\$2,000,000

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Vendor is an independent third party not connected with the Company and its connected person (as defined under the Listing Rules).

Background of SPL

SPL is a company incorporated in the British Virgin Islands with limited liability. It was incorporated for the sole purpose for the transaction as contemplated under the MOU and has no assets nor other business activities.

Term of the Payment

1. US\$1,500,000 as refundable deposit payable to the Vendor upon signing of the Agreement.
2. US\$500,000, being the balance of the consideration, will be paid upon completion of the Agreement.

The consideration of US\$2,000,000 in aggregate will be settled by cash and financed by internal resources of the Group. Other than the consideration, the Group has no further commitment under the Acquisition.

The consideration of the Acquisition, which shall cover all costs and expenses incurred and to be incurred by the Vendor in connection with the negotiation and signing of the MOU and the subsequent acquisition by SPL of the 49% interests of the 40,000 acres concession, was determined after arm's length negotiation between the Vendor and the Purchaser.

Completion of the Agreement

The completion of the Agreement is subject to the successful acquisition by SPL of the 49% interests of a 40,000 acres concession in Malaysia pursuant to the MOU. Completion is expected to be within 12 months of the Agreement.

Upon completion of the Agreement, SPL will be an indirect wholly-owned subsidiary of the Company and will be accounted for as such.

Reasons for and Benefits of the Agreement

The principal business of the Group has been the manufacture of plywood and related products. The Acquisition enables the Group access to stable supplies of logs which is the key raw material as well as diversification into upstream timber logging and forestry business.

Moreover, the initial payment of US\$1,500,000 is refundable and the Group is obliged to pay US\$500,000 further only when the acquisition by SPL of the 49% interests of the 40,000 acres concession in Malaysia is secured.

Unusual Movement in Prices and Trading Volumes

The following statement is made at the request of The Stock Exchange of Hong Kong Limited.

The Board noted the recent increases in prices and trading volume of the Shares and wishes to state that the Board is not aware of any reasons for such increases.

Save as the Acquisition disclosed in this Announcement, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature.

The above statement is made by the order of the Company, the Board of which individually and jointly accept responsibility for the accuracy of the above statement.

Suspension and Resumption of Trading

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Publication of this announcement

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited at <http://www.hkex.com.hk> under "Latest Listed Companies Information" and at the website of the Company at <http://www.irasia.com/listco/hk/pphl/index.htm> under "Announcements & Notices".

Definitions

In this announcement, the following terms have the following meanings:

"Acquisitions"	the acquisitions of the entire issued share capital of SPL
"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 of Hong Kong Limited
"concessions"	Permit/Licence to cut and right to market logs
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"MOU"	A memorandum of understanding signed between SPL and a Malaysian company on 15 August 2007 under which SPL may invest in 49% interest of a 40,000 acres concession in Malaysia
"Mr. Leong"	Mr. Leong Low, an individual not connected with the Company and its connected persons (as defined under the Listing Rules)
"Purchaser"	Ankan Holdings Limited, a wholly owned subsidiary of the Company
"Shares"	shares of the Company
"SPL"	Sevier Pacific Limited, a company incorporated in the British Virgin Islands
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	Leong Low

By order of the Board
Sardjono Widodo
Managing Director

Hong Kong, 22 August 2007

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 Directors

Mr. Sudjono Halim
Mr. Pipin Kusnadi

Independent Non-executive Directors

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

"Please also refer to the published version of this announcement in The Standard."