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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)

ANNOUNCEMENT

Reference is made to the announcement of Pacific Plywood Holdings Limited (“the Company” and its subsidiaries together referred to as “the Group”) dated 23 July 2008 (“the Announcement”) and the Company’s 2008 Interim Report (“the 2008 Interim Report”). Capitalized terms used in this announcement shall have the same meaning as those defined in the Announcement unless the context requires otherwise.

As disclosed in the Announcement and the 2008 Interim Report, there had been significant and adverse changes in the financial position of ACHL Group and the Company has been actively looking for interested parties for the sale of ACHL Group.

As a result of the recent worldwide financial turmoil, the operating environment of ACHL Group has become more difficult. After careful consideration and for the best interests of the Group, the Board decided on 4 November 2008 to discontinue the PRC business of ACHL Group. The Group expects that the discontinuation of ACHL Group might result in a possible liquidation of the PRC Subsidiary if the proceeds from the sale of assets of the PRC Subsidiary are not sufficient to pay off all of its debts and liabilities. On the basis explained below, the Board is of the view that there should not be any material adverse impact to the financial position of the remaining companies of the Group as a result of the discontinuation of ACHL Group or in the event of the liquidation of the PRC Subsidiary.

- During the years ended 31 December 2005, 2006 and 2007, ACHL Group suffered a loss of US\$2.9 million, US\$2.6 million and US\$5.3 million respectively. During the six months ended 30 June 2008, the turnover of ACHL Group was US\$10.3 million, representing about 17% of the total turnover of US\$59.0 million for the Group as a whole. During the same six months, the loss of ACHL Group was US\$20.6 million, representing about 85% of the total loss of US\$24.3 million of the Group.
- Subsequent to 30 June 2008, ACHL Group (including the PRC Subsidiary) continued to suffer losses from its limited operations.

* *for identification purpose only*

- As at 30 June 2008, both the total book value of the assets (net of intercompany balances) and the total liabilities (net of intercompany balances) of the PRC Subsidiary was about US\$8.8 million. The PRC subsidiary is a limited liability company incorporated under the laws of the PRC and its immediate holding company is a limited liability company incorporated under the laws of the British Virgin Islands. The Company and its other subsidiaries have not guaranteed any debts or liabilities of the PRC subsidiary or its immediate holding company. Therefore, after 30 June 2008, the Group's losses attributable to the PRC Subsidiary would be restricted to additional finance, if any, provided by the Group to the PRC Subsidiary. Upon discontinuing ACHL Group's business, no additional finance would be necessary.

Other than the information disclosed in the Company's previous announcements and 2008 Interim Report, the Board is not aware of any outstanding litigation with or material adverse effect brought from the PRC Subsidiary that is of price sensitive nature.

After discontinuing the PRC business of ACHL Group, the Company would continue its operations in Malaysia, Singapore and Hong Kong. Based on the scale of production and operation of the remaining companies, the Board considers that the Group would have sufficient level of operation to warrant the continued listing of the Company's securities on the Stock Exchange under paragraph 13.24 of the Listing Rules.

By order of the Board
Sardjono Widodo
Managing Director

Hong Kong, 6 November 2008

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. Sudjono Halim
Mr. Pipin Kusnadi

Independent Non-executive Directors

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