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SOUTH EAST ASIA WOOD INDUSTRIES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

website: <http://www.seawood.com.hk>

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

United Star International Inc. (the “**Vendor**”), the controlling shareholder of South East Asia Wood Industries Holdings Limited (the “**Company**”), has on 20th April, 2001 agreed to place (the “**Placing**”) 1,000,000,000 existing issued shares of HK\$0.01 each (“**Shares**”) in the share capital of the Company (the “**Placing Shares**”) through CLSA Limited (the “**Placing Agent**”) to Keentech Group Limited (the “**Placee**”), an indirect wholly-owned subsidiary of China International Trust and Investment Corporation and an independent investor, at a price of HK\$0.150 per Share (the “**Placing Price**”), and to subscribe (the “**Subscription**”) for 1,000,000,000 Shares (the “**Subscription Shares**”) also at the price of HK\$0.150 per Share.

The Vendor currently holds 7,200,000,000 Shares representing 75% of the issued share capital of the Company. Upon completion of the Placing (but before completion of the Subscription), the Vendor's shareholding in the Company will be reduced to approximately 64.58% of the issued share capital of the Company. Upon completion of the Subscription, the shareholding of the Vendor in the Company will be increased to approximately 67.92% of the enlarged issued share capital of the Company.

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The Company intends to use the net proceeds from the Subscription of approximately HK\$147,000,000 for general working capital purposes.

The directors of the Company (“**Directors**”) noted the increase in the trading price of the Shares today. Save as regards the Placing and the Subscription, the Directors are not aware of any other reasons for such increase.

PLACING AGREEMENT DATED 20TH APRIL, 2001

The Placing

Vendor:

United Star International Inc., a company incorporated in British Virgin Islands and a controlling shareholder of the Company.

Placing Agent:

CLSA Limited. The Placing Agent has fully underwritten the Placing.

The Placing Agent is independent of the Directors, chief executive or substantial shareholder of the Company or its subsidiaries or any of their respective associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

Placee:

Keentech Group Limited, an indirect wholly-owned subsidiary of China International Trust and Investment Corporation and an independent investor not connected and not acting in concert with any of the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates (as defined in the Listing Rules).

Number of Placing Shares:

1,000,000,000 Shares, representing approximately 10.42% of the existing issued share capital of the Company.

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Placing Price:

HK\$0.150 per Placing Share, representing a discount of approximately 55.88% to the closing price of HK\$0.340 per Share as quoted on the Stock Exchange on 20th April, 2001. The Placing Price also represents a discount of approximately 9.64% to the average of the closing price of HK\$ 0.166 per Share quoted on the Stock Exchange for the last 20 trading days up to and including 20th April, 2001.

The Placing Price and other terms and conditions of the Placing Agreement were arrived at through arm's length negotiations between the Vendor and the Placing Agent.

Rights:

The Placing Shares will be sold free of any third party rights. The Placee will receive all dividends and distributions declared, made or paid on or after the date of completion of the Placing.

Force Majeure:

The Placing Agent is entitled to terminate the Placing Agreement by giving notice to the Vendor at any time prior to the date of completion of the Placing on the occurrence of certain events including:

- (i) in the reasonable opinion of the Placing Agent there have been since the date of the Placing Agreement such a change in national or international financial, political, economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (ii) any material breach of any of the representations and warranties set out in the Placing Agreement prior to the date of completion of the Placing if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Vendor of any other provision of the Placing Agreement; or
- (iii) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

Condition of the Placing:

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The Placing is unconditional.

Completion of the Placing:

Expected to be on or before 25th April, 2001.

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SUBSCRIPTION AGREEMENT DATED 20TH APRIL, 2001

Subscriber:

United Star International Inc.

Number of Subscription Shares:

1,000,000,000 Shares, representing approximately 10.42% of the existing issued share capital of the Company and approximately 9.43% of its issued share capital as enlarged by the Subscription.

Subscription Price:

HK\$0.150 per Subscription Share, which is the same as the Placing Price subject to adjustment for the expenses of the Placing and interest accrued on the net proceeds of the Placing from the date of completion of the Placing up to (but excluding) the date of completion of the Subscription.

All the commissions, costs and expenses incurred in relation to the Placing and the Subscription will be borne by the Company. Interest accrued on the net Placing proceeds from the date of completion of the Placing up to (but excluding) the date of completion of the Subscription will be attributable to the Company.

General Mandate:

The Subscription Shares will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 25th August, 2000.

Ranking of Subscription Shares:

The Subscription Shares will rank pari passu in all respects with the existing issued shares.

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Conditions of the Subscription:

The Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares; and
- (ii) the completion of the Placing pursuant to the terms of the Placing Agreement.

The Subscription must be completed within 14 days from the date of the Subscription Agreement, failing which the Subscription shall cease and terminate. The Company shall apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

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PURPOSE OF PLACING AND SUBSCRIPTION AND USE OF PROCEEDS

The Company intends to use the net proceeds from the Subscription of approximately HK\$147,000,000 for general working capital purposes.

The Directors expect that the Placing and the Subscription will result in the broadening of the Company's shareholder base and capital base.

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EFFECTS ON SHAREHOLDING

The shareholding of the Vendor in the Company before and after the Placing and Subscription are and will be as follows, respectively:

Existing shareholding	75%
After the Placing but before the Subscription	approximately 64.58%
After the Placing and the Subscription	approximately 67.92%

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GENERAL

The Directors noted the increase in the trading price of the Shares today. Save as regards the Placing and the Subscription, the Directors are not aware of any other reasons for such increase.

By Order of the Board
**South East Asia Wood
Industries Holdings Limited**
Peter Kwok Viem
Chairman
Hong Kong, 20th April, 2001