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## SOUTH EAST ASIA WOOD INDUSTRIES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

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

### PROPOSED ISSUE OF CONVERTIBLE LOAN NOTES WHITEWASH WAIVER CREEPER AUTHORISATION INCREASE IN AUTHORISED SHARE CAPITAL

The Circular containing, amongst other things, details of the proposed subscription and issue of the Convertible Loan Notes, the increase in the authorised share capital of the Company, the Whitewash Waiver, the Creeper Authorisation and notice of the Special General Meeting was despatched to the Shareholders on 5 January 2002.

The Special General Meeting will be held on Tuesday, 22 January 2002.

#### INTRODUCTION

Reference is made to the announcements (the “**Announcements**”) dated 27 November 2001 and 17 December 2001 by South East Asia Wood Industries Holdings Limited (the “**Company**”).

Terms and expressions defined in the Announcements shall, unless the context otherwise requires, have the same meaning when used in this announcement.

#### DESPATCH OF THE CIRCULAR

A circular (the “**Circular**”) containing, amongst other things, details of the proposed subscription and issue of the Convertible Loan Notes, the increase in the authorised share capital of the Company, the Whitewash Waiver, the Creeper Authorisation and notice of the Special General Meeting was despatched to Shareholders on 5 January 2002.

Shareholders should note that the proceeds from issue of the Convertible Loan Notes shall be:

1. to the extent not already converted, used to redeem the Convertible Loan Notes; and
2. used for general corporate purposes and to fund investments (including the Proposed Investment) that the board of directors considers to be in the interests of the Company.

As at the date of this announcement, the Company was not in negotiation or discussions to acquire any assets or business (other than the Proposed Investment). No terms have been agreed upon and no binding agreement or commitment has been entered into by the Company (or any other company nominated by it) and there can be no assurance that the Company (or any other company nominated by it) will proceed with the Proposed Investment. The Company will comply with the Listing Rules and the Takeovers Code as and when appropriate.

#### ADVICE OF THE INDEPENDENT BOARD COMMITTEE

An independent committee (the “**Independent Board Committee**”) of the board of Directors (the “**Board**”), comprising Mr. Fan Ren Da, Anthony and Mr. Tsang Link Carl, Brian, has been established by the Board for the purpose of advising the Independent Shareholders on the Whitewash Waiver and the authorisation (the “**Creeper Authorisation**”) to the Subscriber and parties acting in concert with it to acquire further Shares during the period of 12 months following the allotment and issue of any Conversion Shares to the Subscriber and parties acting in concert with it pursuant to Note 15 to Rule 26.1 of the Takeovers Code.

The Circular contains, amongst other things, a letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Whitewash Waiver and the Creeper Authorisation.

#### ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

Kim Eng Capital (Hong Kong) Limited has been appointed as the independent financial adviser to advise the Independent Board Committee upon the Whitewash Waiver and the Creeper Authorisation.

The Circular contains, amongst other things, a letter from Kim Eng Capital (Hong Kong) Limited with its advice to the Independent Board Committee.

#### SPECIAL GENERAL MEETING

The Special General Meeting at which the Shareholders will be asked to consider and, if thought fit, approve the issue of the Convertible Loan Notes and the increase in the authorised share capital of the Company and at which the Independent Shareholders will be asked to consider and, if thought fit, approve the Whitewash Waiver and the Creeper Authorisation will be held at the Fuji Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Tuesday, 22 January 2002.

By Order of the Board  
South East Asia Wood Industries Holdings Limited  
Peter Kwok Viem  
Chairman

Hong Kong, 5 January 2002

*The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*