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SOUTH EAST ASIA WOOD INDUSTRIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

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

VERY SUBSTANTIAL ACQUISITION – PROPOSED ACQUISITION OF A 35% INTEREST IN FLETCHER CHALLENGE FORESTS LIMITED

The shareholders of Fletcher have not approved the acquisition of the assets of CNIFP and the issue of the Subscription Shares to the Company at the special meeting of Fletcher held on 13 August 2002.

Consequently, the Company shall not be proceeding with the Acquisition pursuant to the Share Subscription Agreement and the Share Purchase Agreement.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 14 August 2002 pending the release of this announcement. Application has been made by the Company to resume trading in the Shares on the Stock Exchange at 9:30 a.m. on 15 August 2002.

INTRODUCTION

Reference is made to the announcement (the “**Announcement**”) dated 31 July 2002 by the Company. Terms and expressions defined in the Announcement shall, unless the context otherwise requires, have the same meaning when used in this announcement.

SHARE SUBSCRIPTION AGREEMENT and SHARE PURCHASE AGREEMENT

Pursuant to a news release issued by Fletcher on 13 August 2002, Fletcher has confirmed that at its special meeting held on 13 August 2002, the special resolution concerning, amongst other things, the acquisition of the assets of CNIFP and the issue of the Subscription Shares to the Company was not approved by shareholders of Fletcher and, therefore, Fletcher will not be proceeding with the acquisition of the assets of CNIFP under the CNIFP Agreement.

Since completion of the Share Subscription Agreement and the Share Purchase Agreement are each conditional upon, amongst others, the completion of the CNIFP Agreement, the Company shall not be proceeding with the Acquisition pursuant to the Share Subscription Agreement and the Share Purchase Agreement and, accordingly, the Company will no longer be issuing a circular to Shareholders or convening the SGM as previously disclosed in the Announcement.

The Directors will continue to remain alert for, and actively explore, other investment opportunities that arise in the future.

Shareholders and investors are reminded that the Stock Exchange has granted the Company a waiver from strict compliance with the minimum 25% public float requirement of the Listing Rules until 31 August 2002. The Company and its controlling shareholders, United Star and Keentech, which at the date of this announcement are respectively interested in 1,440,000,000 Shares and 1,360,180,588 Shares (representing about 43.68% and 41.26% of the issued share capital of the Company respectively) have undertaken to the Stock Exchange that they will use their best commercial efforts to ensure that the number of Shares held by the public shall satisfy the requirements of Rule 8.08 of the Listing Rules by this date.

At the request of the Company, trading in the Shares in the Stock Exchange was suspended from 9:30 a.m. on 14 August 2002 pending the release of this announcement. Application has been made by the Company to resume trading in the Shares on the Stock Exchange at 9:30 a.m. on 15 August 2002.

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

Hong Kong, 14 August 2002

The Directors jointly and severally accept full responsibility for the accuracy of the 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 contained in this announcement misleading.