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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)

MAJOR TRANSACTION

On 1 July 2012, the Lender and the Borrower entered into the Supplemental Facility Letter, pursuant to which each of the Lender and the Borrower has conditionally agreed to extend the term of the Loan Facility by six months to 23 December 2012 and as a result of such extension, the interest rate on the Loan Facility will be increased to 24% per annum.

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the entering into of the Supplemental Facility Letter exceeds 25% but less than 100%, the entering into of the Supplemental Facility Letter constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and shall be subject to the Shareholders' approval requirement. As no Shareholder has a material interest in the entering into of the Supplemental Facility Letter and the transactions contemplated thereunder which is different from other Shareholders, accordingly, no Shareholder is required to abstain from voting in respect of the entering into of the Supplemental Facility Letter and the transactions contemplated thereunder. As the assets ratio exceeds 8%, the entering into of the Supplemental Facility Letter also constitutes an advance to an entity under Rules 13.13 and 13.15 of the Listing Rules and is subject to the relevant disclosure requirement.

A circular containing, among other things, further details of the entering into of the Supplemental Facility Letter and a notice convening the SGM will be despatched to the Shareholders as soon as practicable and is expected to be on or before 23 July 2012.

Reference is made to the announcement of the Company dated 23 June 2011 and the circular of the Company dated 8 July 2011 in relation to the provision of the Loan Facility. On 23 June 2011, the Lender entered into the Facility Letter with the Borrower in relation to the provision of the Loan Facility of up to HK\$203 million. As at the date of this

* *For identification purposes only*

announcement, the total outstanding amount due from the Borrower pursuant to the Facility Letter amounted to HK\$73,701,311.75 (which comprises the principal amount of HK\$73,233,431.49 and accrued interests of approximately HK\$467,880.26).

On 1 July 2012, the Lender and the Borrower entered into the Supplemental Facility Letter, pursuant to which each of the Lender and the Borrower has conditionally agreed to (i) revise the principal amount of the Loan Facility from up to HK\$203 million to up to HK\$75 million; (ii) extend the term of the Loan Facility by six months to 23 December 2012; and (iii) increase the interest rate on the Loan Facility from 10% per annum to 24% per annum. The terms and conditions of the Supplemental Facility Letter were arrived at after arm's length negotiations between the Lender and the Borrower with reference to market conditions and the past repayment records and financial capabilities of the Borrower. Save for the variations as set out in the Supplemental Facility Letter, the Facility Letter shall remain in full force and effect.

Set out below are the key terms of the Facility Letter as supplemented by the Supplemental Facility Letter:

Principal amount of the supplemental Loan Facility:

Up to HK\$75 million.

As at the date of this announcement, the total outstanding amount due from the Borrower pursuant to the Facility Letter amounted to HK\$73,701,311.75 (which comprises the principal amount of HK\$73,233,431.49 and accrued interests of HK\$467,880.26).

Term of the supplemental Loan Facility and Repayment Date:

23 December 2012, being eighteen (18) months from the date of the Facility Letter, subject to the agreement between the parties thereto on any possible extension of six (6) months. The Borrower shall repay all outstanding principal amounts and accrued interests to the Lender on the Repayment Date.

Interest rate:

During the period between 23 June 2011 and 22 June 2012 (both days inclusive), interests charged on the Loan Facility shall accrue at the rate of 10% per annum.

With effect from 23 June 2012, interests charged on the Loan Facility shall accrue at the rate of 24% per annum as a result of the extension.

Collaterals:

Share Mortgage (as supplemented by the Supplemental Share Mortgage)

The Loan Facility is secured by the Share Mortgage (as supplemented by the Supplemental Share Mortgage dated 1 July 2012 executed by the Borrower as mortgagor in favour of the Lender as mortgagee). Pursuant to the Share Mortgage (as supplemented by the Supplemental Share Mortgage), the Lender, as mortgagee of 134,362,850 Simsen Shares and 1,343,628,508 Simsen Warrants (equivalent to 26,872,570 Simsen Shares upon full exercise) shall have rights, *inter alia*, to dispose of and/or transfer to itself the Simsen

Shares and/or the Simsen Warrants mortgaged to it under the Share Mortgage (as supplemented by the Supplemental Share Mortgage) upon the occurrence of any event which may lead to an event of default.

Other Security

The Lender shall have the right from time to time in its absolute and sole discretion require or demand any other collateral from the Borrower.

Guarantor:

Mr. Ji Xiao Bo (“**Mr. Ji**”), has provided a personal guarantee for the performance of Borrower under the Loan Facility.

According to the announcement of Simsen International dated 28 November 2011, Mr. Ji held 40% of the equity interest of the Borrower and was appointed as the executive director and chief executive officer of Simsen International. For further details of Mr. Ji, please refer to the public documents issued by Simsen International.

Condition of the Supplemental Facility Letter:

The Supplemental Facility Letter shall be conditional upon the passing of the relevant resolution(s) by the Shareholders at the SGM in accordance with the Listing Rules approving the entering into of the Supplemental Facility Letter and the transactions contemplated thereunder.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SUPPLEMENTAL FACILITY LETTER

The Company is an investment holding company, and through its subsidiaries is principally engaged in the business of money lending, provision of credits, securities investments, and provision of corporate secretarial and consultancy services.

The Borrower is an investment holding company incorporated in the British Virgin Islands with limited liability. Up to the date of this announcement, the Borrower is the largest customer of the Group in terms of the amount of principal drawn. The total repayment made by the Borrower during the term of the Facility Letter amounted to approximately HK\$146 million, being approximately 72% of the principal drawn by the Borrower, and the total interest income received from the Borrower amounted to approximately HK\$17 million.

During the discussion between the Borrower and the Lender in determining the revised terms of the Loan Facility, it was noted that (i) the Borrower intended to extend the term of the Loan Facility with the original amounts (i.e. HK\$203 million), however, the Company was unable to provide such loan amount to the Borrower due to its reduced market capitalization and thus the principal amount under the Loan Facility was reduced to up to HK\$75 million; and (ii) the Board acknowledged that the value of the collaterals kept by the Lender had decreased during the term of the Facility Letter due to the decrease in price of the Simsen Shares, the Board has therefore requested the Borrower to provide guarantee and additional

collaterals as above-mentioned and after arm's length negotiations between the Borrower and the Lender, the Borrower has agreed to accept the revised interest rates of 24% to be charged on the Loan Facility.

The Board is of the view that the entering into of the Supplemental Facility Letter allows the Company to maintain its largest customer and ensure the revenue received by the Group would not be materially affected after the expiry of the Facility Letter. As the money lending business is the Group's major source of revenue as at the date of this announcement the Board considers it is commercially sensible to extend the Loan Facility to maximize the income generated by the Group.

Upon the occurrence of any event which may lead to an event of default by the Borrower, enforcement of the Share Mortgage (as supplemented by the Supplemental Share Mortgage) by the Lender would allow the Group to become the single largest shareholder of Simsen International. This will enable the Group to participate in the development of Simsen Group, to share the returns generated from the business of Simsen Group and to enjoy the potential capital gain resulted from the potential increase in the price of Simsen Shares.

The entering into of the Supplemental Facility Letter is conducted in the ordinary and usual course of business of the Group which provides further interest income to the Group and the terms of which are entered on normal and commercial terms. The Directors consider that the entering into of the Supplemental Facility Letter is fair and reasonable and is in the interests of the Shareholders as a whole.

As the entering into of the Supplemental Facility Letter and the transactions contemplated thereunder are subject to the approval of the Shareholders at the SGM in accordance with the Listing Rules, in case such are not approved by the Shareholders, the Lender will demand the Borrower to return all the outstanding amounts with accrued interests immediately.

POTENTIAL FINANCIAL EFFECTS OF THE ENTERING INTO OF THE SUPPLEMENTAL FACILITY LETTER

The Loan Facility is expected to be recorded as loan and interest receivables continuously under current asset of the Group. The receipt of interest income from the Loan Facility will increase the revenue and earnings of the Group.

Up to the date of this announcement, the Borrower has repaid a sum of approximately HK\$146 million to the Lender as partial settlement under the Facility Letter. Such repayments have decreased the loan and interest receivables of the Group and increased the bank balances and cash of the Group. The impairment loss provided during the financial year ended 31 December 2011 for the Loan Facility as disclosed in the Company's 2011 annual report is expected to be partially reversed as a gain in the financial statements of the coming financial year.

LISTING RULES IMPLICATION

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the entering into of the Supplemental Facility Letter exceeds 25% but less than 100%, the entering into of the Supplemental Facility Letter constitutes a major transaction for the

Company under Chapter 14 of the Listing Rules and shall be subject to the Shareholders' approval requirement. As no Shareholder has a material interest in the entering into of the Supplemental Facility Letter and the transactions contemplated thereunder which is different from other Shareholders, accordingly, no Shareholder is required to abstain from voting in respect of the entering into of the Supplemental Facility Letter and the transactions contemplated thereunder. As the assets ratio exceeds 8%, the entering into of the Supplemental Facility Letter also constitutes an advance to an entity under Rules 13.13 and 13.15 of the Listing Rules and is subject to the relevant disclosure requirement.

A circular containing, among other things, further details of the entering into of the Supplemental Facility Letter and a notice convening the SGM of the Company will be despatched to the Shareholders as soon as practicable and is expected to be on or before 23 July 2012.

DEFINITIONS

“Board”	the board of Directors
“Borrower”	Super Century Investments Limited, an investment holding company incorporated in the British Virgin Islands with limited liability
“Company”	Pacific Plywood Holdings Limited, a company incorporated in Bermuda and the Shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Facility Letter”	the facility letter made between the Lender and the Borrower on 23 June 2011
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Lender”	Joy Wealth Finance Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, which is a licensed money lender and is principally engaged in the business of money lending and provision of credits
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility”	the loan with its principal amount of up to approximately HK\$75 million as revised from up to HK\$203 million pursuant to the Supplemental Facility Letter

“Repayment Date”	23 December 2012 subject to agreement between the parties thereto on any possible extension of six (6) months
“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the entering into of the Supplemental Facility Letter and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Mortgage”	the share mortgage executed by the Borrower as mortgagor in favour of the Lender as mortgagee by way of a first legal charge over the 134,362,850 Simsen Shares and 1,343,628,508 Simsen Warrants
“Simsen Group”	Simsen International and its subsidiaries
“Simsen International”	Simsen International Corporation Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 993)
“Simsen Share(s)”	ordinary share(s) of Simsen International with par value of HK\$0.001 each
“Simsen Warrant(s)”	warrant(s) of Simsen International each carrying the subscription right for 0.02 Simsen Share with the subscription price of HK\$1.50 per Simsen Share, the warrant(s) shall expired on 21 August 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Facility Letter”	the Supplemental Facility Letter dated 1 July 2012 entered into between the Lender and the Borrower to supplement the Facility Letter
“Supplemental Share Mortgage”	the supplemental share mortgage dated 1 July 2012 executed by the Borrower as mortgagor in favour of the Lender as mortgagee to supplement the Share Mortgage
“%”	per cent.

By order of the Board
Pacific Plywood Holdings Limited
Huang Chuan Fu
Deputy Chairman and Executive Director

Hong Kong, 1 July 2012

As at the date of this announcement, the Directors are:

Executive Directors

Mr. Ng Kwok Fai (*Chairman*)
Mr. Huang Chuan Fu (*Deputy Chairman*)
Mr. Liang Jian Hua
Ms. Jia Hui
Mr. Jiang Yi Ren

Independent non-executive Directors

Mr. Cheng Po Yuen
Mr. Wong Chun Hung
Mr. Li Sui Yang

Non-executive Director

Mr. Chan Kin Sang