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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

IN RELATION TO

**(I) DISCLOSEABLE TRANSACTION —
FULL ACCEPTANCE OF PROVISIONAL ALLOTMENT UNDER
THE RIGHTS ISSUE AND BONUS WARRANTS ISSUE OF
SIMSEN INTERNATIONAL CORPORATION LIMITED;
(II) DISCLOSEABLE TRANSACTION — PROVISION OF LOAN
AND
(III) LAPSE OF THE THIRD MEMORANDUM OF UNDERSTANDING
— THE PROPOSED INVESTMENT**

**(I) DISCLOSEABLE TRANSACTION — FULL ACCEPTANCE OF
PROVISIONAL ALLOTMENT UNDER THE RIGHTS ISSUE AND BONUS
WARRANTS ISSUE OF SIMSEN INTERNATIONAL CORPORATION
LIMITED**

The Board announces that the Company proposes to fully accept the provisional allotment of Simsen Rights Shares under the Simsen Rights Issue and the Simsen Bonus Warrants Issue.

Simsen announced on 2 June 2011 that Simsen proposed to raise not less than approximately HK\$779.43 million and not more than approximately HK\$839.43 million, before expense, by way of a rights issue of not less than 25,980,880,000 Simsen Rights Shares and not more than 27,980,880,000 Simsen Rights Shares at the subscription price of HK\$0.03 per Simsen Rights Share on the basis of (20) twenty Simsen Rights Shares for every (1) one Simsen Share held on the Record Date payable in full upon application.

* For identification purposes only

In addition, Simsen Bonus Warrants will be issued to the first registered holders of the Simsen Rights Shares on the basis of (1) one Simsen Bonus Warrants for every (5) five Simsen Rights Shares taken up under the Simsen Rights Issue. On the basis of the Simsen Rights Issue as aforementioned, not less than 5,196,176,000 Simsen Bonus Warrants and not more than 5,596,176,000 Simsen Bonus Warrants will be issued. The Simsen Bonus Warrants can be exercised in a period of 12 months after its dealings commence on the Stock Exchange at the exercise price of HK\$0.03 each.

As at the date of this announcement, the Company, through its wholly owned subsidiary, Best Harvest, is interested in 100,000,000 Simsen Shares, representing approximately 7.70% of the issued share capital of Simsen. Under the Simsen Rights Issue and the Simsen Bonus Warrants Issue, the Group is entitled to accept for an aggregate of 2,000,000,000 Simsen Rights Shares under its own entitlement and the consideration for the 2,000,000,000 Simsen Rights Shares amounted to HK\$60 million. The Group will not apply for any excess Simsen Rights Shares and Simsen Bonus Warrants.

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Full Acceptance (when aggregated with the consideration of HK\$20 million for 100,000,000 Simsen Shares on 27 May 2011) exceeds 5% but less than 25%, the Full Acceptance constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to announcement requirement but exempt from the Shareholders' approval requirement under the Listing Rules.

(II) DISCLOSEABLE TRANSACTION – PROVISION OF LOAN

The Board is pleased to announce that on 15 June 2011, the Lender entered into the Facility Letter with the Borrower. Under the Facility Letter, the Lender agreed to lend and the Borrower agreed to borrow the Loan with principal amount of HK\$70 million pursuant to the terms and the conditions of the Facility Letter.

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the provision of Loan exceed 5% but less than 25%, it constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement, but exempt from Shareholders' approval requirement under the Listing Rules. As the assets ratio exceeds 8%, the provision of Loan also constitutes an advance to an entity under Rule 13.13 and 13.15 of the Listing Rules and is subject to the relevant disclosure requirement.

(III) LAPSE OF THE THIRD MEMORANDUM OF UNDERSTANDING — TO THE PROPOSED INVESTMENT

Pursuant to Rule 13.09 of the Listing Rules, the Board would like to announce that the Third MOU was expired and lapsed on 3 June 2011 as contemplated under the Third MOU. As at the date of this announcement, the Company is still in negotiation with MSB for the possibility of continuing the Proposed Investment. However, no further agreement has been reached with MSB.

Upon the expiry and the lapse of the Third MOU, the Company and MSB shall have no further rights or obligations under the Third MOU. The Board considers that the expiry and the lapse of the Third MOU will not lead to any impact on the existing business operation and financial position of the Group.

Shareholders and potential investors of the Shares should exercise caution when dealing in the Shares.

(I) DISCLOSEABLE TRANSACTION — FULL ACCEPTANCE OF PROVISIONAL ALLOTMENT UNDER THE RIGHTS ISSUE AND BONUS WARRANTS ISSUE OF SIMSEN INTERNATIONAL CORPORATION LIMITED

The Board announces that the Company proposes to fully accept the provisional allotment of Simsen Rights Shares under the Simsen Rights Issue and the Simsen Bonus Warrants Issue.

Simsen Rights Issue and Simsen Bonus Warrants Issue

Simsen announced on 2 June 2011 that Simsen proposed to raise not less than approximately HK\$779.43 million and not more than approximately HK\$839.43 million, before expense, by way of a rights issue of not less than 25,980,880,000 Simsen Rights Shares and not more than 27,980,880,000 Simsen Rights Shares at the subscription price of HK\$0.03 per Simsen Rights Share on the basis of (20) twenty Simsen Rights Shares for every (1) one Simsen Share held on the Record Date payable in full upon application.

In addition, Simsen Bonus Warrants will be issued to the first registered holders of the Simsen Rights Shares on the basis of (1) one Simsen Bonus Warrants for every (5) five Simsen Rights Shares taken up under the Simsen Rights Issue. On the basis of the Simsen Rights Issue aforementioned, not less than 5,196,176,000 Simsen Bonus Warrants and not more than 5,596,176,000 Simsen Bonus Warrants will be issued. The Simsen Bonus Warrants can be exercised in a period of 12 months after its dealings commence on the Stock Exchange at the exercise price of HK\$0.03 each.

Simsen intends to apply such net proceeds from the Simsen Rights Issue and Simsen Bonus Warrants Issue for the following purposes: (i) not less than 25% of the net proceeds on the development of its securities brokerage and underwriting business; (ii) not more than 10% of the net proceeds on the development of its forex business; (iii) not more than 10% of the net proceeds on the development of its bullion business; (iv)

not less than 25% of the net proceeds on its financing business (including margin financing); (v) not less than 30% of net proceeds on any pre-IPO investments and direct investments opportunities in both listed and unlisted companies; and (vi) the remaining net proceeds (if any) will be applied for its general corporate and working capital. The net proceeds from the Simsen Rights Issue and Simsen Bonus Warrants Issue will be re-allocated between Simsen's business segments based on the actual situation.

Details of the Simsen Rights Issue and Simsen Bonus Warrants Issue were set out in the announcement of Simsen dated 2 June 2011.

Provisional allotment of Simsen Rights Shares and Simsen Bonus Warrants

As at the date of this announcement, the Company, through its wholly owned subsidiary, Best Harvest, is interested in 100,000,000 Simsen Shares, representing approximately 7.70% of the issued share capital of Simsen. Under the Simsen Rights Issue and the Simsen Bonus Warrants Issue, the Group is entitled to accept for an aggregate of 2,000,000,000 Simsen Rights Shares under its own entitlement and the consideration for the 2,000,000,000 Simsen Rights Shares amount to HK\$60 million. The Group will not apply for any excess Simsen Rights Shares and Simsen Bonus Warrants.

Funding of the Full Acceptance

The required funding to the Full Acceptance will be satisfied by payment in cash from the internal resources of the Group.

Reasons for and benefits of the Full Acceptance

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

The Directors noted that the securities and financial services industry is a promising industry. Participation in the Simsen Rights Issue and Simsen Bonus Warrants Issue will allow the Group to maintain its pro rata shareholding in Simsen. Therefore, the Directors considered that the Full Acceptance is fair and reasonable and is in the interests of the Group and the Shareholders as a whole.

Information on Simsen

Simsen is a company incorporated in Bermuda with limited liability and is listed on the main board of the Stock Exchange (stock code: 993). It is principally engaged in broking and dealing of securities, futures and options contracts, margin financing, loan financing, financial advisory, investment holding, broking and dealing of bullion and forex contracts, and provision of management and consultancy services.

As stated in the latest interim report of Simsen as at 31 October 2010, Simsen had unaudited consolidated net asset value of approximately HK\$247.55 million.

According to the annual report of Simsen for the year ended 30 April 2010, the net profits before and after taxation from continuing operations for the year ended 30 April 2010 were approximately HK\$1,000 and HK\$295,000 respectively; while net losses before and after taxation from continuing operations for the year ended 30 April 2009 were approximately HK\$179,773,000 and HK\$179,794,000 respectively.

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, Simsen and its ultimate beneficial owner are third parties independent to the Company and its associates, and not connected with the Directors, chief executives or substantial Shareholders of the Company and its subsidiaries and their respective associates (as defined under the Listing Rules).

It should be noted that the Board, at its own absolute discretion, may not participate into the Simsen Rights Issue when there is an adverse change in the global economies or any other significant changes (including both internal or external factors) which the Board considers that the participation into the Simsen Rights Issue is not in the interests of the Group and the Shareholders as a whole.

The Simsen Rights Issue and the Simsen Bonus Issue are subject to number of conditions precedent, which may or may not proceed.

Listing Rules Implication

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Full Acceptance (when aggregated with the consideration of HK\$20 million for 100,000,000 Simsen Shares on 27 May 2011) exceeds 5% but less than 25%, the Full Acceptance constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to announcement requirement but exempt from the Shareholders' approval requirement under the Listing Rules.

(II) DISCLOSEABLE TRANSACTION – PROVISION OF LOAN

The Board is pleased to announce that on 15 June 2011 the Lender entered into the Facility Letter with the Borrower. Under the Facility Letter, the Lender agreed to lend and the Borrower agreed to borrow the Loan with principal amount of HK\$70 million pursuant to the terms and the conditions of the Facility Letter.

The Facility Letter

Set out below are the key terms of the Facility Letter:

Date:

15 June 2011

Parties:

Lender: Joy Wealth Finance Limited, a company incorporated in Hong Kong with limited liability and is a wholly owned subsidiary of the Company. It is a licensed money lender in Hong Kong and is principally engaged in the business of money lending and provision of credits

Borrower: Mr. Xiong Wei

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower is a third party independent to the Company and its associates, and not connected with the Directors, chief executives or substantial shareholders of the Company and its subsidiaries and their respective associates (as defined under the Listing Rules).

Principal Amount:

HK\$70,000,000

Term:

The loan facility shall have a term of two (2) weeks from the date of the Facility Letter, unless extendable to a further period of two (2) weeks be granted by the Lender.

Interest rate:

0.1% per day, with reference to the credit policy of the Lender

Repayment Date:

End of the term of the Facility Letter

Early Settlement and Partial Payment

Early settlement and partial payment shall be subject to all accrued interest (accrued interest is calculated on a daily basis) and is subject to the consent of the Lender. A prior notice must be given by the Borrower.

Collateral

No collateral will be provided by the Borrower. The entire principal amount of the Loan shall at all times be retained either in the bank account of a designated lawyer firm or the Borrower's stock account opened with a designated securities firm, otherwise, all the principal amount and interest accrued thereon shall become immediately repayable unless the Borrower has provided sufficient securities in favour of the Lender to the satisfaction of the Lender.

Reason for and benefits of provision of Loan

Provision of the Loan is conducted in the ordinary and usual course of business of the Group, which provides interest income to the Group and the terms of which are entered on normal commercial terms. Accordingly, the Board considers that the terms of the Facility Letter are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

Listing Rules Implication

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the provision of Loan exceed 5% but less than 25%, it constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement, but exempt from Shareholders' approval requirement under the Listing Rules. As the assets ratio exceeds 8%, the provision of Loan also constitutes an advance to an entity under Rule 13.13 and 13.15 of the Listing Rules and is subject to the relevant disclosure requirement.

(III) LAPSE OF THE THIRD MEMORANDUM OF UNDERSTANDING — THE PROPOSED INVESTMENT

Reference is made to the announcement of the Company dated 3 March 2011 (the “**Announcement**”) in relation to, among other things, the Third MOU entered by the Company and MSB in relation to the Proposed Investment. Pursuant to Rule 13.09 of the Listing Rules, the Board would like to announce that the Third MOU was expired and lapsed on 3 June 2011.

As disclosed in the Announcement, the Proposed Investment is subject to, *inter alia*, the satisfaction and acceptance of the due diligence review on the Oilfields and its holding company (the “**Due Diligence Review**”) before further negotiation and entering of the Formal Agreement to finalize the terms and conditions in relation to the Proposed Investment. MSB considers that the time required for Due Diligence Review conducted by the Company was longer than their expectation and thus declines to provide further information to the Group for assessing the Proposed Investment.

Since the Third MOU was expired and lapsed on 3 June 2011, the Company has tried its best endeavor to negotiate with MSB for further extension of the Third MOU from time to time as the Board considers it is important to exercise due care on assessing any investment before entering into the Formal Agreement to safeguard the interests of the Company and the Shareholders as a whole. As at the date of this announcement, the Company is still in negotiation with MSB for the possibility of continuing the Proposed Investment. However, no further agreement has been reached with MSB. Upon the expiry and the lapse of the Third MOU, the Company and MSB shall have no further rights or obligations under the Third MOU. The Board considers that the expiry and the lapse of the Third MOU will not lead to any impact on the existing business operation and financial position of the Group.

Shareholders and potential investors of the Shares should exercise caution when dealing in the Shares.

Pursuant to the circular of the Company dated 28 March 2011 and the prospectus of the Company dated 27 April 2011, the net proceeds of approximately HK\$214.64 million from the rights issue will be used as to not more than 70% for financing any acquisition opportunities identified/to be identified by the Company (including but not limited to the Proposed Investment) and as to not less than 30% for the development of the finance businesses of the Group. In the event that the Company is unable to identify any suitable acquisition targets or the said possible acquisition are not materialized, the net proceeds will be fully utilized for the development of the finance businesses of the Group. To the extent that the said net proceeds are not immediately required for or applied to the above purposes, the Company may hold such funds with licensed banks or licensed financial institutions in Hong Kong for so long as it is in the Company's best interests. On the other hand, the net proceeds of approximately HK\$97.25 million raised from the placing of convertible notes will be used as to not more than 60% for financing any acquisition opportunities identified/ to be identified by the Company (including but not limited to the Proposed Investment) and as to not less than 40% for the development of the finance businesses of the Group. In the event that the Company is unable to identify any suitable acquisition targets or the said possible acquisitions are not materialized, the net proceeds will be fully utilized for the development of the finance businesses of the Group. To the extent that the said net proceeds are not immediately required for or applied to the above purposes, the Company may hold such funds with licensed banks or licensed financial institutions in Hong Kong for so long as it is in the Company's best interests.

As the Company will not proceed with the Proposed Investment, the Company will explore any other business opportunities in the near future and in the meantime, the proceeds from the aforementioned fund raising exercises of the Company will be temporarily applied as to the development of the finance businesses of the Group. In the event that the Company identifies any other potential investment opportunities, the net proceeds will then be applied for acquisition purpose in the percentage as specified above.

DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Best Harvest”	Best Harvest Asia Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Board”	the board of Directors
“Borrower”	Mr. Xiong Wei
“Company”	Pacific Plywood Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange

“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Facility Letter”	the facility letter from the Lender to the Borrower on 15 June 2011 to grant the Loan pursuant to the terms and the conditions of the facility letter
“Formal Agreement”	the formal agreement proposed to be entered into by the Company and MSB in relation to the Proposed Investment
“Full Acceptance”	the full acceptance of the provisional allotment of the Simsen Rights Shares and the Simsen Bonus Warrants under the Simsen Rights Issue and the Simsen Bonus Warrants Issue
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan with a principal amount of HK\$70,000,000
“MSB”	Markmore Sdn Berhad, a company incorporated in Malaysia
“Oilfields”	the two oilfields in the Republic of Kazakhstan
“Proposed Investment”	the proposed investment in the Oilfields by the Company
“Record Date”	19 July 2011, being the date by reference to which entitlement to the Simsen Rights Issue is expected to be determined
“Repayment Date”	end of the term of the Facility Letter
“Share(s)”	share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Shares

“Simsen”	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 Bonus Warrant(s)”	bonus warrant(s) to be issued under the Simsen Bonus Warrants Issue
“Simsen Bonus Warrants Issue”	the proposed issue of the bonus warrants by Simsen on the basis of one bonus warrant for every five Simsen Rights Shares taken up under the Simsen Rights Issue, details of which are set out in the announcement of Simsen dated 2 June 2011
“Simsen Rights Issue”	the proposed rights issue of Simsen at the subscription price of HK\$0.03 per Simsen Rights Share on the basis of twenty Simsen Rights Shares for every one Simsen share held on the Record Date to the qualifying shareholders, details of which are set out in the announcement of Simsen dated 2 June 2011
“Simsen Rights Share(s)”	share(s) to be issued and allotted under the Simsen Rights Issue
“Simsen Shares”	ordinary shares of HK\$0.01 each in the share capital of Simsen
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third MOU”	the third memorandum of understanding entered between MSB and the Company dated 3 March 2011, setting out the basic terms and conditions under which negotiations on the Proposed Investment are carried out
“%”	per cent.

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

Hong Kong, 15 June 2011

As at the date of this announcement, the executive Directors are Mr. Liang Jian Hua (Chairman), Mr. Huang Chuan Fu (Deputy Chairman), Ms. Jia Hui and Mr. Jiang Yi Ren and the independent non-executive Directors are Mr. Chan Kin Sang, Mr. Cheng Po Yuen and Mr. Wong Chun Hung.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.