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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)**

### **DISCLOSEABLE TRANSACTION**

#### **I. THE ACQUISITION**

The Board is pleased to announce that on 27 May 2011 the Purchaser has acquired 100,000,000 Simsen Shares at HK\$0.20 per Simsen Share from Super Century with a total consideration of HK\$20,000,000.

#### **II. ENTERING INTO OF THE FACILITY LETTER**

The Board is also pleased to announce that on 27 May 2011 the Lender entered into the Facility Letter with Super Century. Under the Facility Letter, the Lender agreed to lend and the Borrower agreed to borrow the Loan pursuant to the terms and the conditions of the Facility Letter.

#### **LISTING RULES IMPLICATION**

The applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition and the provision of Loan exceed 5% but less than 25%, it constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirements but exempt from Shareholders' approval requirement under the Listing Rules.

#### **I. THE ACQUISITION**

Reference is made to the announcement of the Company dated 18 May 2011 regarding the possible acquisition of shares of a listed company in Hong Kong. The Board is pleased to announce that on 27 May 2011, the Purchaser has acquired 100,000,000 Simsen Shares at HK\$0.20 per Simsen Share from Super Century with a total consideration of HK\$20,000,000.

\* *For identification purposes only*

## **Details of the Acquisition**

### **Date**

27 May 2011 (after trading hours)

### **Parties**

Purchaser: Best Harvest Asia Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

Vendor: Super Century Investments Limited, an investment holding company incorporated in the British Virgin Islands with limited liability

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owners 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).

### **Assets to be acquired**

100,000,000 Simsen Shares, which represents approximately 7.70% of the total issued share capital of Simsen International as at the date of the announcement.

Simsen International is a company incorporated in Bermuda with limited liability and are listed on the main board of the Stock Exchange (Stock code: 993). It is principally engages 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 International as at 31 October 2010, Simsen International had unaudited consolidated net asset value of approximately HK\$247,548,000.

According to the annual report of Simsen International 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.

### **Consideration**

HK\$20,000,000 (equivalent to HK\$0.20 per Simsen Share), which was arrived at after arm's length negotiations between Super Century and the Purchaser with reference to (i) the net asset value per Simsen Share of HK\$0.19 based on the net assets of Simsen International as at 31 October 2010 of approximately HK\$247,548,000 and the total

number of issued Simsen Shares of 1,299,044,000 as at the date of this announcement; (ii) the prevailing market price of Simsen International as quoted on the Stock Exchange; and (iii) the future prospects of the securities and financial services industry.

The purchase price of HK\$0.20 per Simsen Share represents:

- (i) a discount of approximately 10.31% to the closing price of HK\$0.223 per Simsen Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 11.11% to the average of the closing price of HK\$0.225 per Simsen Share for the last five consecutive trading days up to and including the Last Trading Day.

### **Source of funds**

The Acquisition will be settled by cash in full by the internal resources of the Group.

### **Completion**

Completion has been taken place on 27 May 2011.

### **Reason for and benefits of the Acquisition**

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.

As disclosed in the circular of the Company dated 28 March 2011, the Company intends to apply not more than 70% of the net proceeds of the Rights Issue of approximately HK\$214.64 million and not more than 60% of the net proceeds of the Placing of approximately HK\$97.25 million, for financing any acquisition opportunities identified/to be identified by the Company. The Directors considered that the securities and financial services industry is a promising industry and the Company will be benefited from the possible business synergy with Simsen International in exploring any finance business development opportunities. After the Acquisition, the Company will be interested in 100,000,000 Simsen Shares, representing approximately 7.70% of the issued share capital of Simsen International as at the date of this announcement and currently the investment in Simsen International will be regarded as a long term investment of the Group. In view of all the above, the Directors considered that the Acquisition is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## **II. ENTERING INTO OF THE FACILITY LETTER**

The Board is also pleased to announce that on 27 May 2011 the Lender entered into the Facility Letter with Super Century. Under the Facility Letter, the Lender agreed to lend and the Borrower agreed to borrow the Loan 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**

27 May 2011

### **Parties**

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

Borrower: Super Century Investments Limited, an investment holding company incorporated in the British Virgin Islands with limited liability

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower 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).

### **Principal amount**

HK\$37,000,000

### **Term**

The Facility shall have a term of one (1) year from the date of the Facility Letter.

### **Interest rate**

10% per annum, with reference to the credit policy of the Lender and payable on monthly basis on the last day of each month

### **Repayment Date**

12 months from the Drawdown Date unless written agreement to extend to a further period of 12 months be granted by the Lender at least one month prior to the expiry of the initial 12-month period.

### **Payment and Repayment**

- (i) the Borrower shall repay the outstanding indebtedness together with late interest (if any) accrued thereon in full on the Repayment Date;

- (ii) the Borrower shall on demand in writing by the Lender made to the Borrower and in pursuance to the terms herein contained, repay the outstanding indebtedness or any part thereof and such repayment shall be made in such manner as the Lender shall direct;
- (iii) the Borrower shall, with at least one month's prior written notice to the Lender, be entitled to make early and full repayment of the outstanding indebtedness; and
- (iv) the Borrower's obligation to repay the outstanding indebtedness, to pay late interest thereon and to pay all other sums due shall be conclusively determined (in the absence of manifest error) by the accounts for the Loan maintained by the Lender.

### **Collateral**

The Borrower will enter into a share mortgage deed in relation to the Mortgaged Shares in which the Borrower has agreed to mortgage, *inter alia*, its Mortgaged Shares.

### **Reasons for and benefits of entering into of the Facility Letter**

Entering into the Facility Letter with the Borrower 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 and commercial terms. Accordingly, the Directors consider that the terms of the Facility Letter are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **LISTING RULES IMPLICATION**

The applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition and 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 requirements but exempt from Shareholders' approval requirement under the Listing Rules.

### **DEFINITIONS**

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

“Acquisition”	the acquisition of 100,000,000 Simsen Share at the purchase price of HK\$0.20 per Simsen Share at a consideration of HK\$20,000,000
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Banking Day”	means a day (excluding Saturday) on which banks are generally open for business in Hong Kong
“Board”	the board of Directors
“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

“Directors”	the directors of the Company
“Drawdown Date”	means a Banking Day on which the Loan is made to the Borrower
“Facility Letter”	the facility letter to Super Century by Joy Wealth on 27 May 2011 to grant the Loan
“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
“Last Trading Day”	27 May 2011, being the last day on which the Shares were traded on the Stock Exchange prior the publication of this announcement
“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”	a loan with a principal amount of HK\$37,000,000
“Mortgaged Share”	all Simsen Shares owned by Super Century as at the date of the Facility Letter to be mortgaged to the Company according to the share mortgage deed to be entered into between the Lender and the Borrower
“Placing”	the placing of the placing convertible bonds with a principal amount of HK\$100,000,000 issued by the Company and completed on 16 May 2011, details of which are set out in the circular of the Company dated 28 March 2011
“Purchaser”	Best Harvest Asia Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Repayment Date”	12 months from the Drawdown Date unless written agreement to extend to a further period of 12 months be granted by the Lender at least one month prior to the expiry of the initial 12-month period

“Rights Issue”	the rights issue of the Company by way of thirty rights Shares for every one existing Shares in issue and held on 26 April 2011 at HK\$0.08 per rights Share, which became unconditional on 18 May 2011 and details of which are set out in the circular and the prospectus of the Company dated 28 March 2011 and 27 April 2011 respectively
“Share(s)”	share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“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 Shares”	ordinary shares of Simsen International with par value of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Century” or “Vendor” or “Borrower”	Super Century Investments Limited, an investment holding company incorporated in the British Virgin Islands with limited liability
“%”	per cent.

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

Hong Kong, 27 May 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.*