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SIMSEN INTERNATIONAL CORPORATION LIMITED

天行國際(控股)有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 993)

DISCLOSEABLE TRANSACTIONS AND ADVANCES TO AN ENTITY

CSB, a wholly owned subsidiary of the Company, made regular advances since 31 October 2001 to Success New, a company beneficially owned by a person independent of the Company and its connected person(s). The Advances were repaid in full by cheques issued by Success New and the cheques were deposited into the bank account of CSB on the same day of the Advances. At the end of each day of the Advances, there were no outstanding amount due from Success New to CSB. The last Advance was made and settled on 13 April 2006.

The directors of the Company recently became aware that on certain occasions the Advances triggered general disclosure obligations under Rule 13.13 and constituted discloseable transactions under Rule 14.08 of the Listing Rules. A circular containing details of the relevant Advances will be dispatched to the shareholders as soon as practicable.

ADVANCES TO SUCCESS NEW

Simsen International Corporation Limited (the “**Company**”) is an investment holding company and its subsidiaries (together the “**Group**”) are principally engaged in, among other businesses, securities, futures and options contracts broking, dealing and trading, and provisions of margin and loan financing.

Cheung’s Securities Brokers Limited (“**CSB**”), a wholly owned subsidiary of the Company, is principally engaged in securities, futures and options contracts broking, dealing and trading activities.

Success New Investment Limited (“**Success New**”) is an investment holding company incorporated in Hong Kong with limited liability and is beneficially and wholly owned and controlled by Mr. Lu Tai Nien (the “**Beneficial Owner**”). To the best of the Company’s directors’ knowledge, information and belief, having made all reasonable enquiries, both Success New and the Beneficial Owner are parties independent of the Company and its connected person(s), as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Since 31 October 2001, CSB made regular advances to Success New (the “**Advance(s)**”), for the operations of Success New and the personal use of the Beneficial Owner by utilizing banking facilities of CSB (“**Banking Facilities**”). The Banking Facilities allowed CSB to draw funds from its bank account against cheques deposited into the bank account of CSB on the day the drawings were made. The Banking Facilities were secured by a bank deposit in the name of Mr. Cheung Yan Lung, the Honorary Chairman of the Company (“**Mr. Cheung**”).

There were initial setup fee and annual renewal fee in the setting-up of the Banking Facilities that are now sunk costs so CSB allocated no cost for the idle banking facilities used in respect of the Advances made, and there were no additional costs or expenses incurred in relation to the Advances which were utilized with the idle banking facilities granted to CSB by its bank.

The Advances were made at the request of Success New against receipt of cheques for the same amount of the Advances. The Advances were repaid in full by cheques issued by Success New and the cheques were deposited into the bank account of CSB on the same day of the Advances. At the end of each day of the Advances, there were no outstanding amount due from Success New to CSB. The last Advance was made and settled on 13 April 2006. As the cheques were cleared by the bank the following day, these arrangements enabled Success New to use the Advances for one day, that was the day the Advances were made. The arrangement in respect of the Advances was made between the CSB and Success New without any written agreement.

REASONS FOR THE ADVANCES

The Advances were made because (i) of the personal relationship between the Beneficial Owner and the family of Mr. Cheung, including his two sons, Mr. Haywood Cheung and Mr. Stanley Cheung, both of whom are executive directors of the Company (the “**Relevant Directors**”); (ii) the Banking Facilities were secured by a personal bank deposit of Mr. Cheung; (iii) the Advances were preceded by the receipt of cheques from Success New which were deposited into CSB’s bank account the same day the Advances were made; (iv) CSB would not incur any costs arising from such Advances; and (v) the Beneficial Owner has referred investment opportunities and business partners to the Company.

Since cheques for the same amount of the Advances had been received and deposited into CSB’s bank account on the same day when the Advances were made, there was no interest cost incurred by CSB. Neither the Company nor CSB received from Success New any commissions, fees or interest income from the Advances. The receipt of cheques of Success New on the same day of making the Advances rendered the Advances secured.

Because of his personal relationship with the Relevant Directors, the Beneficial Owner had referred to the Company investment opportunities and business partners. In addition, considering the Advances would not incur any cost on the Group, the Banking Facilities were backed by Mr. Cheung’s bank deposit, and CSB could utilize the idle Banking Facilities, the Relevant Directors agreed to grant the Advances to Success New even though there would be no immediate quantifiable commercial benefits for CSB and the Company as a result of these arrangements.

REASONS FOR OMISSION TO COMPLY WITH DISCLOSURE OBLIGATIONS

The Advances were approved by the Relevant Directors. At the time when the Advance was first made to Success New in October 2001, no disclosure obligation was required pursuant to the then Listing Rules.

When the Advances triggered the relevant percentage ratios pursuant to the then Listing Rules, the Relevant Directors misinterpreted the disclosure requirements under the Listing Rules because there were no outstanding balances due from Success New to CSB, and therefore failed to alert other board members of the Company. The Advances and the related disclosure requirements did not come to the attention of the full board of directors of the Company.

In August 2006 when the Company was discussing with its auditors in the preparation of the financial statements of the Company for the year ended 30 April 2006, the Company discovered that the Advances were subject to the disclosure requirements under Rule 13.13 and constituted discloseable transactions under Rule 14.08 of the Listing Rules, as amended on 31 March 2004 and 1 March 2006.

When it came to the knowledge of all directors in August 2006 that there were Advances which should be subject to disclosure requirements under the Listing Rules, the arrangement had already ceased and the Advances had been repaid.

Although the Advances had already been fully settled and no further advances were made, the directors are required to express their opinion on the terms of the Advances pursuant to Rule 14.58(8) of the Listing Rules. After considering the current circumstances and the facts stated above, in particular that the Beneficial Owner has referred investment opportunities and business partners to the Company, no costs are incurred to the Group, the Banking Facilities were backed by Mr. Cheung's personal deposit, the Advances were secured by the cheques deposited by Success New and were fully settled and repaid, the directors of the Company (excluding the Relevant Directors but including all independent non-executive directors) consider that, with hindsight, the terms of the Advances are fair and reasonable and in the interests of the shareholders as a whole.

DISCLOSEABLE TRANSACTIONS AND ADVANCES TO AN ENTITY

We set out below three periods relating to the implication of the then prevailing Listing Rules on the Advances.

1. Period prior to 31 March 2004

During the period from 31 October 2001 to 30 March 2004, there were 116 occasions when the Advances exceeded 25% of the applicable consolidated net tangible assets of the Company according to Practice Note 19 of the then Listing Rules (“PN19”). The maximum amount of the Advance during that period was HK\$12,860,000 made on 10 to 15 January 2002 respectively which did not exceed 25% of the applicable consolidated net tangible assets of the Company at that time.

However, on 15 September 2003 an Advance of HK\$5,900,000 triggered the general disclosure requirement under the PN19 of the then Listing Rules for the first time because 25% of the consolidated net tangible assets of the Company then was only HK\$4,527,250 and the Company had omitted to announce such Advances from then onwards.

2. Period from 31 March 2004 to 28 February 2006

Changes made to the Listing Rules as at 31 March 2004 applicable to the Advances are:

(i) PN19 was incorporated without substantial revisions into a new Chapter 13 on continuing obligations and the triggering threshold for a general disclosure obligation for an advance to an entity was amended to 8% of any of the percentage ratios from 25% of the net tangible assets of the Group; and (ii) a new chapter on notifiable transactions (Chapter 14) was introduced to classify financial assistance as a “transaction” under the Listing Rules.

Following the implementation of the changes to the Listing Rules as aforesaid, all the 567 Advances made during this period exceeded 5% but were lower than 25% of the consideration ratio and constituted discloseable transactions under Rule 14.08 of the Listing Rules. 218 of those Advances exceeded 5% of the total assets test. All the 567 Advances were lower than 25% of the total assets ratio.

The maximum amount of Advance during this period was HK\$11,744,417 made on 24 December 2005.

Under Rule 14.34 and Rule 14.38 of the Listing Rules, the Company was required to notify the Stock Exchange, to publish an announcement and to issue a circular at the relevant time of making the Advances. The Company omitted to do so.

The Advances also triggered general disclosure requirements under Rule 13.13 of the Listing Rules prevailing at the time as the Advances had on certain occasions exceeded 8% in respect of consideration ratio. The Company was required to disclose the transactions in accordance with Rule 13.13 and to disclose under Rule 13.20 in the Company's interim and/or annual reports for the relevant periods. The Company had omitted to do so.

3. Period from 1 March 2006 to 13 April 2006

Changes made to the Listing Rules as at 1 March 2006 applicable to the Advances are that the applicable test under Rule 13.13 has been amended to only the total assets test.

From 1 March 2006 until 13 April 2006 when the last Advance was made and settled, there were 26 occasions when the Advances exceeded 5% but all the Advances made during the period were less than 25% of the consideration ratio as defined in the Listing Rules. All the Advances made during this period did not exceed 5% of the total assets test.

During this period, the maximum amount of the Advance was HK\$8,622,117 which was made on 1 to 4 March 2006 respectively. As certain Advances made during this period exceeded 5% of the consideration ratio, they constituted discloseable transactions under Rule 14.08 of the Listing Rules. The Company was required, under Rule 14.34 and Rule 14.38 of the Listing Rules, to notify the Stock Exchange, publish an announcement and issue a circular at the relevant time of making such advances. The Company omitted to do so.

During this period, no Advance exceeded 8% of the total assets of the Company and, pursuant to Rule 13.13 of the prevailing Listing Rules, no general disclosure obligation arose.

GENERAL

A circular prepared pursuant to the requirements of the Listing Rules in relation to the Advances will be dispatched to the shareholders as soon as practicable.

By order of the board of directors of
Simsen International Corporation Limited
Haywood Cheung
Chairman

Hong Kong, 6 October 2006

As at the date of this announcement, the board of directors comprises the following members:

Executive Directors:

Mr. Haywood Cheung (*Chairman*)
Mr. Chan Hok Ching (*Acting Managing Director*)
Mr. Cheung Tak Kwai, Stanley
Mr. So Pak Kwai
Dr. Chang Si-Chung

Independent non-executive Directors:

Mr. Chan Ka Ling, Edmond
Mr. Hong Po Kui, Martin
Mr. Wong Yu Choi

** for identification purposes only*

Please also refer to the published version of this announcement in the China Daily.