PACIFIC PLYWOOD HOLDINGS LIMITED
太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 767)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009

The Board of Directors (the "Directors") of Pacific Plywood Holdings Limited (the "Company") hereby announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2009 and the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**2009** *US$'000*	2008 *US$'000*
Continuing operations:			
Revenue	3	**50,448**	94,706
Cost of sales		**(52,223)**	(85,694)
Gross (loss)/profit		**(1,775)**	9,012
Distribution costs		**(4,788)**	(11,255)
Administrative expenses		**(6,843)**	(8,506)
Other gains – net		**556**	1,795
Provision for impairment losses on property, plant and equipment		**–**	(430)
Operating loss		**(12,850)**	(9,384)
Finance costs		**(2,184)**	(3,591)
Share of loss of an associate		**(277)**	(195)
Loss before income tax	4	**(15,311)**	(13,170)
Income tax	5	**–**	–
Loss for the year from continuing operations		**(15,311)**	(13,170)
Discontinued operations:			
Profit/(Loss) for the year from discontinued operations		**5,517**	(23,282)
Loss for the year		**(9,794)**	(36,452)

* *For identification purpose only*

	Note	**2009**	2008
		US$'000	*US$'000*
Attributable to:			
Company's equity holders		**(9,794)**	(36,452)
Minority interest		**–**	–
		(9,794)	(36,452)
(Loss)/Earnings per share for loss from continuing operations and profit/(loss) from discontinued operations attributable to the Company's equity holders during the year			
Basic (loss)/earnings per share			
From continuing operations	*6*	**US(1.15) cents**	US(1.00) cents
From discontinued operations	*6*	**US0.41 cents**	US(1.74) cents
		US(0.74) cents	US(2.74) cents
Diluted (loss)/earnings per share			
From continuing operations	*6*	**US(1.15) cents**	US(1.00) cents
From discontinued operations	*6*	**US0.41 cents**	US(1.74) cents
		US(0.74) cents	US(2.74) cents
Dividends		**–**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31st December,	
	2009	2008
	US$'000	*US$'000*
Loss for the year	**(9,794)**	(36,452)
Other comprehensive loss:		
Currency translation differences	**(2,523)**	(60)
Total comprehensive loss for the year	**(12,317)**	(36,512)
Total comprehensive loss attributable to:		
Company's equity holders	**(12,317)**	(36,512)
Minority interest	**–**	–
	(12,317)	(36,512)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31st December, 2009** *US$'000*	31st December, 2008 *US$'000*
ASSETS			
Non-current assets			
Leasehold land		**2,897**	2,928
Property, plant and equipment		**49,783**	61,989
Interests in an associate		**705**	981
Deferred income tax assets		**4,860**	4,807
Deposit for acquisition of an investment		**–**	1,000
Total non-current assets		**58,245**	71,705
Current assets			
Inventories		**7,632**	13,309
Trade and other receivables	*7*	**1,743**	4,652
Cash and cash equivalents		**1,040**	1,673
Total current assets		**10,415**	19,634
Total assets		**68,660**	91,339
EQUITY			
Capital and reserves attributable to the Company's equity holders	*9*		
Ordinary shares		**4,278**	4,278
Share premium		**7,652**	7,652
Other reserves		**2,345**	4,868
Accumulated losses		**(27,584)**	(17,790)
		(13,309)	(992)
Minority interest		**1,000**	1,000
Total (deficit)/equity		**(12,309)**	8

	Note	31st December, 2009 US$'000	31st December, 2008 US$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**49,974**	48,947
Current liabilities			
Trade and other payables	*8*	**14,030**	23,903
Current income tax liabilities		**98**	98
Bank overdrafts		**2,877**	2,521
Borrowings		**13,990**	15,862
Total current liabilities		**30,995**	42,384
Total liabilities		**80,969**	91,331
Total (deficit)/equity and liabilities		**68,660**	91,339
Net current liabilities		**(20,580)**	(22,750)
Total assets less current liabilities		**37,665**	48,955

Notes:

1. GOING CONCERN BASIS OF ACCOUNTING

As at 31st December, 2009, the Group had net current liabilities of US$20,580,000 (2008 – US$22,750,000) and outstanding borrowings and bank overdrafts amounted to approximately US$66,841,000 (2008 – US$67,330,000), out of which approximately US$16,867,000 (2008 – US$18,383,000) was due for repayment and renewal within the next twelve months. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The Group intends to maintain its strong business relationship with its bankers to maintain their continuing support and is actively discussing with its bankers for the renewal of short term banking facilities when they fall due in 2010. The Directors are confident that the short term banking facilities will be renewed.

On 29th May, 2009, the Group entered into an agreement with a purchaser, under which the Group agreed to sell and the purchaser agreed to acquire all the issued shares in the capital of Ankan (China) Holdings Limited ("ACHL"), which had been in a loss and net cash outflow position for years, for a consideration of US$50,000, and the transaction was completed on 2nd June, 2009.

On 2nd March, 2010, the Company entered into a placing agreement with Grand Vinco Capital Limited ("the Placing Agent"), pursuant to which, the Placing Agent agreed to place, on best effort basis, up to 265,540,000 shares at a price of HK$0.158 per share, for and on behalf of the Company. On 29th March, 2010, the transaction was completed and 265,540,000 shares were successfully placed to not less than six placees, who and (where a corporation) whose ultimate beneficial owners are not connected persons of the Company and are independent of the Company and its connected persons. The aggregate amount of approximately HK$41,955,000 (equivalent to approximately US$5,381,000) was received by the Company.

With the disposal of ACHL and its subsidiaries (together "the ACHL Group"), the implementation of other cost-cutting measures, the financing support from the shareholders and the ongoing support from its bankers, the Directors believe that the Group should be able to generate sufficient cashflows from future operations to cover its operating costs and to meet its financing commitments. Therefore, the Directors are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the twelve months from 31st December, 2009.

The Directors are confident that the Group will continue to obtain the ongoing support from its bankers, and accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on the going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(a) Adoption of new and revised standards, amendments and interpretations

(i) The Group has adopted the following new and amended HKFRSs as of 1st January, 2009.

HKFRS 7 Financial Instruments – Disclosures (amendment)

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

HKAS 1 (revised) Presentation of financial statements

The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

HKFRS 2 (amendment) Share-based payment

This amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. As the share options issued under the share option scheme adopted by the Company were all granted before 7th November, 2002, the aforementioned provisions of HKFRS 2 are not applicable to the share options outstanding as at 31st December, 2009 according to the transitional provisions of HKFRS 2. The amendment does not have a material impact on the Group's or Company's financial statements.

HKAS 23 (revised) Borrowing Costs

The revised standard requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The revised standard is currently not applicable to the Group as there are no qualifying assets.

HKFRS 8 Operating segments

HKFRS 8 replaces HKAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a decrease in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. Comparatives for 2008 in note 3 have been restated. However, such restatement in note disclosure does not have any impact on the balance sheets.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective for 2009 and have not been early adopted by the Group:

HK(IFRIC) 17 Distribution of non-cash assets to owners[1]

The interpretation is part of the HKICPA's annual improvements project published in April/ May 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group and Company will apply HK(IFRIC) 17 from 1st January, 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

HKAS 27 (revised) Consolidated and separate financial statements[1]

The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. The Group will apply HKAS 27 (revised) prospectively to transactions with minority interest from 1st January, 2010.

HKFRS 3 (revised) Business combinations[1]

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) prospectively to all business combinations from 1st January, 2010.

HKAS 38 (amendment) Intangible Assets[1]

The amendment is part of the HKICPA's annual improvements project published in April/ May 2009 and the Group and Company will apply HKAS 38 (amendment) from the date HKFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group's or Company's financial statements.

HKFRS 5 (amendment) Measurement of non-current assets (or disposal groups) classified as held for sale[2]

The amendment is part of the HKICPA's annual improvements project published in April/ May 2009. The amendment provides clarification that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. The Group and Company will apply HKFRS 5 (amendment) from 1st January, 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

HKAS 1 (amendment) Presentation of financial statements[2]

The amendment is part of the HKICPA's annual improvements project published in April/ May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group and Company will apply HKAS 1 (amendment) from 1st January, 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

HKFRS 2 (amendment) Group cash-settled share-based payment transactions[2]

In addition to incorporating HK(IFRIC)-Int 8, 'Scope of HKFRS 2', and HK(IFRIC)-Int 11, 'HKFRS 2 – group and treasury share transactions', the amendments expand on the guidance in HK(IFRIC)-Int 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

HKAS 24 (revised) Related party disclosures[4]

The revised standard introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose:

– the name of the government and the nature of their relationship;
– the nature and amount of any individually-significant transactions; and
– the extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party.

(iii) Standards, amendments and interpretations to existing standards that are not yet effective for 2009 and are not relevant to the Group's operations:

HKFRS 1 (revised)	First-time adoption of HKFRSs[1]
HKFRS 9	Financial instruments[5]
HKAS 32 (amendment)	Classification of rights issue[2]
HKAS 39 (amendment)	Eligible hedge items[1]
HK(IFRIC)-Int 14 (amendment)	Prepayments of a minimum funding requirement[4]
HK(IFRIC)-Int 17	Distributions of non-cash assets to owners[1]
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments[3]

Notes:

1 Effective for annual period beginning on or after 1st July, 2009.
2 Effective for annual period beginning on or after 1st January, 2010.
3 Effective for annual period beginning on or after 1st July, 2010.
4 Effective for annual period beginning on or after 1st January, 2011.
5 Effective for annual period beginning on or after 1st January, 2013.

(b) Financial information of Dalian Global Wood Products Company Limited ("Dalian Global")

Dalian Global was a PRC subsidiary of the Company. It is a cooperative joint venture and its scope of business was the manufacture and sale of wood products. As a result of the worldwide financial turmoil in 2008, the operating environment of Dalian Global became extremely difficult. After consideration for the interests of the Group, the Directors decided in November 2008 to discontinue the operation of Dalian Global, which might have resulted in a possible liquidation of Dalian Global.

After the discontinuation of Dalian Global's operation, it was the understanding of the Group that certain assets of Dalian Global had been frozen by the local court and access to the manufacturing facilities, in which most of its accounting records and related supporting documents were located, had been blocked. As a result, the Group was unable to gain access to the accounting records and related supporting documents of Dalian Global.

In June 2009, the Group disposed of its entire PRC business by selling ACHL Group, in which Dalian Global was a subsidiary. Dalian Global ceased to be a subsidiary of the Company from June 2009 onwards.

To prepare the 2009 financial statements, the management worked with the purchaser of ACHL Group to update the financial status of Dalian Global and tried to obtain access to Dalian Global's accounting records in order to compile its financial statements before the disposal. However, the purchaser was unable to uplift the freeze on the assets. In addition, the Group was no longer in a position to have direct participation since ACHL Group was no longer associated with the Company. Consequently, the management is still unable to obtain the updated financial information of Dalian Global based on its books and records.

Nevertheless, the financial information of Dalian Global included in both 2008 and 2009 consolidated financial statements has been prepared by the management applying their best estimates and judgment based on Dalian Global's situation. The 2008 financial information of Dalian Global was prepared by management based on Dalian Global's management accounts and related reports made up to August 2008, after making the necessary estimates and adjustments including impairment provision for trade and other receivables, inventory provision, impairment provision for property, plant and equipment, compensation to employees, and provision for an onerous contract. For the first half of 2009 before Dalian Global was disposed, Dalian Global was dormant as the Group understands that the assets were still frozen by the court. The 2009 financial statements including the profit and loss on disposal were prepared on this basis.

3. SEGMENTAL INFORMATION

The segment results and other information for the year ended 31st December, 2009 are as follows:

	Manufacturing – Malaysia *US$'000*	Trading *US$'000*	All other segments *US$'000*	Total continuing operations *US$'000*	Total discontinued operations (Manufacturing – PRC) *US$'000*	Total *US$'000*
Segment revenue	**47,577**	**2,871**	**–**	**50,448**	**–**	**50,448**
Inter-segment revenue	**–**	**–**	**–**	**–**	**–**	**–**
Revenue (from external customers)	**47,577**	**2,871**	**–**	**50,448**	**–**	**50,448**
(Loss)/Earnings before interest and tax "(LBIT)/EBIT"	**(8,771)**	**(232)**	**(3,847)**	**(12,850)**	**5,517**	**(7,333)**
Depreciation and amortization	**(6,062)**	**(15)**	**(463)**	**(6,540)**	**(803)**	**(7,343)**
Provision for impairment losses on property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**–**
Finance income	**–**	**–**	**–**	**–**	**–**	**–**
Finance costs	**(860)**	**–**	**(1,324)**	**(2,184)**	**–**	**(2,184)**
Share of loss of an associate	**–**	**–**	**(277)**	**(277)**	**–**	**(277)**
Income tax	**–**	**–**	**–**	**–**	**–**	**–**
Additions to non-current assets (other than deferred income tax assets)	**82**	**–**	**–**	**82**	**–**	**82**

	Manufacturing – Malaysia *US$'000*	Trading *US$'000*	All other segments *US$'000*	Total continuing operations *US$'000*	Total discontinued operations (Manufacturing – PRC) *US$'000*	Total *US$'000*
As at 31st December, 2009 Total assets (excluding deferred income tax assets)	**46,253**	**1,112**	**16,435**	**63,800**	**–**	**63,800**
Total assets include: interests in an associate	**–**	**–**	**705**	**705**	**–**	**705**

A reconciliation of total adjusted LBIT to total loss before income tax and discontinued operations is provided as follows:

	For the year ended 31st December, 2009 *US$'000*
Adjusted LBIT for reportable segments	**12,850**
Finance costs	**2,184**
Share of loss of an associate	**277**
Loss before income tax and discontinued operations	**15,311**

Reportable segments' assets are reconciled to total assets as follows:

	31st December, 2009 *US$'000*
Total segment assets	**63,800**
Deferred income tax assets	**4,860**
Total assets per consolidated statement of financial position	**68,660**

The revenue from external customers by products for the year ended 31st December, 2009 is as follows:

	Continuing operations *US$'000*	Discontinued operations *US$'000*	Total *US$'000*
Weather and boil proof plywood	**27,004**	**–**	**27,004**
Moisture resistant plywood	**16,711**	**–**	**16,711**
Flooring	**5,028**	**–**	**5,028**
Jambs and mouldings	**663**	**–**	**663**
Structural	**365**	**–**	**365**
Others	**677**	**–**	**677**
	50,448	**–**	**50,448**

The Company is domiciled in Hong Kong. The result of its revenue from external customers in Hong Kong and other countries for the year ended 31st December, 2009 are as follows:

	Continuing operations *US$'000*	Discontinued operations *US$'000*	Total *US$'000*
South East Asia	**20,862**	**–**	**20,862**
Japan	**9,867**	**–**	**9,867**
Korea	**6,321**	**–**	**6,321**
Europe	**4,835**	**–**	**4,835**
The PRC	**3,243**	**–**	**3,243**
North America	**753**	**–**	**753**
Others	**4,567**	**–**	**4,567**
	50,448	**–**	**50,448**

During the year ended 31st December, 2009, the Group has the following major customer contributing 10% or more to the Group's revenue:

	Segment	Revenue *US$'000*
Major customer (1)	Manufacturing – Malaysia	**12,705**

At 31st December, 2009, the total of non-current assets other than interests in an associate and deferred income tax assets (there are no financial instruments, employment benefit assets and rights arising under insurance contracts) located in Hong Kong and other countries are as follows:

	Continuing operations *US$'000*	Discontinued operations *US$'000*	Total *US$'000*
Malaysia	**37,177**	**–**	**37,177**
Singapore	**15,493**	**–**	**15,493**
Hong Kong	**3**	**–**	**3**
Others	**7**	**–**	**7**
	52,680	**–**	**52,680**

The segment results and other information for the year ended 31st December, 2008 are as follows:

	Manufacturing – Malaysia *US$'000*	Trading *US$'000*	All other segments *US$'000*	Total continuing operations *US$'000*	Total discontinued operations (Manufacturing – PRC) *US$'000*	Total *US$'000*
Segment revenue	89,351	6,908	–	96,259	9,973	106,232
Inter-segment revenue	(728)	(825)	–	(1,553)	(2,386)	(3,939)
Revenue (from external customers)	88,623	6,083	–	94,706	7,587	102,293
LBIT	(4,596)	(358)	(4,430)	(9,384)	(23,012)	(32,396)
Depreciation and amortization	(6,454)	(17)	(480)	(6,951)	(1,952)	(8,903)
Provision for impairment losses on property, plant and equipment	(430)	–	–	(430)	(5,884)	(6,314)
Finance income	8	3	–	11	5	16
Finance costs	(1,522)	(1)	(2,068)	(3,591)	(270)	(3,861)
Share of loss of an associate	–	–	(195)	(195)	–	(195)
Income tax	–	–	–	–	–	–
Additions to non-current assets (other than deferred income tax assets)	2,692	9	5	2,706	6	2,712

	Manufacturing – Malaysia *US$'000*	Trading *US$'000*	All other segments *US$'000*	Total continuing operations *US$'000*	Total discontinued operations (Manufacturing – PRC) *US$'000*	Total *US$'000*
As at 31st December, 2008						
Total assets (excluding deferred income tax assets)	60,820	1,223	17,928	79,971	6,561	86,532
Total assets include:						
interests in an associate	–	–	981	981	–	981

A reconciliation of total adjusted LBIT to total loss before income tax and discontinued operations is provided as follows:

	For the year ended 31st December, 2008 *US$'000*
Adjusted LBIT for reportable segments	9,384
Finance costs	3,591
Share of loss of an associate	195
Loss before income tax and discontinued operations	13,170

Reportable segments' assets are reconciled to total assets as follows:

	31st December, 2008 *US$'000*
Total segment assets	86,532
Deferred income tax assets	4,807
Total assets per consolidated statement of financial position	91,339

The revenue from external customers by products for the year ended 31st December, 2008 is as follows:

	Continuing operations *US$'000*	Discontinued operations *US$'000*	Total *US$'000*
Weather and boil proof plywood	51,783	–	51,783
Flooring	20,367	–	20,367
Moisture resistant plywood	18,684	–	18,684
Jambs and mouldings	2,021	3,885	5,906
Structural	1,457	1,482	2,939
Others	394	2,220	2,614
	94,706	7,587	102,293

The Company is domiciled in Hong Kong. The result of its revenue from external customers in Hong Kong and other countries for the year ended 31st December, 2008 are as follows:

	Continuing operations *US$'000*	Discontinued operations *US$'000*	Total *US$'000*
Europe	23,775	1,492	25,267
South East Asia	24,944	–	24,944
The PRC	16,642	211	16,853
Japan	14,971	1,184	16,155
Korea	7,845	415	8,260
North America	3,262	3,336	6,598
Others	3,267	949	4,216
	94,706	7,587	102,293

During the year ended 31st December, 2008, the Group has the following major customers contributing 10% or more to the Group's revenue:

	Segment	Revenue *US$'000*
Major customer (1)	Manufacturing – Malaysia	16,248
Major customer (2)	Manufacturing – Malaysia	14,459

At 31st December, 2008, the total of non-current assets other than deposit for acquisition of an investment, interests in an associate and deferred income tax assets (there are no financial instruments, employment benefit assets and rights arising under insurance contracts) located in Hong Kong and other countries are as follows:

	Continuing operations *US$'000*	Discontinued operations *US$'000*	Total *US$'000*
Malaysia	43,207	–	43,207
Singapore	15,575	–	15,575
The PRC	–	6,107	6,107
Hong Kong	9	–	9
Others	19	–	19
	58,810	6,107	64,917

4. EXPENSES BY NATURE

Loss before income tax and profit/(loss) from discontinued operations are determined after charging/(crediting) the following:

	For the year ended 31st December,	
	2009	2008
	US$'000	*US$'000*
Continuing operations		
Amortization of leasehold land	**31**	31
Auditors' remuneration	**280**	366
Changes in inventories of finished goods and work in progress	**4,090**	599
Depreciation, amortization		
– owned assets	**6,463**	6,871
– assets held under finance leases	**46**	49
Directors' emoluments	**592**	840
Employee benefit expense (excluding Directors' emoluments)		
– Wages and salaries	**1,949**	2,574
– Social security and pension costs	**157**	187
Freight and other related charges	**4,788**	11,255
Operating lease expenses on land, buildings and machinery	**82**	126
Provision for impairment of receivables	**4**	300
Provision for impairment losses on property, plant and equipment	**–**	430
(Reversal of)/Provision for inventories to net realizable value	**(228)**	1,031
Raw materials and consumables used	**29,332**	55,398
Staff secondment service fee	**1,020**	1,080
Other expenses	**15,248**	24,748
	63,854	105,885
Discontinued operations		
Provision for an onerous contract	**–**	615
Auditors' remuneration	**–**	51
Changes in inventories of finished goods and work in progress	**–**	1,372
Depreciation, amortization		
– owned assets	**803**	1,952
Employee benefit expense (excluding Directors' emoluments)		
– Wages and salaries	**–**	28
– Social security and pension costs	**–**	87
Freight and other related charges	**–**	287
Operating lease expenses on land, buildings and machinery	**–**	352
Provision for impairment of receivables	**4**	6,433
Provision for impairment losses on property, plant and equipment	**–**	5,884
Provision for inventories to net realizable value	**–**	4,935
Raw materials and consumables used	**–**	7,281
Provision for compensation to employees	**–**	564
Staff secondment service fee	**–**	360
Other expenses	**–**	716
	807	30,917
	64,661	136,802

5. INCOME TAX

(i) Bermuda

The Company is exempt from taxation in Bermuda until 28th March, 2016.

(ii) Hong Kong

No Hong Kong profits tax has been provided for as the Group had no assessable profit arising in or derived from Hong Kong.

(iii) Malaysia

No taxation has been provided by a subsidiary in Malaysia because it had unutilized tax allowances to offset its estimated assessable profit for the year ended 31st December, 2009. The applicable income tax rate of this subsidiary is 25% (2008 – 26%).

(iv) Others

Other overseas taxation has been calculated at the rates of taxation applicable in the countries in which the relevant subsidiaries operate.

6. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the loss attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year.

	For the year ended 31st December,	
	2009	2008
Loss from continuing operations attributable to the Company's equity holders (United States dollars)	**(15,311,000)**	(13,170,000)
Profit/(Loss) from discontinued operations attributable to the Company's equity holders (United States dollars)	**5,517,000**	(23,282,000)
	(9,794,000)	(36,452,000)
Weighted average number of ordinary shares in issue	**1,327,779,448**	1,327,779,448
Basic loss per share from continuing operations (United States cents per share)	**(1.15)**	(1.00)
Basic earnings/(loss) per share from discontinued operations (United States cents per share)	**0.41**	(1.74)
	(0.74)	(2.74)

There was no dilutive effect on (loss)/earnings per share for the years ended 31st December, 2009 and 2008 since all outstanding share options were anti-dilutive.

7. TRADE AND OTHER RECEIVABLES

	31st December, **2009** *US$'000*	2008 *US$'000*
Trade receivables	**1,375**	10,343
Bill receivables	**689**	481
Less: provision for impairment of trade receivables	**(912)**	(7,452)
Trade receivables – net	**1,152**	3,372
Other receivables – net	**591**	1,280
Total trade and other receivables	**1,743**	4,652

The aging analysis of the trade receivables (before provision for impairment loss) are as follows:

	31st December, **2009** *US$'000*	2008 *US$'000*
0–30 days	**463**	2,269
31–60 days	**–**	442
61–90 days	**–**	3
91–180 days	**–**	1,110
181–360 days	**–**	5,852
Over 360 days	**912**	667
	1,375	10,343

The Group normally grants credit terms of not more than 180 days to existing customers without collaterals. Management makes periodic collective assessment as well as individual assessment on the recoverability of trade and other receivables based on historical payment records, the length of overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors.

As of 31st December, 2009, trade receivables of US$912,000 (US$7,452,000 as at 31st December, 2008) were impaired and provided for. The individually impaired receivables mainly relate to customers, which are in unexpected difficult economic situations.

Certain subsidiaries of the Group negotiated bill receivables on a with recourse basis with banks for cash during the year ended 31st December, 2009 and the outstanding amount as at 31st December, 2009 was US$606,000 (US$229,000 as at 31st December, 2008). The transactions have been accounted for as collateralized borrowings.

As at 31st December, 2009, trade receivables and other receivables amounting to approximately US$29,000 and US$500,000 respectively (US$209,000 and US$670,000 as at 31st December, 2008) were subject to floating charges as collateral for certain banking facilities of the Group.

8. TRADE AND OTHER PAYABLES

	31st December, 2009 US$'000	2008 US$'000
Trade payables	**11,377**	17,890
Other payables	**2,653**	6,013
	14,030	23,903

The aging analysis of the trade payables are as follows:

	31st December, 2009 US$'000	2008 US$'000
0–30 days	**2,620**	4,013
31–60 days	**2,076**	4,575
61–90 days	**1,369**	1,332
91–180 days	**2,863**	3,434
181–360 days	**1,564**	4,536
Over 360 days	**885**	–
	11,377	17,890

9. CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS

	Attributable to the Company's equity holders					
	Ordinary shares *US$'000*	**Share premium** *US$'000*	**Other reserves** *US$'000*	**Retained earnings/ (Accumulated losses)** *US$'000*	**Minority interest** *US$'000*	**Total equity/ (deficit)** *US$'000*
Balance at 1st January, 2008	4,278	7,652	4,928	18,662	1,000	36,520
Loss for the year	–	–	–	(36,452)	–	(36,452)
Other comprehensive loss:						
Currency translation differences	–	–	(60)	–	–	(60)
Balance at 31st December, 2008	4,278	7,652	4,868	(17,790)	1,000	8
Balance at 1st January, 2009	4,278	7,652	4,868	(17,790)	1,000	8
Loss for the year	–	–	–	(9,794)	–	(9,794)
Other comprehensive loss:						
Currency translation differences	–	–	(2,523)	–	–	(2,523)
Balance at 31st December, 2009	4,278	7,652	2,345	(27,584)	1,000	(12,309)

MODIFICATION TO THE AUDITOR'S REPORT

Except as described in the basis for qualified opinion paragraphs, the auditors conducted their audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that the auditors comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Basis for qualified opinion

The auditors were unable to obtain sufficient appropriate audit evidence in respect of the financial information of one of the Group's subsidiaries, Dalian Global, when they conducted the audit of the consolidated financial statements of the Group as at 31st December, 2008 and for the year then ended, and a disclaimer opinion on such financial statements was issued on 16th April, 2009. As a result, the opening balances of the consolidated financial statements of the Group as at 1st January, 2009 might have been significantly different had the auditors been able to obtain such evidence.

As explained in Note 2(b) of this announcement, management was still unable to make available to the auditors the accounting records and related documents of Dalian Global. Moreover, ACHL, the indirect controlling shareholder of Dalian Global, was sold to an independent third party in June 2009. Therefore the auditors were unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of the profit for the year from discontinued operations of US$5,517,000 as recorded in the Group's consolidated income statement for the year ended 31st December, 2009, and of the related disclosures included to the consolidated financial statements. Consequently, the auditors were not able to determine whether any adjustments to the amounts might have been necessary should they be able to obtain such financial information.

Material uncertainty concerning going concern basis of accounting

The report of the auditor on the Group's consolidated financial statements will be modified to include the disclosures of a material uncertainty. The auditors, without further qualifying their opinion, draw attention to the "Going Concern Basis of Accounting" to the consolidated financial statements, which indicates that the Group incurred a net loss of US$9,794,000 during the year ended 31st December, 2009 and, as of that date, the Group's current liabilities exceeded its current assets by US$20,580,000. These conditions, along with other matters as set forth in "Going Concern Basis of Accounting", indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

BUSINESS REVIEW

Manufacturing business

Due to the strain of the market turmoil, our plant in Malaysia had only been running at 50% of its capacity for the year under review. Production volume of our Malaysian plant was approximately 120,000m^3, which was 40% lower than 2008. The drastic drop was the result of significant shrink in demand for our products in Europe, US, China and Japan. Despite the reduced production levels, increased efforts were spent to enhance its productivity and reduce log cutting wastages. Our average recovery rate was around 50%, which exceeded the industry norm.

Log prices recorded a slight decline of 11% as compared to 2008. The El Nino effect experienced in the second quarter of 2009 had affected the timber logging activities in Malaysia, whereby the extremely dry weather conditions made forests very susceptible and vulnerable to forest fires. Logging camps also had inadequate drinking water and sanitations. With the continued bleak global economy, construction and manufacturing activities had reduced drastically and had resulted in lower demand from millers.

Prices of crude related products and services like freight, utility and glue costs had been declining for the most part of 2009. This had reduced our direct production costs.

During the second half of 2009, there was a general shortage of foreign labour in Malaysia, which arose from the tightening of foreign labour laws. Replacement of factory workers who had completed their contracts took a longer processing time. However, with a reduced labour force, we had emphasized on enhancing workers productivity in order to achieve optimum production yield.

Market overview

During the year under review, turnover of the Group had reduced by 50.7% to US$50.4 million, with shipments to China, Europe and US comprising a total of only 17.5% of the Group's turnover, comparing to 47.6% in 2008. The broad weak US economy especially the housing and financial market, together with its high unemployment rate, had reduced its demand for our products. Most of the European countries also suffered the same fate and we suffered a drastic drop in European turnover to 9.6% of 2009 total turnover as compared to 24.7% in 2008.

Flooring business with China also dropped drastically to only US$0.8 million as compared to US$13.9 million in 2008 as a result of the slowdown in global trade.

Our customers in South East Asia however, had increased its demand and order book with us, thereby registering an increase to 41% of our total turnover in 2009 as compared to 24% in the previous year.

Moisture resistant and weather boil proof plywood remained the main products that were sold in 2009, comprising 87% of the Group's turnover. The Group is committed to understanding our varied customers needs and market trends and to this end, we are constantly seeking to improve our technical and manufacturing capabilities in order to capture a larger share of the niche market in plywood.

Outlook

Asia is envisaged to spearhead the recovery of the global economy in 2010 although this process of recovery will be long and slow. With the introduction of various financial stimulus packages by most countries, global trade balances will gradually improve and over the near term, the micro and macro economics policies adopted will help the global economy. We are bullish that in the near future, our core business of manufacturing and selling of plywood and other wood related products will only improve steadfastly.

The Group will continue to focus on maintaining excellent relationship with our customers and suppliers. More strategic ties with major purchasing houses in China and other East Asia countries will be pursued. Continuous product innovation and quality improvement will be made in order to serve our customers better.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31st December, 2009, the Group recorded net current liabilities of approximately US$20.6 million, compared to US$22.7 million as at 31st December, 2008. The decrease in net current liabilities could be attributable to the successful disposal of ACHL Group.

Capital structure

During the year ended 31st December, 2009, there was no material change to the Group's capital structure.

On 2nd March, 2010, the Company entered into a placing agreement with Grand Vinco Capital Limited (the "Placing Agent"), pursuant to which, the Placing Agent agreed to place, on best effort basis, to not less than six independent placees for up to 265,540,000 shares at a price of HK$0.158 per share, for and on behalf of the Company. On 29th March, 2010, the transaction was completed and 265,540,000 shares were successfully placed to not less than six placees, who and (where a corporation) whose ultimate beneficial owners are not connected persons of the Company and are independent of the Company and its connected persons. The aggregate amount of approximately HK$41,955,000 (equivalent to approximately US$5,381,000) was received by the Company.

Significant investments, acquisitions and disposals

In May 2009, the Group entered into an agreement with an independent third party for the sale of ACHL, holding company of the Group's PRC operations, and the disposal was completed in June 2009.

Employees

As at 31st December, 2009, the Group had 1,454 staff, 1,420 of whom worked at the manufacturing plant in Bintulu, Sarawak, Malaysia. In-house training programmes were provided for staff to enhance skills and job knowledge. Management will continue to foster close co-operation with the staff.

Details of charges on assets

Bank loans and other banking facilities of the Group were secured by pledges of certain property, plant and equipment and leasehold land with a net book value of approximately US$52,620,000, floating charges on certain inventories of approximately US$7,461,000, trade receivables of approximately US$29,000, bank balances of approximately US$17,000, other assets of approximately US$500,000, corporate guarantees given by the Company and personal guarantees given by two Directors of the Company.

Future plans for material investment or capital assets

In December, 2009, the Group terminated the agreement regarding the acquisition of 49% interest in certain 30,000 acres concessions and received the refund of the deposit paid in the amount of US$1 million.

Gearing ratio

The gearing ratios of the Group as at 31st December, 2009 and 2008 were as follows:

	31st December,	
	2009	2008
	US$'000	*US$'000*
Total borrowings	**66,841**	67,330
Less: Cash and cash equivalents	**(1,040)**	(1,673)
Net debt	**65,801**	65,657
Total (deficit)/equity	**(12,309)**	8
Total capital	**53,492**	65,665
Gearing ratio (net debt to total capital)	**123%**	100%

The gearing ratio remained at a high level primarily due to the continuing loss suffered by the Group. The Group monitors its current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and has available funding through adequate amount of committed credit facilities to meet its working capital requirements.

Foreign exchange exposures

The Group mainly operates in Malaysia and exposed to foreign exchange risk primarily from Malaysian Ringgit with respect to United States dollars. The Group has not used forward contracts to hedge such exchange risk because it is considered as not cost-effective.

Contingent liabilities

As at 31st December, 2009, the Group had no contingent liabilities.

DIVIDEND

The Directors of the Company do not recommend the payment of the final dividend for the year ended 31st December, 2009 (2008 – Nil).

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31st December, 2009, with deviations from code provision A.2.1 and E.1.2.

Code provision A.2.1

Under code provision A.2.1, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

In addition to his duties as Chairman of the Company, Dr. Budiono Widodo is also responsible for the strategic planning and overseeing certain aspects of the Group's operation. Such duties overlap with those of Mr. Sardjono Widodo, the Chief Executive Officer, who is his son. Nevertheless, the Board considers that this will not impair the balance of power and authority of the Board and the management of the Group. The balance of power and authority is ensured by the operation of the Board, which comprises nine directors. All of them are experienced businessmen or professionals and they meet regularly to review the Group's performance. For decisions which may have significant effect on the Group's business, attendance of all directors in a board meeting is secured as far as possible.

Code provision E.1.2

Under code provision E.1.2, the chairman of the board should attend the annual general meeting.

Due to certain urgent matters to be attended by Chairman, Dr. Budiono Widodo did not attend the Company's 2009 annual general meeting. However, Dr. Budiono Widodo arranged Mr. Liao Yun Kuang, President of the Company, to attend the Company's 2009 annual general meeting to answer questions raised by shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All existing Directors, upon specific enquiry, confirmed that they had complied with the required standard as set out in the Model Code during the year ended 31st December, 2009.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, Mr. Marzuki Usman (chairman), Mr. Kusnadi Widjaja and Mr. Siah Chong Huat.

The Audit Committee has adopted terms of reference which are in line with the Code.

During the year ended 31st December, 2009, the Audit Committee met to review the annual financial information for the year ended 31st December, 2008 and the interim financial statements for the six months ended 30th June, 2009. In December 2009, the Audit Committee communicated with the external auditor of the Company through telephone conference to discuss their audit plan for 2009 annual audit.

The Audit Committee has discussed and reviewed with management the consolidated financial statements for the year ended 31st December, 2009.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 31st December, 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

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

Executive Directors
Dr. Budiono Widodo *(Chairman)*
Mr. Sardjono Widodo *(Managing Director)*
Mr. Liao Yun Kuang *(President)*
Mr. Yu Chien Te

Non-executive Directors
Mr. Pipin Kusnadi
Mr. Sudjono Halim

Independent Non-executive Directors
Mr. Marzuki Usman
Mr. Kusnadi Widjaja
Mr. Siah Chong Huat

By order of the Board
Budiono Widodo
Chairman

Hong Kong, 8th April, 2010