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**OMNICORP LIMITED**

**兩儀控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 94)

## **PRICE SENSITIVE INFORMATION**

### **UNAUDITED RESULTS**

### **FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010**

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

To ensure that all shareholders and potential investors of the Company have equal and timely access to the information pertaining to the Company, the Board is pleased to announce the Unaudited Consolidated Results of the Group, together with the comparative figures for the corresponding period in 2009. The Unaudited Consolidated Results have been prepared in accordance with Hong Kong Financial Reporting Standards.

Shareholders of the Company and potential investors are advised that the quarterly financial results to be published by Sino-Forest, including those contained in the Unaudited Consolidated Results of the Group, have been prepared in accordance with Canadian generally accepted accounting principles, which are different from the Hong Kong Financial Reporting Standards that we use to prepare and present our stand-alone financial results and related financial information. As such, the financial results and related information set forth in the financial results to be published by Sino-Forest is not directly comparable to the Unaudited Consolidated Results which the Company discloses as a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Shareholders of the Company and potential investors are also reminded that the Unaudited Consolidated Results are not indicative of the Group's annual results for the year ending 31 December 2010 and should exercise caution when dealing in the shares of the Company.

Sino-Forest Corporation (“**Sino-Forest**”), the controlling shareholder of Omnicorp Limited (the “**Company**”), intends to release its unaudited results for the third quarter ended 30 September 2010 on or about 10 November 2010 (6:00 a.m. Toronto Time, i.e. 7:00 p.m. Hong Kong time). Certain financial information of the Company was therefore provided to Sino-Forest for preparing its third quarter consolidated financial statements.

To ensure that all shareholders and potential investors of the Company have equal and timely access to the information pertaining to the Company, the board of directors of the Company (the “**Board**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the nine months ended 30 September 2010 (the “**Unaudited Consolidated Results**”), together with the comparative figures for the corresponding period in 2009. The Unaudited Consolidated Results have been prepared in accordance with Hong Kong Financial Reporting Standards (including all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations).

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>REVENUE</b>	<b>11,137</b>	<b>8,975</b>
Cost of sales	<b>(5,088)</b>	<b>(5,125)</b>
Gross profit	<b>6,049</b>	<b>3,850</b>
Other income and gains	<b>827</b>	<b>1,158</b>
Selling and distribution costs	<b>(4,181)</b>	<b>(3,257)</b>
Administrative expenses	<b>(31,313)</b>	<b>(27,904)</b>
Other operating expenses, net	<b>(20,808)</b>	<b>(30,102)</b>
Finance costs	<b>(10,004)</b>	<b>(17,120)</b>
Share of results of associates	<b>(1,667)</b>	<b>(1,781)</b>
<b>LOSS BEFORE TAX</b>	<b>(61,097)</b>	<b>(75,156)</b>
Tax credit	<b>305</b>	<b>83</b>
<b>LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(60,792)</b>	<b>(75,073)</b>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the Company	<b>(47,772)</b>	<b>(66,591)</b>
Non-controlling interests	<b>(13,020)</b>	<b>(8,482)</b>
	<b>(60,792)</b>	<b>(75,073)</b>
<b>LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		
Basic	<b>HK(13) cents</b>	<b>HK(21) cents</b>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>30 September</b> <b>2010</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>31 December</b> <b>2009</b> <b>(Audited)</b> <b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	27,802	17,205
Prepaid land lease payment	1,448	1,448
Prepayments and deposits	1,989	3,128
Timber concessions and cutting rights	744,302	747,384
Goodwill	7,624	7,624
Interests in associates	–	20,962
	<hr/>	<hr/>
Total non-current assets	783,165	797,751
	<hr/>	<hr/>
<b>CURRENT ASSETS</b>		
Inventories	7,856	6,920
Trade and other receivables	935	2,948
Prepayments and deposits	1,673	1,312
Cash and cash equivalents	632,594	40,916
	<hr/>	<hr/>
Total current assets	643,058	52,096
	<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	11,351	5,924
Deposits received	283	22,854
Deposits received from a fellow subsidiary	22,565	–
	<hr/>	<hr/>
Total current liabilities	34,199	28,778
	<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>	608,859	23,318
	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	1,392,024	821,069
	<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>		
Convertible bonds	141,800	237,000
Deferred tax liabilities	73,502	73,807
	<hr/>	<hr/>
Total non-current liabilities	215,302	310,807
	<hr/>	<hr/>
<b>NET ASSETS</b>	1,176,722	510,262
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	<b>30 September 2010 (Unaudited) HK\$'000</b>	31 December 2009 (Audited) HK\$'000
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued capital	<b>6,732</b>	3,145
Reserves	<b>907,737</b>	231,844
	<b>914,469</b>	234,989
<b>Non-controlling interests</b>	<b>262,253</b>	275,273
<b>TOTAL EQUITY</b>	<b>1,176,722</b>	510,262

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the nine months ended 30 September 2010 (the “**Nine-Month Period**”), the Group recorded total revenue of HK\$11,137,000, representing an increase of 24.1% over the same period last year.

Revenue of the Group increased as the sales orders of our logs and timber products increased during the Nine-Month Period. The gross profit of the Group for the Nine-Month Period was approximately HK\$6,049,000, representing an increase of approximately HK\$2,199,000 over approximately HK\$3,850,000 for the same period last year. The increase was largely in line with the increase of the revenue. Due to the increase in the average selling price of our logs and timber products, the gross margin increased by 11.4 percentage points from 42.9% for the same period last year to 54.3% for the Nine-Month Period.

Other income and gains amounted to HK\$827,000 for the Nine-Month Period, a decrease of HK\$331,000 compared with HK\$1,158,000 for the same period last year. The decrease was mainly due to the one-off gain of HK\$1,066,000 on disposal of equity investments at fair value through profit or loss recorded last period. There is no such transaction occurred in the Nine-Month Period.

Selling and distribution costs mainly represented trucking, barging and ocean freight costs incurred for our sales of logs and forestry products, increased to HK\$4,181,000 for the Nine-Month Period from HK\$3,257,000 for the same period last year. There was no significant fluctuation in the selling and distribution costs as a percentage of sales in the Nine-Month Period.

Administrative expenses increased by HK\$3,409,000 to HK\$31,313,000 for the Nine-Month Period. The increase was mainly due to the increase in staff costs as new employees were recruited for the planned business expansion.

Other operating expenses mainly represented share option expenses of HK\$7,090,000 (30 September 2009: HK\$24,334,000) and impairment for obsolete inventories of HK\$4,154,000 (30 September 2009: Nil). The remaining expenses recorded in other operating expenses for the Nine-Month Period mainly represented costs and expenses incurred in optimizing the layout of the log yard, ramping up the existing sawmill and improving the general living facilities at our forest camp and staff quarters at Apura, Suriname.

Finance costs of HK\$10,004,000 (30 September 2009: HK\$17,120,000) represented the interest expenses incurred for the convertible bonds with a total principal of HK\$237,000,000 issued in November 2007 (the “**Existing Convertible Bonds**”) and the convertible notes with a total principal amount of approximate HK\$195,000,000 (equivalent to US\$25,000,000) issued in August 2010 (the “**New Convertible Notes**”). The significant decrease in the finance costs was mainly due to the net effect of the decrease of the effective interest rate of the Existing Convertible Bonds from 10.01% to 4% pursuant to the new terms of the supplemental agreement entered into between the Company and the holders of the Existing Convertible Bonds on 9 November 2009, whereas the effective interest rate of the New Convertible Notes approximate 18% per annum. This effective interest rate is determined by the discount rate that sets the present value of the future cashflows which includes the principal amount, cash coupon of 5% per annum and the redemption premium equivalent to a compounded return of 10% per annum less any cash interest paid, to be received by the bondholders assuming that the New Convertible Notes are not converted, redeemed or purchased or cancelled prior to the maturity date.

The share of results of associates recorded a loss of HK\$1,667,000 (30 September 2009: HK\$1,781,000) reflecting our share of the operational loss of the associates, which were fully disposed of in September 2010.

## **LIQUIDITY AND FINANCIAL REVIEW**

The Group’s liquidity position is strong. As at 30 September 2010, the Group’s current assets and current liabilities were HK\$643,058,000 and HK\$34,199,000 (31 December 2009: HK\$52,096,000 and HK\$28,778,000, respectively), of which the Group maintained cash and bank balances of approximately HK\$632,594,000 (31 December 2009: HK\$40,916,000) with no bank borrowings outstanding (31 December 2009: Nil). Accordingly, the Group’s gearing ratio, which was calculated on the basis of bank and other borrowings as a percentage of equity attributable to equity holders of the Company, was Nil (31 December 2009: Nil).

In August 2010, both the share subscription agreement which Sino-Capital Global Inc., a wholly-owned subsidiary of Sino-Forest, agreed to subscribe 230,000,000 new ordinary shares of the Company at a subscription price of HK\$1.82 per share for a total cash consideration of HK\$418,600,000 (“**Share Subscription**”) and the convertible notes subscription agreement which Greater Sino Holdings Limited (“**Greater Sino**”) agreed to subscribe New Convertible Notes with an aggregate principal amount of US\$25 million were completed (“**New CN Subscription**”). The New Convertible Notes can be converted into ordinary shares of the Company at the initial conversion price of HK\$2.002 per conversion share. Assuming full conversion, the New Convertible Notes can be converted into 97,077,922 ordinary shares of the Company.

In September 2010, conversion notices were received from the holders of the Existing Convertible Bonds to convert the entire HK\$237,000,000 Existing Convertible Bonds at the conversion price of HK\$2 per conversion share. Upon conversion of the entire Existing Convertible Bonds, 118,500,000 new ordinary shares were issued, of which 106,164,150 shares were ultimately held by Sino-Forest.

As at 30 September 2010, there were 673,249,152 shares in issue.

The Group has limited exposure to the foreign exchange fluctuation risks as most of its sales are denominated in Hong Kong dollars and United States dollars, being the same currencies in which the Group’s related costs and expenses are denominated. The Board considered that the recent depreciation of the United States dollars will not have material impact to the Group. During the Nine-Month Period, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 30 September 2010.

## **PROSPECTS**

Following the completion of the Share Subscription and conversion of the Existing Convertible Bonds, Sino-Forest collectively held approximate 59.3% of the issued share capital of the Company as at 30 September 2010 and is the controlling shareholder of the Company.

As a result of the above and the completion of the New CN Subscription, three new board members, Messrs. Allen Chan, W. Judson Martin and Simon Murray, were nominated by Sino-Forest and Greater Sino, respectively to join our Board in August 2010. Mr. W. Judson Martin was also appointed as the President and the Chief Executive Officer of the Company at the same time. Their depth of experience within their respective areas of business extends the Company’s ability to deliver more value to our shareholders more effectively. Further information of their respective biographical details were set out in the Company’s announcements dated 3 August 2010 and 17 August 2010.

The continued improvement and steady growth of the macro economy of Mainland China and the general increase in its household spending will fuel the demand for input wood fibre and wood products and broaden the fibre supply gap. In order to tap this lucrative market, we will continue to grow and expand our forestry asset base globally by leveraging on our solid foundation laid down over the years and our new strategic relationship with Sino-Forest. For example, prior to Sino-Forest's control transaction with us, Sino-Forest had become aware of a valuable radiata pine plantation located in New Zealand, known as the Mangakahia Forest which is comprised of 13,000 hectares of freehold land containing today, 5.6 million cubic metres of radiata pine ("Mangakahia Forest"), that would be up for auction. Sino-Forest did not want to lose this opportunity so bid on the asset. It was successful in its bid and the acquisition was completed recently in October 2010. After discussion with Sino-Forest, both of the companies agree that transferring the Mangakahia Forest to Omnicorp will strengthen the synergies between two companies. The transfer price will be determined with reference to the amount of consideration paid by Sino-Forest plus all costs and expenses reasonably incurred in connection with its acquisition of these assets. Should the transaction materialize, the addition of the Mangakahia Forest into our forest asset base will expand our wood fibre portfolio from quality tropical hardwood from Suriname to fast growing softwood which will further strengthen our fundamental strategy of supplying wood fibre to Mainland China to serve its growing wood deficit. Besides, as the age class of Mangakahia Forest is predominately mature, it will allow immediate harvesting and earnings and cashflow contribution to the Company.

Looking forward, we believe that the partnership between the Company and Sino-Forest will accelerate our expansion plan in forestry business so as to improve the Group's operating results and maximize our shareholders' value at an accelerated pace.

## **FORWARD-LOOKING STATEMENTS**

This announcement contains forward-looking statements. Such forward-looking information involves important risks, uncertainties or other factors beyond the Company's control, that could significantly affect anticipated results in the future and accordingly, such results may differ from those expressed in any forward-looking statements made by the Board. The risks and uncertainties include, but are not limited to, general economic conditions, competition, new ventures, substantial leverage and debt service, government regulation, interest rates, future terrorist acts, influenza and other similar outbreaks and pandemics, insurance, risks relating to forest concession and infrastructure in Suriname and other factors detailed in the Company's annual report dated 26 March 2010. We are under no obligation to (and expressly disclaim any such obligation to) update the forward-looking statements as a result of new information, future events or otherwise.



## GENERAL

The Unaudited Consolidated Results have been reviewed and confirmed by the audit committee of the Board.

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By Order of the Board  
**Omnicorp Limited**  
**W. Judson Martin**  
*President, CEO & Executive Director*

Hong Kong, 9 November 2010

*As at the date hereof, the Board comprises two executive Directors, namely, Messrs. W. Judson Martin and Hui Tung Wah Samuel, two non-executive Directors, namely, Messrs. Chan Tak Yuen Allen and Simon Murray, and three independent non-executive Directors, namely, Messrs. Wong Che Keung Richard, Tong Yee Yung Joseph and Wong Kin Chi.*

Website: <http://www.omnicorplimited.com>

\* *For identification purposes only*