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## **LEROI GROUP DIVERSIFIES ITS BUSINESS INTENDS TO ACQUIRE 51% INTEREST OF A FORESTRY COMPANY IN PAPUA NEW GUINEA**

LeRoi Group (LeRoi Holdings Limited, stock code: 00221, together with its subsidiaries) intends to acquire 51 per cent equity interest of Skywalker Global Resources Company Limited (“Skywalker”) for a total investment amount of approximately HK\$110,000,000, to be engaged in timber logging, forest operation and management of a forest land in Papua New Guinea. Such a move will allow LeRoi Group to diversify its business to timber logging, forest operation and management.

LeRoi Group and the vendors entered into a memorandum of understanding (“MOU”) on 10 June. Skywalker is principally engaged in the business of timber logging, forest operation and management, and possesses the concession right for timber logging of the Maimai forest land in West Sepik Province of Papua New Guinea for a term of 50 years from 3 April 2009. Maimai forest land occupies total land area of approximately 240,000 hectares, representing about twice the total area of Hong Kong, with the estimated timber volume of approximately 10 million cubic meters. Maimai is a forest of mostly kwila trees (merbau).

The existing shareholders of Skywalker Group (Skywalker and its subsidiaries) have been engaged in the forestry business in Papua New Guinea since 1997. Skywalker Group’s premium timber is mainly supplied to the construction material market of the People’s Republic of China (the “PRC”).

“The forestry business prospects and growth potential of the timber market will be driven by strong demand from countries such as South East Asia, Mainland China, Europe and America. In addition, China is a major importer of logs. The proposed transaction will offer a very good business opportunity to LeRoi Group, enabling us to diversify into new areas of high-growth potential,” said Mr Chan Chun Hong, Thomas, Chairman and Managing Director of LeRoi Group.

“The acquisition also comes at the right timing,” added Mr Chan, saying, “Although the forest products industry has been affected by the global economic slowdown, we see this as an opportunity to tap into a business at a reasonable price but with high growth potential.”

According to Cambridge Forest Products Associates, an organisation specialising in providing market and economic information and analysis to the wood products industry, global consumption and prices of wood products will rebound in 2010 and rise further in 2011, with a 16 per cent increase in China’s consumption of wood products to 100 million cubic metres from that of 2009.

## Press Release

Papua New Guinea boasts the largest rain forest in South East Asia and is one of the two countries in the region that can export logs. Kwila trees are abundant in Papua New Guinea. Its wood is extremely hard, with beautiful grain, which is often used for flooring, fine furniture and interior decoration.

### About LeRoi Holdings Limited

LeRoi Holdings Limited is a diversified conglomerate. It has recently expanded its business into natural resources projects including coking coal, coke and iron ore. The Company's shares became listed on The Stock Exchange of Hong Kong Limited in November 2002.

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