



APC GROUP INC.

19 April 2013

PHILIPPINE STOCK EXCHANGE, INC.

Listing and Disclosure Group
4th Floor, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Re: Board Approval of the Sale of Equity Interest in EGSI
to Viridi Environment, Inc.

Gentlemen:

This refers to your letter dated 18 April 2013 requesting further information regarding the approval by the Board of Directors of APC Group, Inc.'s ("APC" or the "Company") Board last 17 April 2013 of the sale of APC's 100% equity interest in Environment & General Services, Inc. ("EGSI") to Viridi Environment, Inc. ("Viridi").

We respond as follows:

1. Rationale for the transaction: The sale of EGSI to Viridi Environment, Inc. is in line with the policy of the Company to dispose of noncore businesses so that the company can concentrate on its core businesses.
2. The signing and execution of the Deed of Absolute Sale is 19 April, 2013. The manner of disposition involves the sale of 100% shareholdings of APC in EGSI to Viridi Environment, Inc.
3. The terms and conditions of the transaction:
 - a) The nature and amount of consideration – The number of EGSI shares sold is 14,000 at P1.035.71 per share. The total selling price is payable in cash amounting to P14.5 million;
 - b) The principle followed in determining the amount of such consideration - The selling price was based on par value of EGSI



APC GROUP INC.

shares (P14 million) compared to the net book value of EGSI which is P9.8 million;

- c) The terms of payment – One-time cash payment;
 - d) Conditions precedent to closing of the transaction, if any – none;
 - e) Any other salient terms - none
4. The nature of any material relationship between the buyer and the Company or any of its affiliates, any director or officer of the issuer, or any associate of any such director or officer – The buyer is Viridi which has no relationship with APC or any of its affiliates, directors or officers.
 5. The effect on the financial condition and operations of the Company – The sale will result in the reduction of APC's consolidated assets by P119 million and liabilities by P78 million. There will be no effect on profitability since EGSI has been losing or at best breaking even during the past several years.
 6. Any other information necessary to enable an investor to make an informed investment decision - As mentioned above, with the sale of EGSI, APC can now concentrate on its core businesses and use the proceeds of the sale to fund cash requirements of its existing projects.

As to your request for clarification of item 5 of the Notes to Financial Statements of the Company's 2012 Annual Report, we explain as follows:

On December 19, 2012, the Board of Directors of APC decided to sell EGSI pursuant to management's decision to start disposing noncore businesses. The sale is expected to be completed in 2013. At that time, the company had not yet decided on the buyer to whom EGSI will be sold, and the sale would have to be negotiated with any potential buyers. Thus, in December 31, 2012, EGSI was classified as a disposal group held for sale and as a discontinued operation.

On 17 April 2013, after negotiations with potential buyers, including Viridi, the Board finally approves the sale of APC's 100% equity interest in EGSI to Viridi Environment, Inc.



APC GROUP INC.

We trust that the foregoing is in order.

Very truly yours,


EDMUNDO L. TAN
Corporate Secretary

/ndf