This summary aims to give you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Shares. There are risks associated with any investment. Some of the particular risks in investing in the Shares are set out in the section headed "Risk Factors". You should read this section carefully before you decide to invest in the Shares.

OVERVIEW

We are a well established, integrated forest resource and wood products company with approximately 4 million hectares of forest resources situated in different regions around the world. We also own one of the world's largest hardwood plywood manufacturing capacities. Based in Malaysia, we have established an international presence with strategically located operations in Malaysia, Guyana, New Zealand and China. We are committed to implementing sustainable forest management practices which are designed to ensure the long-term supply of our forest resources.

We divide our principal businesses into upstream and downstream timber operations. Our upstream timber operations comprise timber harvesting and the management of our natural forest concessions in Malaysia and Guyana and our tree plantations in New Zealand and Malaysia. Our downstream operations comprise the manufacturing, marketing and distribution of our wood products. Our wood products are mainly focused on logs, plywood and veneer, together with sawn timber and further value-added products, including fiberboard, door facings and housing products.

As at September 30, 2006, we had gross forest concession areas totaling approximately 1.4 million hectares in Malaysia and approximately 1.6 million hectares in Guyana and had harvesting rights for a further 445,000 hectares in Guyana. In addition, we own, lease or hold forestry licenses for land in New Zealand and Malaysia for existing and future tree plantations. The total gross area of our tree plantation land is approximately 438,000 hectares in Malaysia and 35,000 hectares in New Zealand of which approximately 11,000 and 26,000 hectares, respectively, have been planted as at December 31, 2006. With tropical hardwood reserves in many Asian countries being depleted or under increasing harvesting restrictions, we believe our sizeable resource base provides a sustainable woodflow required for both our upstream and downstream operations. The strategic locations of our forest resources within the Asia-Pacific region and South America enable us to market these products efficiently and access key markets across the globe, including Japan, China, India, Europe and North America.

We have a diversified customer base, from general traders to end-user customers, in our main export markets and have customers in more than 30 countries and territories, including Japan, Malaysia, Greater China (including Hong Kong and Taiwan), the U.S., India, South Korea, Thailand, the U.K. and other countries in Europe. We have established an international sales and marketing network covering key strategic markets such as Japan and the U.K. In addition, we have identified certain local operators in the U.S., the U.K. and other countries in Europe and Japan for strategic co-branding and marketing arrangements to market and sell our plywood and other wood products. Our broad spread of customers and markets enables us to understand and react to market conditions and identify new opportunities in those regions.

We have well developed infrastructure and logistics support systems to manage our vertically integrated operations. We aim to maximize the use and value of our wood resources by converting our logs into a wide range of other wood products. Our production facilities are located in Malaysia, Guyana and China. We currently have a total wood processing capacity of approximately 1.4 million m^3 per annum (excluding the processing capacities for housing products). We plan to increase our production capacity over the next five years in line with expected future increased woodflow and anticipated rising market demand. Our wide range of products and sizeable production capacity enable us to maximize market opportunities whilst optimizing utilization of our forest resources. Through our highly integrated operations, covering the full wood products supply chain from the management and harvesting of our forest resources to the processing, sales and distribution of our wood products, we are able to achieve significant cost efficiencies.

Demand for wood products in many markets, particularly in the Asia-Pacific region, is projected to grow over the next decade. Expanding construction, furniture and interior decoration industries are the major drivers that are expected to support demand for logs and wood products. In recent years, we have made significant investments in new logging equipment and infrastructure within our forest resources to increase our log extraction capacity as well as expanding our downstream processing capacity. As a result, we believe we are well positioned to take advantage of this growing demand for wood products as well as the expected favourable pricing environment in the medium to long term.

Forest certification is voluntary. We have received forest management certifications with respect to approximately 56,000 hectares of natural forest in Malaysia, which represents 3.9% of our forest areas in Malaysia and for approximately 35,000 hectares of tree plantations in New Zealand, which represents all of our tree plantations in New Zealand. Whilst our sustainable forest management practices and the legality of the source of our logs are not dependent upon our obtaining forest management certification for our forest concessions and plantations, we believe such certifications help us to build brand identity and to meet increasing market demand for certified wood products.

INDUSTRY OVERVIEW

According to the FAO, wood processing capacity in the Asia-Pacific region has increased significantly over the past 30 years, and has been matched by major increases in consumption of wood products in the region. Pöyry expects demand for forest products in the Asia-Pacific region to continue to increase, and to exceed that available from the region's forest resources, thus perpetuating the need to continue to import various types of forest products. The increase in regional demand is expected to be met by imports of finished products as well as stimulate the expansion of local wood processing industries in the region, which will rely on external sources.

With the recognition of the importance of sustainable forest management and recent efforts to control the rate of deforestation with the imposition of logging bans, production of tropical logs, plywood and veneer has remained relatively stable in the last few years.

Tropical hardwood logs: Within the Asia-Pacific region, Japan and China are the largest single markets. As a result of declining demand in Japan, balanced with increasing demand in China and India, overall demand for Asia-Pacific tropical hardwood log market has remained relatively stable between 2002 and 2004. China's imports of hardwood logs in particular have increased five-fold over the past decade, driven mainly by economic growth and partly by restrictions imposed during 1998 by the Chinese Government on harvesting from Chinese natural forests.

Prices for tropical hardwood logs reached historical peaks in the mid-1990s, but declined significantly during the Asian financial crisis in 1997 and 1998 as a result of a drop in demand due to the economic downturn. Since 2000, log prices have been moving upwards, with notable increases in prices over the last three years. This reflects a strong demand for raw materials from China and a tight supply environment for logs. Prices for Malaysian logs have benefited from the declining Indonesian log exports and the export ban initiated in 2001. According to Pöyry, nominal prices for selected log grades and species have increased by as much as 65%, or close to 10.5% per annum since 2002, as a result of these supply constraints.

Plywood and veneer: On a global basis, total plywood demand remained relatively flat between 1990 and 2004, amounting to close to 60 million m^3 in 2005. Plywood consumption in the Asia-Pacific region grew by a modest 1.8% per annum over the same period, representing around 40% of the global market, or 23 million m^3, in 2005. In 2005, China and Japan accounted for 42% and 34%, respectively, of total plywood demand in the Asia Pacific region. The United States also represents an important market for plywood.

According to Pöyry, future demand growth for plywood in Asia is expected to remain relatively flat, with less substitution by other products. In addition, strong economic growth, an expanding furniture industry and anticipated continuing housing construction activity in China are some of the factors that will support plywood demand. China's export oriented furniture industry has also been expanding and significant capacity investments have occurred in the industry.

Plywood prices increased significantly as a result of rapid increase in demand in the early 1990s, but fell sharply during the Asian financial crisis. Prices have stabilized from 2000 onwards and since 2003, there has been a clear upward trend as a result of some growth in demand within the Asia-Pacific region. Plywood prices in Asia have also been affected by increasing tropical log costs resulting from tightening tropical log supply. As a result, plywood prices in Asia have increased by over US$150 per m^3, representing an increase of 16% per annum since 2003, according to Pöyry.

COMPETITIVE STRENGTHS

We believe our business strengths to include the following, each of which is discussed in greater detail in the section headed "Business — Competitive Strengths" of this prospectus.

- We have a large sustainable forest resource base established in strategic locations.
- We are able to maximize the use and value of our wood resources.
- Our highly integrated operations and our well-developed infrastructure and logistics support systems enable us to optimize cost efficiencies.
- We have a diversified and established customer base and are well positioned in key markets.
- We have access to the increasing number of markets and customers that demand environmentally certified products.
- We have a strong team of professional managers.

OUR FUTURE PLANS

Our aim is to become the leading integrated forest resources and wood products company in the world. We intend to implement the following, each of which is discussed in greater detail in the section headed "Business — Our Future Plans" of this prospectus.

- Increase our log production from existing resources in Guyana and New Zealand.
- Expand our production facilities to complement our increased woodflow and increase our value-adding capability.
- Acquire suitable new concessions and plantations to increase scale and sustainable woodflow.
- Enhance our pricing and sales through global branding and strengthening our sales and distribution network.
- Continue investment in research and development to improve yields and wood quality from our plantations.

- Strengthen management processes and information systems.

RISK FACTORS

We believe that there are certain risks relating to our business, our industry, the Global Offering and our share performance. These factors are set out in the section headed "Risk Factors" of this prospectus and are summarized below:

Risks Relating to our Business

- Our concession and harvesting rights, tree plantations and production facilities in Malaysia, Guyana, New Zealand and the PRC are subject to significant regulation, and our business, financial condition and results of operations could be adversely affected by regulatory changes in these countries.

- Our concessions, harvesting rights, plantations and production facilities are subject to environmental regulations.

- Any inability to renew or secure new forest concessions, harvesting rights, plantation licenses and forestry rights upon their expiration or termination could reduce our future revenues.

- We operate in countries where changes in government royalties, fees, premiums and other taxes payable under forestry regulations could increase our operating costs.

- We market and sell our products to various countries and our international operations subject us to various business, economic, political, regulatory and legal risks.

- Political, economic and social developments in Malaysia, Guyana, New Zealand or the PRC may adversely affect us.

- Future movements in exchange rates may have a material adverse effect on our financial condition and results of operations.

- We may not be able to maintain or renew our existing forest management and chain of custody certifications or to obtain new certifications with regards to additional forest areas or wood products.

- Our results may fluctuate due to revaluation gains or losses on our plantation assets and those of our associate, Glenealy.

- Fuel shortages and increases in fuel prices may increase our operating costs.

- Limited transportation capacity and increases in the price of transportation services may affect our sales.

- A significant portion of our sales are for use in the housing and building construction sectors which exposes us to downturns in these sectors.

- Abnormally high or prolonged levels of rain at our forest locations may adversely impact our capacity to extract timber.

- Our woodflows from our concession areas in Sarawak are effectively constrained by royalties, annual quotas established by, and annual harvesting plans which are subject to regulatory approval by, the Sarawak Forestry Corporation.

- Our turnover and results are affected by seasonality.

- We are dependent on the availability of large numbers of personnel to perform labor tasks in our timber operations.

- We rely on a limited number of suppliers for our equipment and vehicles.

- We are heavily dependent on key personnel.

- We generally do not enter into long-term sales contracts with our customers.

- Our business may be adversely affected by activities, rights and claims of indigenous people living on or near our concessions and plantations and by activism of environmental groups.

- Our ability to acquire and expand tree plantations requires substantial initial capital expenditures that are not recoverable in the short term because of the lengthy 10 to 30 year plantation development cycle.

- We may not be able to meet our expectations for the yields of our tree plantations.

- Our operations are cash intensive and our business could be adversely affected if we fail to maintain sufficient levels of working capital.

- We had net current liabilities as at June 30, 2004, June 30, 2006 and September 30, 2006.

- Increases in interest rates may materially impact our results of operations.

- We may not realize our plans to expand our processing capacity, diversify our product portfolio and increase our ability to serve existing and new markets.

- We may have difficulty completing and integrating our planned investments, and our failure to complete and integrate these planned investments could adversely affect our operating results.

- Our Controlling Shareholders have and will maintain significant influence over our management and affairs and could exercise this influence against your best interests.

- Our insurance coverage may not adequately protect us against certain risks and this may have a material adverse effect on our business.

- There are defects affecting our use of or title to certain of our properties.

- If we fail to maintain effective internal controls, then our business, financial results and reputation could be materially and adversely affected.

- We are subject to Malaysian government policy requirements as regards minimum ownership levels by Samling Strategic, our Controlling Shareholder, which may limit our ability to raise equity capital.

- We are subject to Malaysian regulatory requirements that set a minimum level of Malaysian, including Bumiputera, ownership, which may limit our ability to raise equity capital.

Risks Relating to our Industry

- The forestry industry is susceptible to product price fluctuations.

- Illegal logging activities place downward pressure on prices.

- We face competition from other firms in the forestry industry.

- The forestry industry faces competition from non-wood product substitution.

- The forestry industry is affected by weather conditions and natural and man-made disasters outside of our control.

- Environmental groups and interested individuals may seek to delay or prevent us, or timber companies generally, from harvesting timber and may adversely affect demand for our products.

- The species of trees and quality of wood that can be harvested from forest concessions vary within each concession.

Risks Relating to the Global Offering and our Share Performance

- Investors should read this entire prospectus carefully and we strongly caution investors not to place any reliance on any information contained in press articles or other media relating to us and/or the Global Offering.

- The financial statements and financial information of Lingui included in this prospectus have not been prepared in accordance with IFRS and comparison of such financial statements and financial information with our financial statements and financial information may be difficult.

- The financial information of Glenealy and the Remaining Businesses presented in the section of this prospectus headed "Business — Relationship with our Controlling Shareholders — Remaining Businesses" has not been prepared in accordance with IFRS and comparison of such financial information with our financial statements and financial information may be difficult.

- Our net profit attributable to equity holders of our Company for the year ending June 30, 2007 will involve gains or losses that may arise on revaluation of our plantation assets, which are subject to certain estimates and assumptions.

- Future sales of securities by our existing shareholders or us may have an adverse impact on our Share price.

- There has been no prior public trading market for our Shares and the Global Offering may not result in an active or liquid market for the Shares, which could adversely affect their market price.

- The Offer Price may not be indicative of prices that will prevail in the trading market and such market prices may be volatile.

- Dividends declared in the past may not be indicative of our dividend policy in the future.

- As the Offer Price is higher than our net tangible book value per Share, you will incur immediate dilution.

- You may experience difficulties in enforcing your shareholder rights because we are incorporated in Bermuda, and Bermuda law may provide less protection to minority shareholders than the laws of Hong Kong, the United States and other jurisdictions.

SELECTED COMBINED FINANCIAL INFORMATION

The following tables set forth selected combined financial information for our Company for the three financial years ended June 30, 2006 and the three months ended September 30, 2005 and 2006, which have been derived from our combined financial statements included in Appendix I to this prospectus prepared in accordance with IFRS. Our historical combined income statement, balance sheet and cash flow information set forth below as at and for the three financial years ended June 30, 2006 and the three months ended September 30, 2006 have been audited by our independent reporting accountants, KPMG. Our historical combined income statement, balance sheet and cash flow information set forth below as at and for the three month period ended September 30, 2005 have not been audited. Historical results are not necessarily indicative of results for any future period. For further information regarding the basis of presentation of our selected combined financial information, see "Financial Information — Basis of Presentation" and Appendix I to this prospectus.

Combined Income Statements

	Financial year ended June 30,			Three months ended September 30,	
	2004	2005	2006	2005 (unaudited)	2006
	(US$ in millions, except per share data)				
Turnover	364.3	409.1	388.7	98.0	144.9
Cost of sales	(304.0)	(339.8)	(341.8)	(85.2)	(100.0)
Gross profit	60.3	69.3	46.9	12.8	44.9
Other operating income	6.6	14.7	2.8	0.5	1.7
Distribution costs	(3.9)	(4.5)	(4.5)	(1.1)	(2.0)
Administrative expenses	(15.4)	(16.9)	(17.2)	(4.2)	(5.4)
Other operating expenses	(0.2)	(0.5)	(1.5)	(0.1)	(0.0)
Gain/(Loss) from changes in fair value of plantation assets less estimated point-of-sale costs	10.4	(14.8)	(15.3)	1.8	1.2
Profit from operations	57.9	47.4	11.2	9.8	40.4
Financial income	7.3	9.1	6.9	1.7	3.9
Financial expenses	(16.7)	(16.6)	(22.4)	(3.8)	(5.8)
Net financing costs	(9.3)	(7.6)	(15.5)	(2.0)	(1.9)
Share of profits less losses of associates	5.5	2.3	1.3	(0.9)	1.0
Share of profits less losses of jointly controlled entities	—	2.4	2.8	0.5	0.7
Profit/(Loss) before taxation	54.1	44.6	(0.2)	7.4	40.1
Income tax	(8.8)	(1.3)	1.7	(3.2)	(7.7)
Profit for the year/period	45.2	43.3	1.5	4.2	32.4
Attributable to:					
Equity holders of the Company	23.5	23.1	5.1	1.4	22.3
Minority interests	21.7	20.1	(3.6)	2.8	10.1
Profit for the year/period	45.2	43.3	1.5	4.2	32.4
Dividend attributable to the year/period:					
Interim dividend declared during the year/period	1.3	—	2.4	2.4	—
Final dividend proposed after the balance sheet date	1.3	2.5	—	—	—
	2.5	2.5	2.4	2.4	—
Earnings per share (US cents)					
Basic	0.76	0.75	0.17	0.05	0.72

Combined Balance Sheet Information

	June 30,			September 30,
	2004	2005	2006	2006
	(US$ in millions)			
Non-current assets				
Property, plant and equipment, net				
– Investment properties	9.7	9.5	9.6	9.5
– Other property, plant and equipment	317.0	321.8	381.5	385.6
Construction in progress	2.5	4.8	2.0	1.4
Lease prepayments	23.4	22.9	26.5	26.3
Timber concessions	18.4	16.6	31.8	30.7
Goodwill	0.6	0.6	0.6	0.6
Plantation assets	178.1	193.8	165.3	182.0
Interest in associates	45.4	42.8	44.9	45.9
Interest in jointly controlled entities	–	18.1	15.3	14.5
Other investment	0.0	0.0	0.0	0.0
Deferred tax assets	4.5	3.4	3.6	3.9
Total non-current assets	599.6	634.4	681.2	700.4
Current assets				
Inventories	73.4	69.0	83.5	92.1
Trade and other receivables	206.7	218.8	97.3	79.9
Tax recoverable	8.6	8.5	9.4	6.1
Cash and cash equivalents	19.7	26.5	21.1	30.8
Total current assets	308.4	322.8	211.2	208.9
Total assets	907.9	957.1	892.5	909.4
Current liabilities				
Bank overdrafts, loans and borrowings	110.8	91.9	121.8	117.2
Loans from shareholders	2.2	–	–	—
Finance lease liabilities	11.4	15.1	22.8	25.5
Bonds[1]	–	39.5	–	—
Trade and other payables	194.8	137.6	186.3	154.3
Tax payable	9.9	2.5	1.8	2.8
Total current liabilities	329.2	286.6	332.7	299.9
Net current (liabilities)/assets	(20.8)	36.2	(121.4)	(90.9)

Combined Balance Sheet Information (cont'd)

	June 30, 2004	June 30, 2005	June 30, 2006	September 30, 2006
	(US$ in millions)			
Total assets less current liabilities	578.8	670.5	559.8	609.5
Non-current liabilities				
Bank loans and borrowings	80.7	83.1	129.2	129.7
Loans from shareholders	39.7	–	–	–
Finance lease liabilities	26.8	39.8	55.5	61.9
Bonds[1]	78.5	39.3	40.8	40.8
Deferred tax liabilities	47.4	53.4	47.9	51.1
Total non-current liabilities	273.0	215.6	273.5	283.6
Total liabilities	602.2	502.2	606.1	583.4
Equity				
Share capital	49.0	50.4	1.0	1.0
Reserves	75.5	197.3	166.4	193.1
Total equity attributable to equity holders of the Company	124.5	247.8	167.4	194.1
Minority interests	181.3	207.2	118.9	131.9
Total equity	305.7	455.0	286.3	325.9
Total liabilities and equity	907.9	957.1	892.5	909.4

Note:

(1) On April 26, 2001, Lingui issued 5-year 8% per annum fixed rate bonds amounting to RM150 million (approximately US$40.8 million) and 7-year 8.5% per annum fixed rate bonds amounting RM150 million (approximately US$40.8 million). The proceeds from the bonds were used to refinance bank borrowings of the Lingui Group and for working capital purposes. The bonds are secured by debt service reserve accounts which are maintained for coupon payments and principal repayments. Lingui has also covenanted to maintain certain gearing ratios and interest coverage ratios under the terms of the bonds.

Combined Cash Flow Information

	Financial year ended June 30,			Three months ended September 30,	
	2004	2005	2006	2005 (unaudited)	2006
	(US$ in millions)				
Operating activities					
Net cash generated from operations	93.7	100.3	91.7	15.5	31.7
Net income tax refunded/(paid)	2.0	(8.7)	(7.9)	(2.2)	(2.0)
Net cash generated from operating activities	95.7	91.6	83.8	13.3	29.8
Investing activities					
Payment for purchase of property, plant and equipment	(25.8)	(36.5)	(54.8)	(3.5)	(1.0)
Capital expenditure in construction in progress	(2.2)	(4.2)	(4.0)	(7.2)	(0.1)
Capital expenditure in lease prepayments	(3.8)	(0.1)	(1.9)	(1.0)	—
Capital expenditure in plantation assets	(3.4)	(4.2)	(5.0)	(1.6)	(1.3)
Proceeds from sale of property, plant and equipment	2.0	50.8	8.3	0.3	5.7
Proceeds from sale of plantation licence	3.0	—	—	—	—
Dividends received from associate	0.4	0.8	0.7	—	—
Deemed disposal of a subsidiary, net of cash disposed of	—	(0.5)	—	—	—
Acquisition of additional interests in a subsidiary	—	—	(35.9)	—	—
Acquisition of subsidiaries, net of cash acquired	—	—	0.1	—	—
Investment in associates	(0.1)	(3.8)	—	—	—
Investment in jointly controlled entities	—	(12.9)	—	—	—
(Advances and repayment to)/repayment from jointly controlled entity	—	(15.0)	6.2	2.5	1.6
Advances and repayments to related parties	(30.9)	(27.5)	(15.5)	(8.8)	(16.4)
Repayment from related parties	9.9	4.9	25.5	0.8	9.9
Proceeds from disposal of interest in associate	—	8.5	—	—	—
Deposits pledged	(0.5)	0.0	0.3	—	(0.2)
Interest received	3.2	4.1	4.4	1.0	0.2
Net cash used in investing activities	(48.1)	(35.6)	(71.5)	(17.5)	(1.7)
Financing activities					
Capital element of finance lease rentals paid	(10.2)	(13.5)	(20.3)	(4.0)	(6.9)
Proceeds from the issue of shares, net of issue expenses	2.8	—	72.3	—	—
Acquisition of subsidiary from our Controlling Shareholders	—	—	(72.3)	—	—
Dividends paid	(2.5)	(1.3)	(5.0)	(2.4)	—
Proceeds from bank loans and other borrowings	120.5	105.7	223.7	23.7	31.8
Repayment of bank loans and other borrowings	(132.8)	(125.3)	(203.6)	(23.2)	(32.7)
Interest paid on bank loans and financial lease rentals	(17.6)	(16.5)	(20.7)	(2.4)	(5.1)
Proceeds of loans from shareholders	—	4.8	—	—	—
Net cash (used in)/generated from financing activities	(39.9)	(46.1)	(25.9)	(8.3)	(12.9)
Net increase/(decrease) in cash and cash equivalents	7.6	9.9	(13.6)	(12.5)	15.1
Cash and cash equivalents at beginning of the year/period	(22.0)	(14.4)	(4.4)	(4.4)	(17.1)
Effect of foreign exchange rate changes	0.1	0.1	0.9	(0.1)	(0.5)
Cash and cash equivalents at end of the year/period	(14.4)	(4.4)	(17.1)	(17.0)	(2.5)

PROFIT FORECAST FOR THE YEAR ENDING JUNE 30, 2007

The profit forecast of our Group for the year ending June 30, 2007 is prepared on the bases and assumptions as set out in Appendix III to this prospectus.

Our Directors believe that on the basis and the assumptions set out in Appendix III to this prospectus and in the absence of unforeseen circumstances, the profit attributable to equity holders of our Company for the year ending June 30, 2007 will be not less than US$72.2 million, calculated after changes in fair value of our plantation assets less estimated point-of-sale costs (Note 3).

Forecast profit attributable to equity holders
of the Company (Note 1) .... Not less than US$72.2 million (approximately HK$562.4 million)

Unaudited forecast earnings per Share

Pro forma fully diluted (Note 2) .... US1.74 cents (approximately HK13.57 cents)

Notes:

(1) The bases on which the above profit forecast has been prepared are set out in Appendix III to this prospectus.

(2) The calculation of the unaudited forecast earnings per Share on pro forma fully diluted basis is based on the forecast profit attributable to equity holders of our Company for the year ending June 30, 2007. This calculation assumes that we had been listed on the Stock Exchange since July 1, 2006 and that a total of 4,144,236,830 Shares, including our Shares issued pursuant to the Global Offering were in issue during the entire year ending June 30, 2007. This calculation also assumes that the Over-allotment Option will not be exercised, no options that may be granted under the Share Option Scheme will be exercised and no Shares will be allotted and issued or repurchased by our Company pursuant to the mandate set out in the paragraph headed "Resolutions of Shareholders of our Company" in Appendix VIII to this prospectus.

(3) Our forecast profit of US$72.2 million for the year ending June 30, 2007 reflects an estimated revaluation gain on our plantation assets less estimated point-of-sale costs of US$4.9 million for the year ending June 30, 2007. See "Risk Factors — Risks Relating to the Global Offering — Our net profit attributable to equity holders of our Company for the year ending June 30, 2007 will involve gains or losses that may arise on revaluation of our plantation assets, which are subject to certain estimates and assumptions", "Financial Information — Profit Forecast for the Year Ending June 30, 2007" and the section of Appendix III headed "Assumptions with respect to change in fair value of plantation assets" for further information, including a sensitivity analysis presented in Appendix III hereof illustrating the sensitivity of our profit forecast for the year ending June 30, 2007 to increases and decreases of 5.0%, 10.0% and 15.0% in our forecast change in fair value of plantation assets less estimated point-of-sale costs for the year ending June 30, 2007, and indicating the resulting forecast profit or loss for the year ending June 30, 2007 arising from such increases or decreases.

OFFERING STATISTICS

Except where otherwise indicated, the Global Offering statistics have been prepared on the assumption that the Over-allotment Option will not be exercised. The Offer Prices of HK$1.60 and HK$2.08 per Share do not include the 1% brokerage, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy which are payable by applicants under the Global Offering.

	Based on an Offer Price of HK$1.60 per Share	**Based on an Offer Price of HK$2.08 per Share**
Our capitalization upon completion of the Global Offering (Note 1)	HK$6,631 million	HK$8,620 million
Prospective price/earnings multiple pro-forma fully diluted (Note 2)	11.8 times	15.3 times
Adjusted net tangible asset value per Share (Note 3)	HK$0.92	HK$1.04

Notes:

(1) The calculation of market capitalization is based on 4,144,236,830 Shares expected to be in issue following the Global Offering, assuming no exercise of the Over-allotment Option.

(2) The calculation of the prospective price/earnings multiple is based on the estimated earnings per Share at the respective Offer Price of HK$1.60 and HK$2.08, assuming that the Over-allotment Option is not exercised.

(3) The adjusted net tangible asset value per Share is based on 4,144,236,830 Shares expected to be in issue following the Global Offering. No account has been taken of any Shares which may be allotted and issued upon exercise of the Over-allotment Option, which may be allotted and issued upon exercise of options that may be granted under the Share Option Scheme or which may be allotted and issued or repurchased by our Company pursuant to the mandates set out in the section headed "Resolutions of Shareholders of our Company" in Appendix VIII to this prospectus.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to us from the Global Offering (after deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering), assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$1.84 per Share, being the mid-point of the proposed Offer Price range of HK$1.60 to HK$2.08 per Share, will be approximately HK$1,772 million. We intend to apply these net proceeds for the following purposes:

Acquisition opportunities and expansion of operations

We intend to use approximately HK$1,406 million of the net proceeds of the Global Offering to finance acquisition opportunities and to expand our downstream operations including, without limitation:

– approximately HK$644 million to acquire concessions, harvesting rights and plantations to increase our woodflow;

- approximately HK$160 million to expand our distribution network for our downstream products — see "Business — Our Future Plans — Enhance our pricing and sales through global branding and strengthening our sales and distribution network";

- approximately HK$400 million to invest in ventures to enable us to expand our product range and gain greater market access for downstream products; and

- approximately HK$202 million to expand downstream operations in New Zealand, Guyana and Malaysia. Our expenditures for downstream expansion will include capital expenditures relating to construction costs of our mills and plant and machinery. In particular we plan to use:

  - approximately HK$136 million for the construction of a sawmill and/or veneer mill in New Zealand to process increased log volumes expected to be harvested from our New Zealand plantations;

  - approximately HK$40 million for the installation of new log peeling and drying lines in two of our plywood mills in Malaysia, one of which is capable of processing smaller diameter logs;

  - approximately HK$16 million for the expansion of one of our sawmills in Guyana for production of decking and kiln dried timber; and

  - approximately HK$10 million for the construction of a sawmill within our forest in Sarawak for processing logs from areas being cleared for our plantation development.

To date, save for the mills specified, specific targets for acquisition of concessions, harvesting rights, plantations or the other matters referred to above will depend on the outcome of negotiations between us and interested parties. Our Directors will take into account a number of criteria when considering acquisition opportunities in respect of concessions, harvesting rights and plantations, including whether the acquisition will (i) increase our sustainable woodflow, (ii) further secure our log supply to our downstream production facilities, (iii) enhance our profitability and return on invested capital and (iv) reduce our operating cost base through the increase in production scale. For investments in relation to expanding our product range and gaining greater market access for our downstream products, our Directors will consider whether the investment (i) allows us to distribute closer to the end-user customer, (ii) enhances sales and distribution to our key markets such as Japan, the U.S., China and India, and (iii) provides opportunities for building our brand identity and allows us to become the approved or preferred supplier in our key markets.

Plantation development

We intend to use approximately HK$128 million of the net proceeds from the Global Offering to develop our plantations in Malaysia to increase our future woodflow. Our plantation expenditures will include capital expenditure associated with the establishment, management and harvesting of our plantations including in relation to the planting of trees, weeding, tending and pruning of planted trees and the construction and maintenance of roads.

Research, development and information systems

We intend to use approximately HK$64 million of the net proceeds for the Global Offering to continue our investment in research and development to improve yields and wood quality from our plantations. In addition, we plan to invest in strengthening our management processes and information systems.

The timing and specific geographic focus of our expansion plans will depend on a number of factors, including the success of our acquisition and expansion strategies as outlined above. For a more detailed description of our strategies, see "Business — Our Future Plans".

Repayment of debts

We intend to use approximately HK$100 million of the net proceeds of the Global Offering to repay financing in relation to the mandatory general offer for the shares in Lingui which closed on May 24, 2006. Please refer to the section headed "Our History and Corporate Structure — Reorganization of our Company" for details of the mandatory general offer which we were required to make. This includes:

(i) Approximately HK$23 million is expected to be used to fully repay a Ringgit denominated term loan with an outstanding amount equivalent to approximately HK$23 million arranged by CIMB Investment Bank Berhad (formerly known as Commerce International Merchant Bankers Berhad) and lent by CIMB Bank Berhad (formerly known as Bumiputra-Commerce Bank Berhad) granted for the purpose of funding the mandatory general offer. The term loan is repayable in full upon the earlier of November 2008 or receipt by us of the net proceeds of the Global Offering, and has an interest rate of 0.85% per annum above the cost of funds to CIMB Bank Berhad.

(ii) Approximately HK$77 million is expected to be used to fully repay a further Ringgit denominated term loan with an outstanding amount equivalent to approximately HK$77 million arranged by CIMB Investment Bank Berhad and lent by CIMB Bank Berhad also granted for the purpose of funding the mandatory general offer. The term loan is repayable in full upon the earlier of November 2008 or receipt by us of the net proceeds of the Global Offering, and has an interest rate of 0.85% per annum above the cost of funds to CIMB Bank Berhad for the first HK$9 million outstanding amount and 1.00% per annum above the cost of funds to CIMB Bank Berhad for the balance of approximately HK$68 million of the outstanding amount.

One of the Hong Kong Underwriters in the Hong Kong Public Offering and the International Underwriters in the International Offering, CIMB-GK Securities (HK) Limited, is an affiliate of each of CIMB Investment Bank Berhad and CIMB Bank Berhad.

The remaining balance of the net proceeds of the Global Offering of approximately HK$74 million will be used for working capital and other general corporate purposes.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds from the offering of these additional Offer Shares of approximately HK$283 million, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the same mid-point offer price as stated above. We intend to use these additional net proceeds to acquire further concessions, harvesting rights and plantations.

In the event that the Offer Price is set at the high end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, our Company will receive net proceeds of approximately HK$2,018 million. The additional net proceeds of about HK$246 million will be used to acquire further concessions, harvesting rights and plantations. In the event that the Offer Price is set at the high end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive net proceeds of approximately HK$2,337 million and the further additional net proceeds of about HK$319 million arising from the exercise of the Over-allotment Option will be used to acquire further concessions, harvesting rights and plantations.

In the event that the Offer Price is set at the low end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, we will receive net proceeds of approximately HK$1,527 million. Under such circumstances, the net proceeds allocated to acquire further concessions, harvesting rights and plantations will be reduced accordingly. In the event that the Offer Price is set at the low end of the proposed offer price range and the Over-allotment Option is exercised in full, our Company will receive net proceeds of approximately HK$1,772 million. The further additional net proceeds of approximately HK$246 million (when compared to the net proceeds for our Company with the Offer Price being determined at the low end of the stated range and without exercising Over-allotment Option) will be used to acquire further concessions, harvesting rights and plantations.

To the extent that the net proceeds are not sufficient to fund the uses set forth above, we intend to fund the balance through a variety of means including cash generated from our operations and other external financing. We currently believe that the net proceeds from the Global Offering, when combined with such alternate sources of financing, are sufficient for the uses set forth above. To the extent that the net proceeds of the Global Offering are not immediately applied for the above purposes, we will deposit the net proceeds into interest-bearing bank accounts or reduce our outstanding balance under our working capital facilities.

DIVIDEND POLICY

After completion of the Global Offering, our Company's Shareholders will be entitled to receive dividends declared by our Company. The declaration of, payment and amount of dividends will be subject to the discretion of our Directors and will be dependent upon our Company's future operations and earnings, financial condition, capital requirements and surplus, contractual restrictions, payments by subsidiaries of cash dividends to our Company and other factors that our Directors deem relevant. In addition, the controlling shareholder (as defined in the Listing Rules), subject to our Company's Bye-laws, will be able to influence our Company's dividend policy.

Subject to the factors described above, our Company's Directors expect that, in the future, interim and final dividends will be paid from time to time in an aggregate amount of approximately 30% of profits attributable to our Shareholders. Cash dividends on the Shares, if any, will be paid in Hong Kong dollars.

TREATMENT OF GLENEALY FOR THE PURPOSE OF OUR COMPLIANCE WITH THE LISTING RULES

Our subsidiary, Lingui, holds a 36.42% shareholding interest in Glenealy, an associate of our Group listed on the Malaysia Stock Exchange, whose principal business is the operation of oil palm plantations. Glenealy has been accounted for as an associated company of our Group under IFRS. The Stock Exchange has requested that, as a condition to our listing on the Stock Exchange, Glenealy be treated in a manner consistent with the regulation of subsidiaries of a listed group for the purposes of application of the Listing Rules to our Company.

We will, accordingly, treat Glenealy, our associated company, as if it were our subsidiary for the purpose of our compliance with the Listing Rules. As a result, Glenealy will be subject to requirements that apply to our subsidiaries under the Listing Rules following our Listing including, but not limited to, the following requirements under the Listing Rules:

- continuing obligations (Chapter 13 of the Listing Rules);
- notifiable transactions (Chapter 14 of the Listing Rules);
- connected transactions (Chapter 14A of the Listing Rules);
- share option schemes (Chapter 17 of the Listing Rules); and
- spin-off applications (Practice Note 15 of the Listing Rules).

For the purpose of the "Business — Connected Transactions" section of this prospectus in relation to the application of relevant provisions of Chapter 14A of the Listing Rules, we have treated Glenealy as if it were our subsidiary for the purpose of our compliance with the Listing Rules and have sought waivers from the Stock Exchange on the relevant provisions of the Listing Rules. See transactions 15 and 22 in the "Business — Connected Transactions" section.