

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

We were incorporated in Bermuda as an exempted company under the Bermuda Companies Act on June 27, 2005. We established a place of business in Hong Kong at Room 2205, 22nd Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong and have been registered as an oversea company under Part XI of the Hong Kong Companies Ordinance. Yau Chung Fat of Flat C, 37/F., Block 3, Sun Tuen Mun Centre, Tuen Mun, New Territories, Hong Kong has been appointed as our agent for the acceptance of service of process in Hong Kong. As we are incorporated in Bermuda, our corporate structure, Memorandum of Association and By-laws are subject to the laws of Bermuda. A summary of the relevant sections of our constitution and relevant aspects of Bermuda company law is set out in Appendix VII to this prospectus.

B. Changes in Share Capital

As at the date of incorporation, our initial authorized share capital was US\$12,000, divided into 12,000 shares of US\$1.00 each, all of which were allotted and issued as subscriber shares to Mr. Yaw Chee Ming, an executive Director, on June 29, 2005. These 12,000 shares were subsequently transferred to Samling Strategic on February 7, 2006.

On March 2, 2006, our authorized share capital was increased from US\$12,000 to US\$1,200,000 by the creation of an additional 1,188,000 shares of US\$1.00 each.

On April 20, 2006, we allotted and issued one share of US\$1.00 to Samling Strategic at an issue price of RM265,614,851.

On June 30, 2006, we allotted and issued the following numbers of shares of US\$1.00 each, credited as fully paid, to various vendors as initial consideration for acquiring their interests in the Malaysian private companies and Caribbean Esskay Limited respectively, under the Reorganization, details of which are set out in the section headed "Reorganization" below:

- (a) for acquiring interests in the Malaysian private companies,
 - (i) 737,800 shares were allotted and issued to Samling Strategic to satisfy payment of the initial consideration of US\$737,800;
 - (ii) 67,000 shares were allotted and issued to Tapah to satisfy payment of the initial consideration of US\$67,000;
 - (iii) 67,000 shares were allotted and issued to PDT to satisfy payment of the initial consideration of US\$67,000;
 - (iv) 5,900 shares were allotted and issued to Merawa Holding Sdn. Bhd. to satisfy payment of the initial consideration of US\$5,900;

- (v) 900 shares were allotted and issued to Yong Nyan Siong to satisfy payment of the initial consideration of US\$900; and
 - (vi) 500 shares were allotted and issued to Wong Lee Ung to satisfy payment of the initial consideration of US\$500; and
- (b) for acquiring Caribbean Esskay Limited,
- (i) 22,077 shares were allotted and issued to Datuk Yaw Teck Seng to satisfy payment of the initial consideration of US\$22,077; and
 - (ii) 65,925 shares were allotted and issued to SIL to satisfy payment of the initial consideration of US\$65,925.

On February 4, 2007:

- (a) each of our shares of par value US\$1.00 each was subdivided into 10 Shares of US\$0.10 each;
- (b) our authorised share capital was increased from US\$1,200,000 to US\$500,000,000 by the creation of an additional 4,988,000,000 Shares of US\$0.10 each;
- (c) we allotted and issued the following numbers of Shares of US\$0.10 each, credited as fully paid, to various vendors as remaining consideration for acquiring their interests in the Malaysian private companies and Caribbean Esskay Limited respectively, under the Reorganization:
 - (i) for acquiring interests in the Malaysian private companies,
 - (1) 2,312,792,250 Shares were allotted and issued to Samling Strategic to satisfy payment of the remaining consideration of US\$115,582,308;
 - (2) 206,664,280 Shares were allotted and issued to Tapah to satisfy payment of the remaining consideration of US\$10,328,093;
 - (3) 206,664,280 Shares were allotted and issued to PDT to satisfy payment of the remaining consideration of US\$10,328,093;
 - (4) 18,198,790 Shares were allotted and issued to Merawa Holding Sdn. Bhd. to satisfy payment of the remaining consideration of US\$909,489;
 - (5) 2,776,090 Shares were allotted and issued to Yong Nyan Siong to satisfy payment of the remaining consideration of US\$138,736; and
 - (6) 1,542,270 Shares were allotted and issued to Wong Lee Ung to satisfy payment of the remaining consideration of US\$77,075; and

- (ii) for acquiring Caribbean Esskay Limited,
 - (1) 68,015,940 Shares were allotted and issued to Datuk Yaw Teck Seng to satisfy payment of the remaining consideration of US\$6,777,923; and
 - (2) 203,105,060 Shares were allotted and issued to SIL to satisfy payment of the remaining consideration of US\$20,334,075; and
- (d) we allotted and issued the following numbers of Shares of US\$0.10 each, credited as fully paid, to Glory Winner Trading Limited as consideration for acquiring its interests in Riverside and Foothill respectively, under the Reorganization:
 - (i) for acquiring Riverside, 50,976,833 Shares were allotted and issued to satisfy payment of the consideration of US\$5,097,632; and
 - (ii) for acquiring Foothill, 13,710,007 Shares were allotted and issued to satisfy payment of the consideration of US\$1,371,053.

On February 13, 2007, Merawa Holding Sdn. Bhd. and Tapah entered into an agreement whereby, conditional upon the Listing, Merawa Holding Sdn. Bhd. agreed to transfer its entire interest in our Company, which represents approximately 0.44% of our issued share capital immediately after the Global Offering (assuming the Over-allotment Option is not exercised), to Tapah at the consideration of Offer Price per Share.

Upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised and no options that may be granted under the Share Option Scheme has been exercised), our authorized share capital will be US\$500,000,000, comprising 5,000,000,000 Shares and the issued share capital will be US\$414,423,683, comprising 4,144,236,830 Shares, fully paid or credited as fully paid.

Save as disclosed herein and in the paragraph headed “Resolutions of Shareholders of our Company” below, there has been no alteration in our share capital since our incorporation.

C. Resolutions of Shareholders of our Company

Resolutions were passed by the shareholders of our Company on February 2, 2007 pursuant to which, among other matters, conditional upon the same conditions as stated in the section headed “Structure of the Global Offering — Conditions of the Hong Kong Public Offering” of this prospectus:

- (a) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering and such numbers of Shares as may be allotted and issued upon the exercise of the Over-allotment Option;
- (b) conditional further on the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares to be issued pursuant to the Share Option Scheme, the Share Option Scheme and its rules were approved and adopted and our Directors were authorized to grant options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme;

- (c) a general unconditional mandate was granted to our Directors to allot, issue and deal with unissued Shares with an aggregate nominal value not exceeding the sum of:
- (i) 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following the Global Offering (excluding the Over-allotment Option); and
 - (ii) the aggregate nominal amount of the share capital of our Company repurchased pursuant to the authority granted to our Directors referred to in sub-paragraph (e) below,

this mandate does not cover Shares to be allotted, issued or dealt with under a rights issue or scrip dividend schemes or on the exercise of options which may be granted under the Share Option Scheme or upon the exercise of the Over-allotment Option. Such mandate will expire:

- at the conclusion of the next annual general meeting of our Company;
- at the end of the period within which the next annual general meeting of our Company is required to be held under the Bye-laws or the Companies Act or any applicable Bermuda law; and
- when revoked or varied by ordinary resolution of our Shareholders at a general meeting of our Company,

whichever is the earliest;

- (d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the Global Offering (excluding the Over-allotment Option).

This mandate only relates to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose) and which are in accordance with all applicable laws and the requirements of the Listing Rules. Such general mandate to repurchase Shares will expire:

- at the conclusion of the next annual general meeting of our Company;
- at the end of the period within which the next annual general meeting of our Company is required to be held under the Bye-laws or any applicable Bermuda law; and
- when revoked or varied by ordinary resolution of our Shareholders in a general meeting of our Company,

whichever is the earliest.

Resolutions were passed by the shareholders of our Company on February 12, 2007 pursuant to which conditional upon the Listing, our new Bye-laws were approved and adopted which would become effective upon the Listing.

D. Reorganization

The Reorganization, which was effected in preparation for the Listing, involved the following:

(a) *Transfers of Malaysian private companies*

- (i) On July 13, 2005, SST entered into an agreement (as supplemented by two agreements dated February 15, 2006 and June 23, 2006, respectively) with Samling Strategic, Rimba Utama Sdn. Bhd., Loyal Avenue Sdn. Bhd., Strategic Corporation Sdn. Bhd., Yaw Holding Sdn. Bhd., TSTC Sdn. Bhd., Yaw Chee Ming, and Datuk Yaw Teck Seng, for the sale to SST of 100% interest in each of Kayuneka Sdn. Bhd., KTN Timor Sdn. Bhd., Samling Flooring Products Sdn. Bhd., Samling Resources Sdn. Bhd., Samling Wood Industries Sdn. Bhd., Sertama Sdn. Bhd. and SIF Management Sdn. Bhd., 30% interest in Majulaba Sdn. Bhd., 56% interest in Ravenscourt Sdn. Bhd., 35% interest in Samling DorFoHom Sdn. Bhd., 42% interest in Samling Housing Products Sdn. Bhd., 70% interest in Samling Reforestation (Bintulu) Sdn. Bhd., 49% interest in Sorvino Holdings Sdn. Bhd. and 70% interest in Syarikat Reloh Sdn. Bhd.. The consideration for the purchase was satisfied by SST releasing and discharging various non-trade debtors from their obligation to repay their debts to SST with a face value of approximately RM552,000,000 ("Non-Trade Balances") and procuring that these non-trade debtors acknowledged that an amount equivalent to the Non-Trade Balances shall become a debt due and payable by them to the sellers.
- (ii) On July 13, 2005, SST entered into an agreement (as supplemented by two agreements dated February 15, 2006 and June 23, 2006, respectively) with Tapah, PDT, Merawa Holding Sdn. Bhd., Yong Nyan Siong and Wong Lee Ung for the sale to SST of 100% interest in Bedianeka Sdn. Bhd., 70% interest in Dayalaba Sdn. Bhd., 40% interest in Majulaba Sdn. Bhd., 100% interest in Merawa Sdn. Bhd., 44% interest in Ravenscourt Sdn. Bhd., 30% interest in Samling DorFoHom Sdn. Bhd., 12% interest in Samling Housing Products Sdn. Bhd., 30% interest in Samling Reforestation (Bintulu) Sdn. Bhd., 51% interest in Sorvino Holdings Sdn. Bhd. and 30% interest in Syarikat Reloh Sdn. Bhd. The consideration for the purchase was settled by SST issuing shares in itself to each of the sellers.
- (iii) On July 13, 2005, Samling Strategic entered into an agreement (as supplemented by two agreements dated February 15, 2006 and June 23, 2006, respectively) with Tapah and PDT for the sale to Tapah and PDT of an aggregate 15% interest in SST for an aggregate consideration of RM324,000,000.
- (iv) On July 13, 2005, our Company entered into an agreement (as supplemented by two agreements dated February 15, 2006 and June 23, 2006, respectively) with Samling Strategic, Tapah, PDT, Merawa Holding Sdn. Bhd., Yong Nyan Siong and Wong Lee Ung for the sale to our Company of the entire issued share capital of SST. The consideration was settled by our Company issuing Shares to each of the sellers.

(b) *Acquisition of 59.69% interest in Lingui*

(i) The Lingui SPA

On July 13, 2005, we entered into the Lingui SPA (as supplemented by agreements dated February 15, 2006 and April 18, 2006, respectively) with Samling Strategic (together with two other companies controlled by our Controlling Shareholders) for the acquisition of a 39.87% interest in Lingui for an aggregate consideration of RM265,614,851, which amounted to RM1.01 per Lingui share. The Lingui SPA became unconditional upon the signing of the supplemental agreement on April 18, 2006. We nominated Samling Malaysia Inc, our wholly-owned subsidiary, to be the registered owner of the shares in Lingui acquired pursuant to the Lingui SPA.

(ii) General offer for shares in Lingui

As Lingui is a company listed on the Malaysia Stock Exchange, we were required by the Malaysian Securities Commission Act 1993 and the Malaysia Takeovers Code to make a mandatory general offer for all the shares in Lingui not held by us or parties in concert with us upon the Lingui SPA becoming unconditional on April 18, 2006. On May 3, 2006, we despatched an offer document to the shareholders of Lingui as required under the Malaysia Takeovers Code to acquire the remaining ordinary shares of RM0.50 each in Lingui not owned by us or parties acting in concert with us at an offer price which was the same as the price under the Lingui SPA at RM1.01 per Lingui share.

On the closing of the offer on May 24, 2006, we received valid acceptances from shareholders of Lingui together holding an aggregate of 19.82% interest in Lingui. In total, we paid an aggregate of RM132,043,580 for the acquisition of the 19.82% interest in Lingui under the mandatory general offer.

Taking into account the 39.87% interest in Lingui sold to us by Samling Strategic (together with two other companies controlled by our Controlling Shareholders) under the Lingui SPA, we held, indirectly via Samling Malaysia Inc, an aggregate of 59.69% interest in Lingui immediately after the completion of the mandatory general offer.

Pursuant to the approval granted by the FIC in relation to our acquisitions of certain Malaysian companies (including SST and subsidiaries of Lingui) under our Reorganization, FIC has required as a condition of such approval that Samling Strategic will always remain as the largest single shareholder of our Company, whether directly or indirectly.

Certain of the Malaysian companies we acquired hold licenses issued by MITI, including with regards to our plywood production, veneer production and other downstream activities. See “Regulation of our Industry — Malaysia Regulatory Overview — Downstream operation and regulations”. These licenses require that the share capital of such subsidiaries be effectively owned in certain minimum amounts by Malaysian citizens and by Bumiputera interests. Such required levels of ownership vary from license to license, such as a condition requiring that an effective shareholding interest ranging from 50% to 70% of the issued share capital of such subsidiary be held by Malaysian citizens, including an effective shareholding interest of up to at least 30% be held by Bumiputera interests.

Based on the guidelines issued by MITI, we are required to comply with such ownership requirements at the time of our Listing (and at the time of any Over-allotment Option closing), and thereafter, where a new submission or application is made to MITI in respect of a corporate exercise that increases the share capital of the relevant licensed company or our Company, being the holding company of our Group. In the absence of such corporate exercise, we would be deemed by MITI to be in compliance (irrespective of any sale of our Shares held by Bumiputera interests, for example) until the next occasion (if any) on which we undertake a corporate exercise involving any of the relevant licensed companies or the issue of Shares, when our compliance with such requirement would be assessed by MITI again.

(c) *Transfer of Guyana operations*

- (i) On April 29, 2005, Caribbean Esskay Limited entered into two agreements with SK Networks Co., Ltd. for (i) the transfer of 20% of the issued share capital of Barama Company Limited to Caribbean Esskay Limited for a consideration of US\$1,150,000 and (ii) the assignment to Caribbean Esskay Limited of all of the outstanding shareholder loan and interest of US\$4,000,000 due from Barama Company Limited to SK Networks Co., Ltd. for a consideration of US\$1.00.
- (ii) On April 29, 2005, Caribbean Esskay Limited entered into an agreement with SK Global America, Inc. Creditor Trust for the assignment to Caribbean Esskay Limited of a working capital loan due from Barama Company Limited to SK Global America, Inc. Creditor Trust with a principal amount of US\$2,238,155 and interest of US\$2,127,995 for a consideration of US\$649,999.
- (iii) On April 29, 2005, Caribbean Esskay Limited entered into two agreements with SIL for (i) the transfer of 20% of the issued share capital of Barama Company Limited to Caribbean Esskay Limited for a consideration of US\$1,150,000 and (ii) the assignment to Caribbean Esskay Limited of all of the outstanding shareholder loan and interest due from Barama Company Limited to SIL for a consideration equal to the total amount due under the shareholder loan of US\$58,308,623.
- (iv) On June 30, 2005, the outstanding loans between SIL and Caribbean Esskay Limited in the amount of US\$84,394,044 were capitalized by Caribbean Esskay Limited issuing shares to SIL.
- (v) On June 30, 2006, our Company entered into an agreement with Datuk Yaw Teck Seng and SIL for the sale to us of the entire issued share capital of Caribbean Esskay Limited. The consideration was settled by us issuing Shares to Datuk Yaw Teck Seng and SIL.

(d) *Transfers of two PRC companies*

- (i) On June 29, 2006, Samling China Inc. entered into an agreement with Glory Winner Trading Limited for the sale of 100% equity interest in Foothill to Samling China Inc. The consideration was settled by us issuing Shares to Glory Winner Trading Limited.
- (ii) On June 29, 2006, Samling China Inc. entered into an agreement with Glory Winner Trading Limited for the sale of 100% equity interest in Riverside to Samling China Inc. The consideration was settled by us issuing Shares to Glory Winner Trading Limited.

2. OUR SUBSIDIARIES

A. Investments in Subsidiaries

Our subsidiaries are listed in the Accountants' Report set out in Appendix I to this prospectus.

B. Changes in Share Capital

The following sets out the changes to the share or registered capital of the relevant subsidiaries of our Company within the two years immediately preceding the date of this prospectus:

Ainokitchen (Malaysia) Sdn. Bhd.:

On April 7, 2005, Ainokitchen (Malaysia) Sdn. Bhd. issued and allotted 2 ordinary shares of RM1.00 each at par for cash to Ng Ah Phong and Teng Mee Leng.

Barama Buckhall Incorporated:

On April 13, 2005, Barama Buckhall Incorporated issued 500,000 shares of Guyana \$1 each at par for cash to Barama Company Limited.

Samling Power Sdn. Bhd.:

On April 25, 2005, Samling Power Sdn. Bhd. allotted and issued 1,999,998 ordinary shares of RM1.00 each at par for cash to Lingui.

TreeOne Logistic Services Sdn. Bhd.:

On May 12, 2005, TreeOne Logistic Services Sdn. Bhd. issued and allotted 145,500 and 4,500 ordinary shares of RM1.00 each at par for cash to Lingui and PDT, respectively.

Samling Riverside Co. Limited:

On June 16, 2005, Samling Riverside Co. Limited issued one share of HK\$1.00 at par for cash to Alnery Secretarial (Hong Kong) Limited, as the subscriber of Samling Riverside Co. Limited.

Samling Foothill Co., Limited:

On June 16, 2005, Samling Foothill Co., Limited issued one share of HK\$1.00 at par for cash to Alnery Secretarial (Hong Kong) Limited, as the subscriber of Samling Foothill Co., Limited.

Samling Flooring Products Sdn. Bhd.:

On June 24, 2005, Samling Flooring Products Sdn. Bhd. issued and allotted 500,000 ordinary shares of RM1.00 each at par for cash to Samling Strategic.

KTN Timor Sdn. Bhd.:

On June 24, 2005, KTN Timor Sdn. Bhd. issued and allotted 5,000,000 ordinary shares of RM1.00 each at par for cash to Rimba Utama Sdn. Bhd.

Samling China Inc:

On June 24, 2005, Samling China Inc allotted and issued one share of US\$1.00 at par for cash to Yaw Chee Ming.

Samling Malaysia Inc:

On June 24, 2005, Samling Malaysia Inc allotted and issued one share of US\$1.00 at par for cash to Yaw Chee Ming.

Samling Trademark Inc:

On June 24, 2005, Samling Trademark Inc allotted and issued one share of US\$1.00 at par for cash to Yaw Chee Ming.

Samling Guyana Inc:

On June 24, 2005, Samling Guyana Inc allotted and issued one share of US\$1.00 at par for cash to Yaw Chee Ming.

Caribbean Esskay Limited:

On June 30, 2005, Caribbean Esskay Limited allotted and issued three shares of US\$1.00 each to SIL for capitalisation of a shareholder loan of US\$84,394,044.

SST:

On June 23, 2006, SST allotted and issued at par for cash 89,556, 1,694,067, 158,380, 23,215 and 14,732 ordinary shares of RM1.00 each respectively to Tapah, PDT, Merawa Holding Sdn. Bhd., Yong Nyan Siong and Wong Lee Ung, respectively.

Save as disclosed above, there has been no alteration in the share or registered capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

3. FURTHER INFORMATION ABOUT OUR BUSINESS**A. Summary of Material Contracts**

The following contracts, not being contracts in the ordinary course of business, have been entered into by us and/or other members of the Group within the two years immediately preceding the date of this prospectus and are or may be material:

- (a) the sale of shares agreement dated April 29, 2005 entered into between SK Networks Co., Ltd as vendor and Caribbean Esskay Limited as purchaser, whereby Caribbean Esskay Limited acquired a 20% interest in Barama Company Limited for a consideration of US\$1,150,000;
- (b) the deed of assignment dated April 29, 2005 entered into between SK Networks Co., Ltd as assignor and Caribbean Esskay Limited as assignee, whereby SK Networks Co., Ltd assigned to Caribbean Esskay Limited the outstanding shareholder loan and interest of US\$4,000,000 due from Barama Company Limited to SK Networks Co., Ltd for a consideration of US\$1.00;
- (c) the deed of assignment dated April 29, 2005 entered into between SK Global America, Inc. Creditor Trust as assignor and Caribbean Esskay Limited as assignee, whereby SK Global America, Inc. Creditor Trust assigned to Caribbean Esskay Limited a working capital loan due from Barama Company Limited to SK Global America, Inc. Creditor Trust with a principal amount of US\$2,238,155 and interest of US\$2,127,995 for a consideration of US\$649,999;
- (d) the sale of shares agreement dated April 29, 2005 entered into between SIL as vendor and Caribbean Esskay Limited as purchaser, whereby Caribbean Esskay Limited acquired a 20% interest in Barama Company Limited for a consideration of US\$1,150,000;
- (e) the deed of assignment dated April 29, 2005 entered into between SIL as assignor and Caribbean Esskay Limited as assignee, whereby SIL assigned to Caribbean Esskay Limited the outstanding shareholder loan and interest of US\$58,308,623 due from Barama Company Limited to SIL for a consideration of US\$58,308,623 which was capitalised by Caribbean Esskay Limited allotting and issuing three shares to SIL;

- (f) the sale and purchase agreement dated July 13, 2005 entered into between Samling Strategic, Rimba Utama Sdn. Bhd., Loyal Avenue Sdn. Bhd., Strategic Corporation Sdn. Bhd., Yaw Holding Sdn. Bhd., TSTC Sdn. Bhd., Yaw Chee Ming and Datuk Yaw Teck Seng as vendors and SST as purchaser, whereby SST acquired the entire issued share capital of each of Kayuneka Sdn. Bhd., KTN Timor Sdn. Bhd., Samling Flooring Products Sdn. Bhd., Samling Resources Sdn. Bhd., Samling Wood Industries Sdn. Bhd., Sertama Sdn. Bhd. and SIF Management Sdn. Bhd., 70% of each of Samling Reforestation (Bintulu) Sdn. Bhd. and Syarikat Reloh Sdn. Bhd., 56% of Ravenscourt Sdn. Bhd., 49% of Sorvino Holdings Sdn. Bhd., 42% of Samling Housing Products Sdn. Bhd., 35% of Samling DorFoHom Sdn. Bhd., and 30% of Majulaba Sdn. Bhd., in consideration of which SST released and discharged various non-trade debtors from their obligation to repay their debts to SST with a face value of RM551,915,048.94 (“Non-Trade Balances”) and procured that these non-trade debtors acknowledged that an amount equivalent to the Non-Trade Balances shall become a debt due and payable by them to the vendors, as supplemented by two agreements among the parties dated February 15, 2006 and June 23, 2006, respectively;
- (g) the sale and purchase agreement dated July 13, 2005 entered into between Tapah, PDT, Merawa Holding Sdn. Bhd., Yong Nyan Siong and Wong Lee Ung as vendors and SST as purchaser, whereby SST acquired the entire issued share capital of each of Bedianeka Sdn. Bhd. and Merawa Sdn. Bhd., 70% of Dayalaba Sdn. Bhd., 51% of Sorvino Holdings Sdn. Bhd., 44% of Ravenscourt Sdn. Bhd., 40% of Majulaba Sdn. Bhd., 30% of each of Samling DorFoHom Sdn. Bhd., Samling Reforestation (Bintulu) Sdn. Bhd. and Syarikat Reloh Sdn. Bhd. and 12% of Samling Housing Products Sdn. Bhd. for an aggregate consideration of RM86,820,000 which was settled by SST allotting and issuing 89,556 shares, 1,694,067 shares, 158,380 shares, 23,215 shares and 14,732 shares in SST to Tapah, PDT, Merawa Holding Sdn. Bhd., Yong Nyan Siong and Wong Lee Ung, respectively, as supplemented by two agreements among the parties dated February 15, 2006 and June 23, 2006, respectively;
- (h) the sale and purchase agreement dated July 13, 2005 entered into between Samling Strategic, Tapah, PDT, Merawa Holding Sdn. Bhd., Yong Nyan Siong and Wong Lee Ung as vendors and our Company as purchaser, whereby our Company acquired the entire issued share capital of SST for an aggregate consideration of RM525,323,000 which was settled by us allotting and issuing 2,320,170,250 Shares, 207,334,280 Shares, 207,334,280 Shares, 18,257,790 Shares, 2,785,090 Shares and 1,547,270 Shares to Samling Strategic, Tapah, PDT, Merawa Holding Sdn. Bhd., Yong Nyan Siong and Wong Lee Ung, respectively, as supplemented by two agreements among the parties dated February 15, 2006 and June 23, 2006, respectively;
- (i) the sale and purchase agreement dated July 13, 2005 entered into between Samling Strategic, Megadasa Sendirian Berhad, Strategic Corporation Sdn. Bhd. as vendors and our Company as purchaser, whereby our Company acquired an approximate 39.87% interest in Lingui for an aggregate consideration of RM265,614,851, as amended by two agreements among the parties dated February 15, 2006 and April 18, 2006, respectively;

- (j) the subscription agreement dated March 13, 2006 entered into between Samling Strategic and our Company, whereby Samling Strategic subscribed for one share of US\$1.00 in our Company for a consideration of RM265,614,851;
- (k) the deed of assignment dated March 15, 2006 between Daiken Miri Sdn. Bhd. and Samling Trademark Inc, whereby Samling Trademark Inc acquired the trademark "SAMWOOD" for a consideration of RM25,544.86;
- (l) the deed of assignment dated March 15, 2006 between Samling DorFoHom Sdn. Bhd. and Samling Trademark Inc, whereby Samling Trademark Inc acquired the trademark "SAMLING" for a consideration of RM11,036.46;
- (m) the facility agreement dated April 17, 2006 entered into between Lingui, HSBC Bank Malaysia Berhad, OCBC Bank (Malaysia) Berhad and Affin Bank Berhad, whereby OCBC Bank (Malaysia) Berhad, HSBC Bank Malaysia Berhad and Affin Bank Berhad agreed to provide to Lingui a term loan facility of RM150,000,000;
- (n) the equity interest transfer agreement dated June 29, 2006 entered into between Glory Winner Trading Limited as vendor and Samling China Inc as purchaser (as supplemented by a letter agreement among Glory Winner Trading Limited, Samling China Inc and our Company dated June 29, 2006), whereby Samling China Inc acquired the 100% equity interest in Riverside for a consideration of US\$5,097,632 which was settled by us allotting and issuing 50,976,833 Shares to Glory Winner Trading Limited;
- (o) the equity interest transfer agreement dated June 29, 2006 entered into between Glory Winner Trading Limited as vendor and Samling China Inc as purchaser (as supplemented by a letter agreement among Glory Winner Trading Limited, Samling China Inc and our Company dated June 29, 2006), whereby Samling China Inc acquired the 100% equity interest in Foothill for a consideration of US\$1,371,053 which was settled by us allotting and issuing 13,710,007 Shares to Glory Winner Trading Limited;
- (p) the sale and purchase agreement dated June 30, 2006 entered into between Datuk Yaw Teck Seng and SIL as vendors and our Company as purchaser, whereby we acquired the entire issued share capital of Caribbean Esskay Limited for an aggregate consideration of US\$27,200,000 which was settled by us allotting and issuing 68,236,710 Shares and 203,764,310 Shares to Datuk Yaw Teck Seng and SIL, respectively;
- (q) the deed of assignment dated July 7, 2006 between Samling Strategic and Samling Trademark Inc, whereby Samling Trademark Inc acquired from Samling Strategic various trademarks as set out therein for use in forestry, timber and timber related business and products, tree plantations and such other activities ancillary to the timber business, quarry, building materials and rubber compound business in consideration of RM168,392.56 and Samling Trademark Inc granting a license to Samling Strategic to use the Samling diamond logos as described in paragraph (r) below;

- (r) the license dated July 7, 2006 between Samling Trademark Inc and Samling Strategic, whereby Samling Trademark Inc granted to Samling Strategic a non-exclusive, non-transferable, royalty-free license to use the Samling diamond logos as set out therein for a term of five years from the effective date of the license in consideration of the deed of assignment as described in paragraph (q) above and the obligations undertaken by Samling Strategic under the license;
- (s) the license dated July 7, 2006 between Samling Trademark Inc and our Company, whereby Samling Trademark Inc granted to our Company a non-exclusive, non-transferable, royalty-free license to use various trademarks as set out therein in consideration of the obligations undertaken by our Company under the license;
- (t) twelve deeds of assignment each dated July 7, 2006 between Samling Strategic and Samling Trademark Inc, whereby Samling Strategic assigned to Samling Trademark Inc the various trademarks as set out therein in Brunei, China, European Union, Guyana, India, Japan, Republic of Korea, Malaysia, New Zealand, Singapore, South Africa, and the United States, respectively, each for a consideration of RM1.00;
- (u) two deeds of assignment each dated July 7, 2006 between Samling Strategic and Samling Trademark Inc, whereby Samling Strategic assigned to Samling Trademark Inc various trademarks as set out therein in Taiwan and Thailand, respectively, at nil consideration;
- (v) the deed of non-competition undertaking dated February 12, 2007 given by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of the other members of our Group) regarding timber and timber product-related businesses, details of which are set out in the section headed “Business — Non-competition Agreement”;
- (w) the option agreement dated February 12, 2007 given by SIL in favour of our Company regarding SIL’s interest in Anhui Tongling, details of which are set out in the section headed “Business — Call options in respect of the Remaining Businesses”;
- (x) the option agreement dated February 12, 2007 given by SIL in favour of our Company regarding SIL’s interest in Anhui Hualin, details of which are set out in the section headed “Business — Call options in respect of the Remaining Businesses”;
- (y) the option agreement dated February 12, 2007 given by SIL in favour of our Company regarding SIL’s interest in Interwil Holdings (Proprietary) Limited, details of which are set out in the section headed “Business — Call options in respect of the Remaining Businesses”;
- (z) the option agreement dated February 12, 2007 given by Samling Strategic in respect of Samling Strategic’s interest in Limbang Trading (Bintulu) Sdn. Bhd., Grand Perfect Sdn. Bhd., and Hormat Saga Sdn. Bhd., details of which are set out in the section headed “Business — Call options in respect of the Remaining Businesses”;

- (aa) the deed of property indemnity dated February 12, 2007 entered into by Samling Strategic in favour of our Company (for itself and as trustee for our subsidiaries as set out therein) in respect of liabilities arising out of property title defects of certain of our subsidiaries, details of which are set out in the section headed “Business — Real Properties”;
- (bb) the deed of indemnity dated February 12, 2007 entered into by Samling Strategic in favour of our Company (for itself and as trustee for our subsidiaries as set out therein) in respect of liabilities arising out of certain legal proceedings, details of which are set out in the section headed “Business — Legal Proceedings and Protests”; and
- (cc) the Hong Kong Underwriting Agreement.

B. Our Intellectual Property Rights

(a) Trade Marks

As at the Latest Practicable Date, our subsidiary, Samling Trademark Inc, has acquired the following trademarks (which have been registered or for which applications have been made) pursuant to a deed of assignment dated July 7, 2006 between one of our Controlling Shareholders, Samling Strategic, and Samling Trademark Inc:

(i) Registered Trade Marks

Trademark	Class (note)	Territory of Registration	Registration Number	Registration Date	Expiry Date
 ≡ SAMLING 林	19	Brunei	26,781	October 28, 1998	October 28, 2015
 ≡ SAMLING 林	19	Brunei	26,780	October 28, 1998	October 28, 2015
	19	China	1118726	October 14, 1997	October 13, 2007
SAMLING	19	China	1929991	November 7, 2002	November 6, 2012
SAMLING	19	EU (Community Trade Mark)	001961051	November 14, 2000	November 14, 2010

<u>Trademark</u>	<u>Class</u> (note)	<u>Territory of Registration</u>	<u>Registration Number</u>	<u>Registration Date</u>	<u>Expiry Date</u>
	19	EU (Community Trade Mark)	001960798	November 14, 2000	November 14, 2010
 ≡ SAMLING 林	19	Guyana	17094A	November 16, 1998	November 16, 2019
 ≡ SAMLING 林	19	Guyana	17095A	November 16, 1998	November 16, 2019
 ≡ SAMLING 林	19	Hong Kong	200009899	October 20, 1998	October 20, 2015
 ≡ SAMLING 林	19	Japan	4488064	July 6, 2001	July 6, 2011
 ≡ SAMLING 林	19	Korea	0478584	October 10, 2000	October 10, 2010
 ≡ SAMLING 林	19	Malaysia	95006385	June 29, 1995	June 29, 2012
 ≡ SAMLING 林 ≡ SAMLING 林	19	New Zealand	312638	July 15, 1999	July 15, 2016
SAMLING	19	New Zealand	289954	March 18, 1998	March 18, 2015
SAMLING	40	New Zealand	289955	March 18, 1998	March 18, 2015

<u>Trademark</u>	<u>Class</u> (note)	<u>Territory of Registration</u>	<u>Registration Number</u>	<u>Registration Date</u>	<u>Expiry Date</u>
 SAMLING	19	New Zealand	289956	March 18, 1998	March 18, 2015
 SAMLING	40	New Zealand	289957	March 18, 1998	March 18, 2015
 HIKURANGI FOREST FARMS LTD	19	New Zealand	289958	March 18, 1998	March 18, 2015
 HIKURANGI FOREST FARMS LTD	40	New Zealand	289959	March 18, 1998	March 18, 2015
 TREEONE(NZ) LIMITED	19	New Zealand	289960	March 18, 1998	March 18, 2015
 TREEONE(NZ) LIMITED	40	New Zealand	289961	March 18, 1998	March 18, 2015
 ≡ SAMLING 林	19	Singapore	T98/09993E	October 5, 1998	October 5, 2008
 ≡ SAMLING 林	19	South Africa	99/04031	March 15, 1999	March 15, 2009
	19	Taiwan	696624	November 16, 1995	November 15, 2015
 ≡ SAMLING 林	19	Taiwan	696656	November 16, 1995	November 15, 2015
 ≡ SAMLING 林	19	Taiwan	905971	September 16, 2000	November 15, 2015

<u>Trademark</u>	<u>Class</u> (note)	<u>Territory of Registration</u>	<u>Registration Number</u>	<u>Registration Date</u>	<u>Expiry Date</u>
 SAMLING	19	Thailand	146627	August 7, 2000	August 7, 2010
	19	USA	2,517,130	December 11, 2001	December 11, 2011
SAMLING	19	USA	2,558,467	April 9, 2002	April 9, 2012
SAMLING	16, 19 & 20	Turkey	2000 27572	December 19, 2000	December 19, 2010
	16, 19 & 20	Turkey	2000 27571	December 19, 2000	December 19, 2010
SAMWOOD	19	Guyana	17,214A	January 29, 1999	January 29, 2020
SAMWOOD	19	Hong Kong	16268	March 17, 1998	March 17, 2015
SAMWOOD	19	Singapore	T98/09995A	October 5, 1998	October 5, 2008
SAMWOOD	19	Taiwan	897507	July 16, 2000	July 15, 2010

(ii) Trade Mark Applications

<u>Trademark</u>	<u>Territory of Class</u> (note)	<u>Application</u>	<u>Application Number</u>	<u>Application Date</u>
 ≡ SAMLING 林	19	India	849719	April 5, 1999
SAMWOOD	20	Malaysia	99010003	October 8, 1999
	19	China	4180629	July 21, 2004
AINOKITCHEN  	20	Malaysia	06016366	September 8, 2006

<u>Trademark</u>	<u>Class</u> (note)	<u>Territory of Application</u>	<u>Application Number</u>	<u>Application Date</u>
AINOKITCHEN  	35	Malaysia	06016365	September 8, 2006
AINOKITCHEN  	42	Malaysia	06016364	September 8, 2006

Notes:

- (i) Class 16 generally relates to (a) stationery which consist of office stationery including files, notebooks, forms, pens, internal memo pads; (b) printed matter which consists of items such as complimentary notes and staff newsletters, bulletins, printed documents, free notes and printed documents, letterheads being writing pads for correspondence with third parties, sheets of titled letter; (c) corporate and product brochures being pamphlets or booklets containing information regarding the Applicant and the products they offer and is used as advertising and/or promotional material; and (d) envelopes.
- (ii) Class 19 (for all countries with the exception of Japan) generally relates to (a) treated timber, semi-finished and finished timber products, worked and semi-worked wood and timber, sawn timber (b) particle boards, medium density boards, fiberboards, three ply boards, adhesive boards, wood shavings boards, wood timber boards, veneer boards (c) wood flooring products, wooden floor, container flooring plywood, engineered hardwood flooring, wood flooring underlayments for containers, finger jointed trailer length wood flooring for platform trailers (d) cabinets, solid wood doors and moulded doors (e) doorskins, molded skin, veneers, building timber and building materials, transport materials, transportable buildings, monuments (all of which are non-metallic), log wood for use in building and furniture (f) plywood, parquet, moulding, marine plywood, logs and logs rolls, wood blocks, cork, pine wood, Japanese cypress wood, luan wood, plywood and fiberboard crates.
- (iii) Class 19 (for Japan) relates to ceramic products, linoleum products, plastic products, synthetic products, asphalt and asphalt products (all used exclusively for building); rubber products, lime products and gypsum products (all used exclusively for building and construction); bricks; refractories; plaster; rockfall prevention nets of fiber; cement and their products; building timber, building stone, building glass and building fittings (all of which are non-metallic).
- (iv) Class 20 generally relates to furniture, goods of wood and wood substitutes, woodwork of plastic or wood, panelling, wooden divisions and wooden poles.
- (v) Class 35 relates to retail services specialising in household and kitchen furniture; appliances, apparatus, textiles and home security.
- (vi) Class 40 relates to treatment of timber materials, wood and timber and related products; sawmilling; pulp and sawmill services; woodworking; timber felling and processing.
- (vii) Class 42 relates to interior decoration, planning and design services; architectural services and architecture consultation services; engineering services; graphic arts designing; professional advice and consultancy relating thereto.

(b) Domain Names

As at the Latest Practicable Date, members of the Group have registered or filed applications for the following material domain names:

<u>Domain name</u>	<u>Date of registration</u>
www.samling.com.my	November 18, 2005
www.lingui.com.my	July 11, 2005
www.glenealy.com.my	July 11, 2005
www.baramaguyana.com	July 20, 1998
www.lingui.co.nz	October 7, 2004
www.hff.net.nz	October 7, 2004
www.treeone.co.nz	October 7, 2004
www.hff.co.nz	August 18, 1997
www.hikurangi.com	October 7, 2004
www.samling.co.nz	October 7, 2004
www.samlingglobal.com	October 7, 2005
www.sgl.org.nz	October 7, 2005
www.sgl.net.nz	October 7, 2005
www.samlingglobal.co.nz	October 7, 2005
www.shp-rta.com	February 3, 2002
www.samlingusa.com	November 16, 2003
www.samlingglobal.net	December 10, 2005
www.samlingglobal.biz	December 11, 2005
www.samling.biz	December 11, 2005
www.samlingchina.com	November 9, 2001
www.samlingchina.net	December 10, 2005
www.samlingchina.biz	December 11, 2005
www.samlingmalaysia.com	November 9, 2001
www.samlingmalaysia.net	December 10, 2005
www.samlingmalaysia.biz	December 11, 2005
www.samlinguk.com	June 2, 2006
www.samlingaustralia.com	June 2, 2006
www.samling.com	June 25, 1996
www.lingui.com	June 25, 1996

4. FURTHER INFORMATION ABOUT OUR DIRECTORS

A. Particulars of Directors' Service Contracts

Save as disclosed below, none of our Directors has entered or proposed to enter into a service contract with our Company or the Group other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

- (i) Service contract for Mr. Yaw Chee Ming with our Company dated October 16, 2006 wherein Mr. Yaw was appointed as the Chief Executive Officer and the effective date of this service contract is July 1, 2006. Either party may terminate the employment at any time by giving 12 months' notice or payment in lieu. Where our Company is to terminate the employment without cause (as more particularly set out in the service contract), the Board shall, where required, recommend for shareholders' approval payment of such ex-gratia payment as it deems fit, taking into account the past contribution made by Mr. Yaw to our Company and the Group.
- (ii) Service contract for Mr. Yaw Chee Ming with Lingui dated January 1, 2003 wherein Mr. Yaw was appointed as the Managing Director of Lingui and the effective date of this service contract is October 1, 1995. Lingui may terminate the employment at any time by giving 6 months' notice or payment in lieu. In such event, to the extent permitted by law and subject to shareholders' approval, Mr. Yaw may be entitled to compensation and ex-gratia lump sum payment for past services of an amount of RM1.5 million.
- (iii) Service contract for Mr. Cheam Dow Toon with our Company dated October 16, 2006 wherein Mr. Cheam was appointed as the Chief Finance Officer and the effective date of this service contract is July 1, 2006. Either party may terminate the employment at any time by giving 12 months' notice or payment in lieu. Where our Company is to terminate the employment without cause (as more particularly set out in the service contract), the Board shall, where required, recommend for shareholders' approval payment of such ex-gratia payment as it deems fit, taking into account the past contribution made by Mr. Cheam to our Company and the Group.
- (iv) Service contract for Mr. Cheam Dow Toon with Lingui dated January 1, 2003 wherein Mr. Cheam was appointed as the Finance Director of Lingui and the effective date of this service contract is September 16, 1997. Lingui may terminate the employment at any time by giving 6 months' notice or payment in lieu. In such event, to the extent permitted by law and subject to shareholders' approval, Mr. Cheam may be entitled to compensation and ex-gratia lump sum payment for past services of an amount of RM1 million.

B. Directors' Remuneration

During the year ended June 30, 2006, the aggregate emoluments paid/payable by us to our Directors (excluding the independent non-executive Directors) amounted to US\$385,000.

Under the arrangements currently in force, the aggregate remuneration payable by us to, and benefits in kind receivable by, our Directors, but excluding discretionary management bonuses, for the year ending June 30, 2007 is estimated to be approximately US\$1.0 million.

There are no outstanding loans or guarantees granted or provided by any member of the Group to, or for the benefit of, any of our Directors.

C. Business Address

The business address of each of our Directors and senior management officers is care of Room 2205, 22nd Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

D. Directors' and Chief Executive's Interests and Short Positions in the Share Capital and Debenture of our Company and our Associated Corporations

Immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option), save as disclosed below, none of our Directors and chief executive will have any interest or short position in the shares, underlying shares or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the Shares are listed on the Stock Exchange:

Name of Director	Interests in us or which associated corporation	Member and class of shares/equity interest held	Capacity in holding the interest	Long/short position	Approximate percentage of shareholding in such class of shares as at the Latest Practicable Date
Chan Hua Eng	Lingui	154,623 ordinary shares ⁽¹⁾	Beneficial owner	Long	0.05%
	Glenealy	32,000 ordinary shares ⁽²⁾	Beneficial owner/ Interest of a controlled corporation	Long	0.03%
Yaw Chee Ming	Yaw Holding Sdn. Bhd.	30,937 ordinary shares	Beneficial owner	Long	39.60%
		2,500 preference shares	Beneficial owner	Long	50%
	Samling Strategic	75,000,000 ordinary shares ⁽³⁾	Interest of a controlled corporation	Long	100%
		1,497,021 redeemable preference shares ⁽³⁾	Interest of a controlled corporation	Long	100%
		3,122,467 Class A redeemable preference shares ⁽⁴⁾	Interest of a controlled corporation	Long	100%
		4,102,879 Class B redeemable preference shares ⁽⁴⁾	Interest of a controlled corporation	Long	100%
		350,000 Class C redeemable preference shares ⁽⁵⁾	Interest of a controlled corporation	Long	100%
950,000 Class D redeemable preference shares ⁽⁴⁾	Interest of a controlled corporation	Long	100%		

Name of Director	Interests in us or which associated corporation	Member and class of shares/equity interest held	Capacity in holding the interest	Long/short position	Approximate percentage of shareholding in such class of shares as at the Latest Practicable Date
	Our Company	2,320,290,260 Shares ⁽³⁾	Interest of a controlled corporation	Long	55.99%
	Glenealy	59,068,522 ordinary shares ⁽⁶⁾	Interest of a controlled corporation	Long	51.77%
	Strategic Corporation Sdn. Bhd.	17,040,000 ordinary shares ⁽⁷⁾	Beneficial owner/ Interest in a controlled corporation	Long	71%
	TSTC Sdn. Bhd.	6,125,000 ordinary shares ⁽⁸⁾	Interest in a controlled corporation	Long	100%
Cheam Dow Toon	Lingui	29,030 ordinary shares	Beneficial owner	Long	0.01%
	Glenealy	14,000 ordinary shares	Beneficial owner	Long	0.01%

Notes:

- (1) As at the Latest Practicable Date, 96,290 ordinary shares of Lingui were held by CIMSEC Nominees (Tempatan) Sdn. Bhd. in favour of Chan Hua Eng. Additionally, Chan Hua Eng was directly interested in 58,333 ordinary shares in Lingui.
- (2) As at the Latest Practicable Date, 2,000 ordinary shares of Glenealy were held by CIMSEC Nominees (Tempatan) Sdn. Bhd. in favour of Chan Hua Eng. Additionally, Chan Hua Eng was deemed interested in 30,000 ordinary shares of Glenealy since he and his spouse were each interested in 25% of the issued share capital of Tysim Holdings Sdn. Bhd., which in turn held 30,000 ordinary shares of Glenealy.
- (3) As at the Latest Practicable Date, Yaw Chee Ming was interested in approximately 39.60% of the issued share capital of Yaw Holding Sdn. Bhd., which in turn was interested in all the ordinary shares and redeemable preference shares of Samling Strategic. Yaw Chee Ming was therefore deemed to be interested in all the shares held by Samling Strategic. Samling Strategic in turn held 2,320,290,260 ordinary shares of our Company.
- (4) As at the Latest Practicable Date, Samling Strategic and Yaw Holding Sdn. Bhd. held approximately 45.00% and 25.00% of Perdana Parkcity Sdn. Bhd. respectively. Accordingly, by virtue of note (3) above, Yaw Chee Ming was deemed interested in the 3,122,467 Class A redeemable preference shares and 4,102,879 Class B redeemable preference shares of Samling Strategic held by Yaw Holding Nominee Sdn. Bhd. in favour of Perdana Parkcity Sdn. Bhd., and the 950,000 Class D redeemable preference shares of Samling Strategic held by Perdana Parkcity Sdn. Bhd..
- (5) As at the Latest Practicable Date, Yaw Holding Sdn. Bhd. held 100% of Samling Mewah Sdn. Bhd.. Accordingly, by virtue of note (3) above, Yaw Chee Ming was deemed interested in the 350,000 Class C redeemable preference shares of Samling Strategic held by Samling Mewah Sdn. Bhd..
- (6) As at the Latest Practicable Date:
 - i. our Company held 100% of Samling Malaysia Inc., which (through a nominee, Bumiputra — Commerce Nominees (Asing) Sdn. Bhd.) in turn held 59.69% of Lingui, which in turn held 36.42% of Glenealy. By virtue of note (3) above, Yaw Chee Ming was deemed to be interested in the 41,548,522 ordinary shares of Glenealy held by Lingui; and
 - ii. Samling Strategic held 15.35% of Glenealy. By virtue of note (3) above, Yaw Chee Ming was deemed to be interested in the 7,520,000 ordinary shares of Glenealy held by Samling Strategic, and the 10,000,000 ordinary shares of Glenealy held by RHB Capital Nominees (Tempatan) Sdn. Bhd., in favour of Samling Strategic which has been pledged as security for bank borrowings by Eternal Grand Sdn. Bhd., a wholly-owned subsidiary of Yaw Holding Sdn. Bhd..
- (7) As at the Latest Practicable Date, Samling Strategic held 71.00% of Strategic Corporation Sdn. Bhd. By virtue of note (3) above, Yaw Chee Ming was deemed to be interested in the 17,039,998 ordinary shares of Strategic Corporation Sdn. Bhd. held by Samling Strategic. Additionally, Yaw Chee Ming was directly interested in 2 ordinary shares of Strategic Corporation Sdn. Bhd.
- (8) As at the Latest Practicable Date:
 - i. Strategic Corporation Sdn. Bhd. held 50.61% of TSTC Sdn. Bhd.. By virtue of notes (3) and (7) above, Yaw Chee Ming was deemed to be interested in the 3,100,000 ordinary shares of TSTC Sdn. Bhd. held by Strategic Corporation Sdn. Bhd., and
 - ii. Yaw Chee Ming and his spouse were each interested in 50% of Loyal Avenue (M) Sdn. Bhd., which in turn held 49.39% of TSTC Sdn. Bhd. Yaw Chee Ming was therefore deemed interested in the 3,025,000 ordinary shares of TSTC Sdn. Bhd. held by Loyal Avenue (M) Sdn. Bhd..

E. Substantial Shareholders and Persons who have an Interest or Short Position Discloseable under Division 2 and 3 of Part XV of the SFO

Information on the persons, not being Directors or chief executive of our Company, who will, immediately following the completion of the Global Offering and taking no account of any Shares which may be taken up under the Global Offering or which may be allotted and issued pursuant to the exercise of the Over-allotment Option, have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any of the subsidiaries of our Company, is set out in the section entitled "Substantial Shareholders" in this prospectus.

F. Disclaimer

Save as disclosed in this prospectus:

- (a) none of our Directors nor any of the parties listed in paragraph 6E of this Appendix is, directly or indirectly, interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to us or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to us or any of our subsidiaries;
- (b) none of our Directors nor any of the parties listed in paragraph 6E of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (c) save in connection with the Hong Kong Underwriting Agreement and the International Purchase Agreement, none of the parties listed in paragraph 6E of this Appendix:
 - (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities or any securities in any of our subsidiaries;
- (d) none of our Directors or their respective associates has any interest in our five largest suppliers or our top five business customers; and
- (e) no authorized debentures of our Company and subsidiaries has been issued.

5. SHARE OPTION SCHEME

The following is a summary of all the principal terms of the share option scheme conditionally approved and adopted by written resolutions passed by the shareholders of our Company on February 2, 2007 and our Directors on February 4, 2007 (the "Share Option Scheme" or "Scheme").

A. Purposes of the Share Option Scheme

The purposes of the Share Option Scheme are to attract and retain high calibre Employees (as defined in paragraph B below), and to motivate them to higher levels of performance and enhance the value of our Company and its Shares for the benefit of our Company and its shareholders as a whole.

B. Who may join

The Board may, at its absolute discretion, offer any employee, executive and non-executive directors of our Company and our subsidiaries (the “Employee”) options to subscribe for Shares at a price calculated in accordance with paragraph D below and subject to the other terms of the Share Option Scheme summarized below. Upon acceptance of the offer of an option, the grantee shall pay HK\$1.00 to our Company as nominal consideration for the grant.

C. Maximum number of Shares

- (a) The maximum number of Shares in respect of which options may be granted under the Scheme (the “Maximum Number”) when aggregated with the maximum number of Shares in respect of which options may be granted under any other share option scheme established by our Company (“another scheme”) (if any) is that number which is equal to 3% of the issued share capital of our Company immediately following the commencement of dealings in the Shares on the Stock Exchange, provided, however, that:
- (i) the Maximum Number of Shares may be increased or “refreshed”, with the approval of the shareholders of our Company in general meeting, up to a maximum of 3% of the issued share capital of our Company at the date of such shareholders’ approval, inclusive of the maximum number of Shares in respect of which options may be granted under another scheme, if any;
 - (ii) our Company may obtain a separate approval from its shareholders in general meeting to permit the granting of options which will result in the number of Shares in respect of all the options granted under the Scheme exceeding the then Maximum Number of Shares provided that such options are granted only to Employees specifically identified by our Company before shareholders’ approval is sought (in which case such options granted shall not be counted towards the then applicable Maximum Number of Shares); and
 - (iii) the total maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other options granted and yet to be exercised under another scheme shall not exceed 10% of the issued share capital of our Company from time to time.
- (b) Unless approved by the shareholders of our Company in general meeting (with the relevant Employee and his associates (as defined in the Listing Rules) abstaining from voting), no Employee shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to such Employee in any 12-month period up to the date of the latest grant would exceed 1% of the issued share capital of our Company from time to time. Subject to this overall limit, the Board may further set certain cap on the level of option grant to employees with different ranking within our Company from time to time.

D. Subscription price

The amount payable for each Share to be subscribed for under an option in the event of the option being exercised in accordance with the terms of the Share Option Scheme shall be determined by the Board and notified to an Employee at the time of offer of the option and shall be at least the highest of (subject to any adjustments made as described in paragraph K below):

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date, which must be a business day, of the written offer of the option (the "Offer Date"); and
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the Offer Date; and
- (c) the nominal value of the Shares.

E. Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option.

F. Options granted to directors or substantial shareholders

Any options to be granted to an Employee who is a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) shall be approved by the independent non-executive directors of our Company other than the independent non-executive director who is the proposed grantee of such option (if applicable).

Where any grant of options to a substantial shareholder or an independent non-executive director of our Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1% of the Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of options must be approved by the shareholders of our Company. All connected persons of our Company must abstain from voting in favour at such general meeting.

G. Grant of option

The Board is entitled at any time and from time to time within five years from the date the Scheme is adopted to offer to grant options to any Employee, which may be subject to such conditions (including but not limited to imposition of any performance target(s) and/or vesting scale) as the Board may think fit.

An offer of the grant of an option shall be by letter, specifying the number of Shares, the subscription price, the option period in respect of which the offer is made, the date by which the option must be applied for and further requiring the Employee to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Scheme.

Our Directors shall not offer the grant of any option to any Employee after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published or disclosed in accordance with the requirements of the Listing Rules. In particular, no option may be offered during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

H. Exercise of option

The Board may impose and state in the relevant offer letter the performance targets to be achieved before an Option can be exercised.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee (subject to any vesting schedule, if applicable), such period not to exceed 10 years from the Offer Date of the relevant option ("Option Period").

I. Cancellation of options

Any cancellation of any subsisting options shall be subject to the approval by the Board.

In the event that options are to be cancelled and new options issued to the same option holder, the issue of such new options shall be made with available unissued options (excluding the cancelled options) within the limits described in paragraph C above.

J. Voting and dividend rights

No voting rights shall be exercisable and no dividends shall be payable in relation to options that have not been exercised.

K. Effects of alterations in the capital structure of our Company

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision, redenomination, cancellation or reduction of the share capital of our Company in accordance with applicable laws and regulatory requirements (other than an issue of Shares as consideration in respect of a transaction to which our Company is a party), such corresponding adjustments (if any) shall be made to the number or nominal amount of Shares in respect of which options may be granted subject to outstanding options so far as unexercised; and/or the aggregate number of Shares subject to outstanding options; and/or the subscription price per Share of each outstanding option, as the auditors of our Company or an independent financial adviser shall confirm in writing to the Board that the adjustments satisfy the requirements set out in the note to Rule 17.03(13) of the Listing

Rules or otherwise comply with the Listing Rules or other rules, practices or directions of the Stock Exchange in effect from time to time (other than any adjustment made on a capitalisation issue, in which case such adjustment shall be made as the Board shall consider to be in its opinion fair and reasonable). Subject to the foregoing, any such adjustments will be made on the basis that the proportion of the issued share capital of our Company to which a grantee is entitled after such adjustment shall remain as nearly as possible the same as but no greater than that he/she was entitled before such adjustment. No such adjustment will be made the effect of which would be to enable a Share to be issued at less than its nominal value or to increase the proportion of the issued share capital of our Company for which any grantee would have been entitled to subscribe had he/she exercised all the options held by him/her immediately prior to such adjustments.

L. Rights on a general offer

If a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares, our Company shall use its best endeavours to procure that such offer is extended to all the grantees (on the same terms *mutatis mutandis*, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of our Company). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the grantee shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

M. Rights on schemes of compromise or arrangement

If, pursuant to the Bermuda Companies Act, a compromise or arrangement between our Company and its shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to all grantees on the same date as it despatches to each shareholder or creditor of our Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each grantee shall be entitled to exercise all or any of his/her options in whole or in part at any time prior to 12:00 noon on the day immediately preceding the date of the meeting directed to be convened by the court for the purposes of considering such compromise or arrangement. With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine.

N. Rights on a voluntary winding up

In the event a general meeting of our Company to consider and, if thought fit, approve a resolution for the voluntary winding-up of our Company is convened or a petition to the court for the winding-up of our Company is presented, our Company shall give notice thereof (“winding-up notice”) to all grantees on the same day as the notice of the general meeting is despatched passed or notice of the presentation of the petition is received by our Company. The grantee may by notice in writing to our Company not less than three (3) days before the date of the general meeting or the court hearing of the petition, as the case may be, exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in the grantee’s notice, such notice to be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon the grantee will be granted the relevant numbers of shares and will be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares the subject of such election.

O. Ranking of Shares

Shares to be allotted upon the exercise of an option shall rank equally in all respects with fully paid up Shares in issue at the date of allotment and will be subject to the Articles of Association for the time being in force. A share issued upon the exercise of an option shall not carry voting rights until the registration of the grantee (or any other person) as the holder thereof.

P. Duration of the Share Option Scheme

Unless otherwise terminated by the Board or the shareholders of our Company in general meeting in accordance with the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of five years from the date on which it is conditionally adopted by resolution of our shareholders in general meeting (the "Scheme Period"), and after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted within the scheme period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Q. Amendment of the Share Option Scheme

- (a) Subject to sub-paragraph (b) below, the Board may amend any of the provisions of the Share Option Scheme at any time.
- (b) No alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the shareholders of our Company under its Bye-laws for the time being for a variation of the rights attached to the Shares. The provisions of the Scheme relating to the following matters cannot be altered to the advantage of grantees or prospective grantees except with the prior sanction of a resolution of the shareholders of our Company in general meeting:
 - the purpose of the Share Option Scheme;
 - the participants;
 - the authority of the Board in relation to any alteration to the terms of the Share Option Scheme;
 - the limitations on the number of Shares which may be issued under the Share Option Scheme;
 - the individual limit for each grantee under the Share Option Scheme;
 - the determination of the amount payable for each Share to be subscribed for under an option;
 - any rights attaching to the options and the Shares;
 - the terms of the granted options;

- the rights of grantees in the event of a capitalization issue, rights issue, sub-division or consolidation of shares or reduction or any other variation of capital of our Company;
 - the provisions under the Share Option Scheme as described in paragraph H above; and
 - any matters set out in rule 17.03 of the Listing Rules as amended from time to time.
- (c) Any alterations to the terms and conditions of the Share Option Scheme of material nature shall be subject to the approval of the shareholders of our Company, save where such alterations take effect automatically under the existing terms of the Share Option Scheme.
- (d) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of the Listing Rules.

R. Lapse of options

An option shall lapse automatically (to the extent not already exercised) on the earliest of the following events:

- (i) expiry of the Option Period;
- (ii) the date on which the grantee ceases to be an Employee for reason other than his death or the termination of his employment on any ground specified in sub-paragraph (vi) below;
- (iii) the first anniversary of the death of the grantee (and in the 12 months following such death, the personal representative may exercise the option (to the extent not already exercised) in whole or in part in accordance with the terms of the Share Option Scheme);
- (iv) the expiry of any of the periods referred to in paragraphs L, M and N above;
- (v) subject to the right as set out in paragraph N above, the date of the commencement of the winding-up of our Company;
- (vi) the date on which the grantee ceases to be an Employee on any one or more of the following grounds:
 - the grantee's misconduct;
 - the grantee being convicted of any criminal offence involving his/her integrity or honesty; or
 - any other grounds on which his/her employer would be entitled to summarily terminate his/her office or employment at common law or pursuant to his/her service contract; or

- (vii) the date on which the grantee ceases to be an Employee on or after becoming bankrupt or insolvent or making any arrangements or composition with his/her creditors generally; or
- (viii) the date on which the grantee commits a breach of paragraph E above.

S. Termination

The Board or the shareholders of our Company in general meeting may at any time terminate the Share Option Scheme and in such event, no further option shall be granted or offered but the provisions of the Share Option Scheme shall remain in force in all other respects. All options granted prior to such termination and not then exercised shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

T. Present status of the Share Option Scheme

The Share Option Scheme shall take effect subject to the following conditions being fulfilled:

- (i) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the options; and
- (ii) the commencement of dealings in the Shares on the Stock Exchange,

in each case, on or before 30 days after the date of this prospectus.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options granted under the Share Option Scheme. The Share Option Scheme is further conditional upon the Bermuda Monetary Authority granting approval of any options which may be granted under the Share Option Scheme and the allotment and issue of Shares pursuant to the exercise of such options.

As at the date of this prospectus, no option has been granted or agreed to be granted by our Company under the Share Option Scheme.

6. REPURCHASE OF OUR SECURITIES

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by us of our own securities.

A. The Listing Rules

The Listing Rules permit a company with a primary listing on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(a) *Shareholders' approval*

All proposed repurchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by specific approval of a particular transaction.

Note: Pursuant to a written resolution passed by the shareholders of our Company on February 2, 2007, a general mandate (the "Repurchase Mandate") was given to our Directors authorizing any repurchase by our Company on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of such aggregate nominal amount of Shares not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering such mandate to remain in effect until (i) the conclusion of the next annual general meeting of our Company, (ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Bye-laws to be held, or (iii) it is varied or revoked by an ordinary resolution of shareholders in general meeting, whichever occurs first.

(b) *Source of funds*

Repurchases must be funded out of funds legally available for such purpose. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(c) *Trading restrictions*

The shares proposed to be repurchased by a company must be fully paid up. A maximum of 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering may be repurchased on the Stock Exchange. A company may not issue or announce a proposed issue of new shares for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. A company shall not repurchase shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days. The Listing Rules also prohibit a company from repurchasing its own securities on the Stock Exchange if the repurchase would result in the number of that company's listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Listing Rules.

(d) Status of repurchased securities

The listing of all repurchased securities will be automatically cancelled upon purchase and the certificates for those securities must be cancelled and destroyed.

(e) Suspension of repurchases

A company may not repurchase securities at any time after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information is made publicly available. In particular, a company may not repurchase securities on the Stock Exchange, unless the circumstances are exceptional, during the period of one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange) for the approval of the company's results for any year, half-year, quarterly or any other interim period and (ii) the deadline for the company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period, and ending on the date of the results announcement. In addition, the Stock Exchange reserves the right to prohibit repurchases of securities on the Stock Exchange if a company has committed a breach of the Listing Rules.

(f) Reporting requirements

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which we make a purchase of shares. In addition, a company's annual report is required to disclose details regarding repurchases of securities made during the year including the number of securities repurchased each month, the repurchase price for each such securities or the highest and lowest price paid for each repurchase where relevant, and the aggregate price paid for such purchases and the reasons of the directors of the company for making such repurchases. A company shall procure that any broker appointed by the company to effect the repurchase of securities shall disclose to the Stock Exchange such information with respect to repurchases made on behalf of that company as the Stock Exchange may request.

(g) Connected parties

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules) and a connected person is prohibited from knowingly selling his securities in the company back to the company on the Stock Exchange.

B. Share capital

The exercise in full of the Repurchase Mandate, on the basis of 4,144,236,830 Shares in issue immediately after completion of the Global Offering, could accordingly result in up to 414,423,683 Shares being repurchased by our Company during the period prior to (i) the conclusion of our Company's next annual general meeting; (ii) the expiration of the period within which our Company's next annual general meeting is required by any applicable law or the Bye-laws to be held; or (iii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of shareholders in general meeting, whichever occurs first.

C. Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our shareholders to have a general authority from our Shareholders to enable us to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and shareholders.

D. Funding of repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with our Memorandum of Association and Bye-laws, the laws of Bermuda and the Listing Rules. Repurchases pursuant to the Repurchase Mandate will be made out of funds of our Company legally permitted to be utilized in this connection, that is, out of the capital paid up thereon or out of the funds of our Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for such purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of our Company otherwise available for dividend or distribution or out of sums standing to the credit of the share premium account of our Company before the shares are repurchased.

There might be a material adverse effect on the working capital or gearing position of our Company, as compared with the position disclosed in this prospectus, in the event that the Repurchase Mandate is exercised in full at any time. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or gearing levels of our Company which, in the opinion of our Directors, are from time to time appropriate for our Company.

E. General

None of our Directors nor, to the best of their knowledge, having made all reasonable enquiries, their respective associates (as defined in the Listing Rules), have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate only in accordance with the Listing Rules and the applicable laws of Bermuda.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a shareholder or a group of shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the shareholders' interest, could obtain or consolidate control of our Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchases of Shares pursuant to the Repurchase Mandate.

No connected person (as defined in the Listing Rules) has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

7. REQUIREMENTS FOR FINANCIAL DISCLOSURES OF LINGUI AND GLENEALY

Pursuant to the listing requirements of the Malaysia Stock Exchange ("Malaysian Listing Requirements"), each of Lingui and Glenealy is required to give the Malaysia Stock Exchange for public release, an interim financial report that is prepared on a quarterly basis, as soon as the figures have been approved by its board of directors, and in any event not later than two months after the end of each quarter of a financial year. The Malaysian Listing Requirements also prescribe that such interim financial report shall include the information set out in the Malaysian Listing Requirements (including a review of the performance of the Group, an explanatory comment on any material change in the profit before taxation, and a commentary on the prospects) and any other information as may be required by the Malaysia Stock Exchange. In addition, each of Lingui and Glenealy is required to submit to the Malaysia Stock Exchange returns as at June 30 and December 31 of each calendar year within two months from these dates respectively. Such returns shall include such information set out in the Malaysian Listing Requirements (including information on directors, substantial shareholders and employees of the Group) and any other information as may be required by the Malaysia Stock Exchange.

In accordance with rule 13.09(2) of the Listing Rules, we will publish the quarterly/interim financial information of Lingui and Glenealy (which would be treated as our subsidiary for the purpose of our compliance with the Listing Rules) in Hong Kong when they are published in Malaysia, however we do not intend to publish a reconciliation of the quarterly/interim financial information of Lingui and Glenealy, which are prepared in accordance with the generally accepted accounting principles in Malaysia, with IFRS promulgated by the International Accounting Standards Board.

8. 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 certain provisions of the Listing Rules. See transactions 15 and 22 in the “Business — Connected Transactions” section.

9. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty under Bermuda law is likely to fall upon us.

B. Litigation

Save as disclosed in the “Business — Legal Proceedings and Protests” section of this prospectus, no member of the Group is engaged in or, so far as we are aware, has pending or threatened by or against it any litigation, arbitration or claim of material importance which may have or would have a significant effect on the Group’s financial position. Samling Strategic, one of our Controlling Shareholders, has provided an indemnity in favour of us in respect of the losses, liabilities, damages, costs and expenses, if any, directly arising from the legal proceedings set out in the “Business — Legal Proceedings and Protests” section of this prospectus. See “Business — Legal Proceedings and Protests” for details.

C. Properties

There are issues affecting our properties in Malaysia and the PRC. Samling Strategic, one of our Controlling Shareholders, has provided an indemnity in favour of us in respect of the losses and liabilities, if any, arising from these issues affecting our properties. See “Business — Real Properties” for details.

D. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for listing of, and permission to deal in, the Shares and any Shares falling to be issued pursuant to the exercise of the Over-allotment Option and options granted under the Share Option Scheme on the Stock Exchange. All necessary arrangements have been made enabling the securities to be admitted into CCASS.

The listing of our Shares on the Stock Exchange is jointly sponsored by Credit Suisse and Macquarie. Each of the Joint Sponsors have declared pursuant to Rule 3A.08 of the Listing Rule that it is independent pursuant to Rule 3A.07 of the Listing Rules.

E. Preliminary expenses

Our estimated preliminary expenses are approximately HK\$111 million and payable by us.

F. Qualification of Experts

The qualifications of the experts (as defined under the Listing Rules) who have given opinions or advice in this prospectus are as follows:

Name	Qualification
Credit Suisse (Hong Kong) Limited	Deemed licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) as defined under the SFO
Macquarie Securities Limited	Licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) as defined under the SFO
KPMG	Certified public accountants
Conyers Dill & Pearman	Bermuda barristers and attorneys
Pöyry Forest Industry Pte Ltd	Independent Forestry Consultant
Greater China Appraisal Limited	Property Valuer
Global Law Office	PRC legal advisers

G. Taxation of Holders of Shares

The Shares are Hong Kong property for the purposes of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (as amended) and, accordingly, Hong Kong estate duty may be payable in respect thereof on the death of an owner of the Shares.

The sale, purchase and transfer of the Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer is effected on the Hong Kong branch register, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is HK\$2.00 for every HK\$1,000 (or part thereof) of the consideration or, if higher, the fair value of the Share being sold or transferred.

H. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our financial or trading position since September 30, 2006, being the date of our latest audited combined financial statements.

I. Binding Effect

This prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance so far as applicable.

J. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash.
- (b) Save as disclosed in this prospectus, no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (c) We have not issued nor agreed to issue any founder shares, management shares or deferred shares.
- (d) Save as disclosed in this prospectus, none of the equity and debt securities of our Company is listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought.
- (e) We have no outstanding convertible debt securities.
- (f) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

K. Consents

Each of Credit Suisse (Hong Kong) Limited and Macquarie Securities Limited as our Joint Sponsors, KPMG as our independent reporting accountants, Conyers Dill & Pearman as our Bermuda legal advisers, Pöyry Forest Industry Pte Ltd as our independent forestry consultant, Greater China Appraisal Limited as our property valuer and Global Law Office as our PRC legal advisers has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

L. Promoter

We do not have a promoter.

M. Dividends

There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.

N. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).