
HISTORY AND REORGANIZATION

OUR HISTORY

We were incorporated in Bermuda on June 8, 2010 as a holding company for the dissolving wood pulp and viscose staple fiber businesses established by Mr. Sukanto Tanoto, our Ultimate Controlling Shareholder, and we are the flagship company for such businesses in our Ultimate Controlling Shareholder’s group of companies.

We primarily conduct our business through our three principal operating subsidiaries, being Bahia Specialty Cellulose and Copener in Brazil and Sateri Jiangxi in China. We began our business with the construction of a viscose staple fiber mill by Sateri Jiangxi, which was incorporated on August 23, 2002. The construction of this mill was completed and it went into commercial production in the first half of 2004. Between September and December 2003, we acquired an aggregate of 98.2% of the common shares and 100% of the preferential shares in Bahia Specialty Cellulose in three tranches through our subsidiary Sateri Bacell Limited, and acquired 100% of the common shares in Norcell S.A. and, directly and indirectly, 100% of the quota capital of Copener through our subsidiary Sateri Copener Limited. We also acquired 100% of the shares of Kuitu Oy, a viscose staple fiber manufacturer based in Finland, in February 2003, but we subsequently disposed of 70% of our interest in Kuitu Oy to a third party in January 2007 as we decided to focus on our Chinese and Brazilian operations, and disposed of the remaining 30% interest in Kuitu Oy to a company controlled by our Ultimate Controlling Shareholder in August 2009.

Our Ultimate Controlling Shareholder

Mr. Sukanto Tanoto, our Ultimate Controlling Shareholder, is an entrepreneur who started his business more than 40 years ago supplying spare parts to oil and construction companies. He entered the plywood business in 1973 and subsequently ventured into other resources-based businesses, including pulp and paper, agribusiness, energy resources development and the business of the Group (that is, dissolving wood pulp and viscose staple fibers) which are currently operating across Asia, Europe and North and South America.

The Tanoto Family has a deemed controlling interest in each of the following major business groups: (i) the fiber, pulp and paper business group, which is operated primarily through APRIL, a leading fiber, pulp and paper company and which owns PT Riau Andalan Pulp & Paper, (ii) the agro industry business group, which is operated primarily through the Asian Agri group of companies, an Indonesian-based palm oil business group, (iii) the dissolving wood pulp and viscose staple fibers business group, which is operated through the Group, (iv) the energy resources development business group, which is operated through the Pacific Oil & Gas group of companies and (v) TPL. Collectively, these business groups have total assets in excess of US\$10 billion.

The Tanoto Family has established a charitable foundation, the Tanoto Foundation. One of the primary areas which the Tanoto Foundation supports is education. Mr. Sukanto Tanoto is passionate about both continuing his own education and ensuring that others benefit from an education at an early age, which he missed out on. Through various charitable organizations which he founded, Mr. Sukanto Tanoto donated a library to INSEAD, built several schools in China and created scholarships and fellowships in Indonesia. Mr. Sukanto Tanoto is a member of the Board of Overseers of the Wharton School, the INSEAD International Council and various other educational, community and industry bodies. The charitable organizations founded by Mr. Sukanto Tanoto are legal entities which are independent from the Group and their activities do not have any impact on the Group’s business and operations.

Save as disclosed in the section headed “Relationship with Our Controlling Shareholders — Business Retained By Our Controlling Shareholders” in this document, Mr. Sukanto Tanoto is not interested in any business apart from the Group’s business which competes or is likely to compete, directly or indirectly, with the business of the Group.

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From time to time there have been adverse claims, media speculation and other public statements relating to us, our associates, our Controlling Shareholders and/or persons affiliated with our Controlling Shareholders.

The adverse claims, media speculation and other public statements relating to our Controlling Shareholders and/or companies affiliated with our Controlling Shareholders (which claims and allegations do not relate to our business or assets or ownership of any member of our Group) include:

- legal disputes since 2001 relating to a claim brought by Beckett Pte Ltd, a company which is indirectly 29% owned by our Ultimate Controlling Shareholder, against, among others, Deutsche Bank. The claim relates to an alleged disposal by Deutsche Bank, without due process and at an undervalue, of the pledged shares owned directly or indirectly by Beckett Pte Ltd in PT Swabara Mining and Energy, PT Asminco Bara Utama, PT Indonesia Bulk Terminal and PT Adaro Indonesia. The shares were pledged by Beckett Pte Ltd to Deutsche Bank as collateral for a US\$100 million loan granted to PT Asminco Bara Utama that went into default. Following an appeal in 2009 to the final court of appeal in Singapore, Beckett Pte Ltd was successful in its claim and the amount of damages to be awarded to Beckett Pte Ltd is pending assessment by the court. These damages will be netted off against the amount owed to Deutsche Bank under the loan. We understand from our Ultimate Controlling Shareholder that certain of these disputes, including anti-suit proceedings filed by Deutsche Bank, remain ongoing as of the Latest Practicable Date;
- claims brought against TPL by its minority shareholders in 2002 alleging losses suffered by them as a result of the suspension of TPL’s plant operations. We understand from TPL that the relevant courts dismissed these claims and that the minority shareholders who brought the claims in 2002 are now time barred from bringing any further appeal against the judgment. We further understand from TPL that no proceedings were pending in relation to these claims as of the Latest Practicable Date;
- allegations involving PT Unibank Tbk and our Ultimate Controlling Shareholder relating to our Ultimate Controlling Shareholder’s previous ownership of PT Unibank Tbk, an Indonesian bank that was closed in 2001 following the Asian financial crisis with associated outstanding debts of US\$230 million, and an alleged corruption investigation in relation to such outstanding debts. We understand from our Ultimate Controlling Shareholder that (i) he held an interest of over 50% in the bank before its initial public offering in April 1997 and subsequently reduced his stake in the bank over time, holding less than 5% at the time of the bank’s closure in 2001 and (ii) he has not served on the bank’s board of directors or commissioners, and has held no direct management role in the bank, since 1998. The bank fell under the administration of the IBRA after its closure in 2001, and IBRA concluded the process of liquidating 50 Indonesian banks, including PT Unibank Tbk, in April 2004. We further understand from our Ultimate Controlling Shareholder that there were no pending claims against our Ultimate Controlling Shareholder in respect of PT Unibank Tbk as of the Latest Practicable Date;
- allegations relating to tax evasion in Indonesia made against the Asian Agri group of companies in Indonesia, a palm oil business group ultimately controlled by the Tanoto Family, with respect to the years 2002 to 2005. We understand from our Ultimate Controlling Shareholder that he has not been a member of the board of directors of any company in the Asian Agri group of companies in Indonesia since 1998. We understand from the Asian Agri group of companies that investigations by the relevant Indonesian authorities in relation to such allegations began in 2007 and that no final conclusions have been reached as of the Latest Practicable Date.
- allegations which appear from time to time in the media relating to illegal logging in Indonesia by PT Riau Andalan Pulp & Paper, an Indonesian pulp and paper company ultimately controlled by the Tanoto Family. We understand from PT Riau Andalan Pulp & Paper that no proceedings were pending in relation to these allegations as of the Latest Practicable Date. PT Riau Andalan

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Pulp & Paper is a subsidiary of APRIL, which is a member of the World Business Council for Sustainable Development and a signatory to the United Nations Global Compact initiative. Since 2002, PT Riau Andalan Pulp & Paper has used a professional third-party audited wood-tracking system which is reviewed by an international non-governmental organization; and

- ownership and other disputes involving, and allegations of embezzlement made by, relatives of our Ultimate Controlling Shareholder relating to shares in certain companies controlled by our Ultimate Controlling Shareholder in 1997 and which continue to be controlled by our Ultimate Controlling Shareholder. These disputes do not relate to the shares of any company within our Group. We understand from our Ultimate Controlling Shareholder that a legal settlement was reached with such relatives in 2002 in respect of the claims relating to shares in certain companies controlled by our Ultimate Controlling Shareholder in 1997. Notwithstanding this settlement, these relatives of our Ultimate Controlling Shareholder have continued to make allegations in the media from time to time.

These claims and allegations do not relate to our business or assets or ownership of any member of our Group.

Whether or not justified, any adverse claims, media speculation and other public statements relating to us, our associates, our Controlling Shareholders and/or persons affiliated with our Controlling Shareholders could adversely affect our reputation and our corporate image, or otherwise affect our ability to conduct our business in the ordinary course, including, without limitation, obtaining and renewing operational licenses and regulatory approvals and establishing and maintaining our relationships with customers and suppliers, and to expand our production capacity, including, without limitation, obtaining the necessary financing for such expansion.

These claims and allegations may also adversely affect the value of our Shares or distract our management from their day-to-day management responsibilities, and may therefore have a material and adverse effect on our business, financial condition and results of operations. In the event any material claim arises out of or in connection with any such adverse claims, media speculation and other public statements, and if any of our Controlling Shareholders satisfy such claims through the disposal of some or all of their Shares, or the voting rights and/or other rights of ownership of some or all of their Shares are otherwise transferred to or for the benefit of or to be exercised by another person, or Controlling Shareholders' level of ownership in our Company may vary significantly which in turn may result in a change of control of our Company. For further details, please see the section headed “Risk Factors — Adverse claims, media speculation and other public statements could adversely affect the value of our Shares” in this document.

Our Principal Operating Subsidiaries

Bahia Specialty Cellulose and Copener

Through our subsidiary Sateri Bacell Limited, we acquired 98.2% of the common shares and 100% of the preferential shares in Bahia Specialty Cellulose from a third party in Brazil in three tranches between September and December 2003. Such third party was at the time of the acquisition and remains a third party independent of the Group, our Shareholders, our Directors and senior management and their respective associates, past and present. The consideration paid by us for Bahia Specialty Cellulose was determined, following a competitive bidding process, through commercial negotiations with reference to valuations based on discounted cash flows and market comparables. Currently, the three directors whom we have appointed to the board of directors of Bahia Specialty Cellulose, being Mr. Will Hoon Wee Teng, Mr. Ivan Alves and Mr. Claudio Laert Cotrim Passos, each owns one common share in Bahia Specialty Cellulose pursuant to the relevant Brazilian statutory and legal requirements and the remaining common shares in Bahia Specialty Cellulose are held by Lenzing AG (as to 1.2%) and Bacell Handels GmbH (as to 0.6%), neither of which is a connected person of the Group. Lenzing AG is also a dissolving wood pulp customer of the Group. These two companies have no role in, or influence on, the day-to-day management of Bahia Specialty Cellulose. We currently have no intention to acquire the outstanding equity interest of Bahia Specialty Cellulose held by these two companies.

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In September 2003, through our subsidiary Sateri Copener Limited, we acquired 76.52% of the common shares and 74.30% of the preference shares in Norcell S.A., a holding company that held 99.99% of the quota capital of Copener, from a third party, and we acquired the remaining 0.01% of the quota capital of Copener and the remaining 23.48% of the common shares in Norcell S.A. from another third party. Before we acquired Bahia Specialty Cellulose, it already held 25.7% of the preference shares of Norcell S.A.. Therefore, through our acquisition of Bahia Specialty Cellulose, we indirectly acquired this 25.7% interest and came to hold 100% of the preference shares of Norcell S.A.. Both the third parties above were at the time of the acquisition and remain independent from our Group, our Shareholders, our Directors and senior management and their respective associates, past and present. The consideration paid by us for Norcell S.A. and Copener was determined, following a competitive bidding process, through commercial negotiations with reference to valuations based on discounted cashflows and market comparables.

Through the acquisition of Bahia Specialty Cellulose and Copener, we established our upstream operations in the production of dissolving wood pulp. Bahia Specialty Cellulose has been producing dissolving wood pulp since the mid 1990s and at the time of our acquisition had a design annual production capacity of 115,000 metric tons. Bahia Specialty Cellulose had an existing customer base at the time of our acquisition. With a view to expanding this customer base, we subsequently recruited additional sales professionals to our sales teams, with particular focus on China and the specialty grades of pulp segment. We also established our subsidiary, Sateri Marketing SA, in Switzerland and recruited customer technical and marketing services professionals in order to provide technical support and marketing services and further enhance our offering to customers in the dissolving wood pulp industry.

Copener is a wood plantation company which at the time of our acquisition held and, together with Bahia Specialty Cellulose, currently hold approximately 150,000 hectares of land for wood plantations. Our wood plantations are capable of supplying substantially all of the wood requirements for the dissolving wood pulp production at our Bahia Specialty Cellulose mill. Our Bahia Specialty Cellulose mill currently has a design annual production capacity of 465,000 metric tons of dissolving wood pulp and we expect to expand its design annual production capacity to 550,000 metric tons by December 2013.

Sateri Jiangxi

In anticipation of the strong growth in the Chinese textile and consumer goods market, we established Sateri Jiangxi to engage in viscose staple fiber production in China in 2002. Strategically located in Jiangxi province, China, our Sateri Jiangxi mill is in close proximity to Jiangsu and Zhejiang provinces, China's textile production centers. Our Sateri Jiangxi mill primarily produced textile viscose fibers when it commenced commercial production in 2004 and expanded into the production of non-woven viscose fibers in the second quarter of 2005. Our Sateri Jiangxi mill currently operates four production lines with a total design annual production capacity of 120,000 metric tons, of which two lines are fully operational, and we commenced trial production on the remaining two lines in June 2010 and October 2010, respectively. The ramp up and commissioning of the two new lines is expected to occur by February 2011. Thereafter, we are targeting to expand our Sateri Jiangxi mill's effective annual production capacity to 160,000 metric tons by December 2011 through certain process improvements. Sateri Jiangxi is recognized for its high quality textile and non-woven fiber products and has established a global customer base. This global customer base was initially established through the recruitment of an experienced senior manager, Mr. Yongning Sun, as team leader in Sateri Jiangxi's marketing department in 2002. We subsequently recruited additional sales professionals to work as part of this team and grow Sateri Jiangxi's sales to key target customers. Please see the section headed "Directors and Senior Management" in this document for further details of Mr. Sun's experience and qualifications.

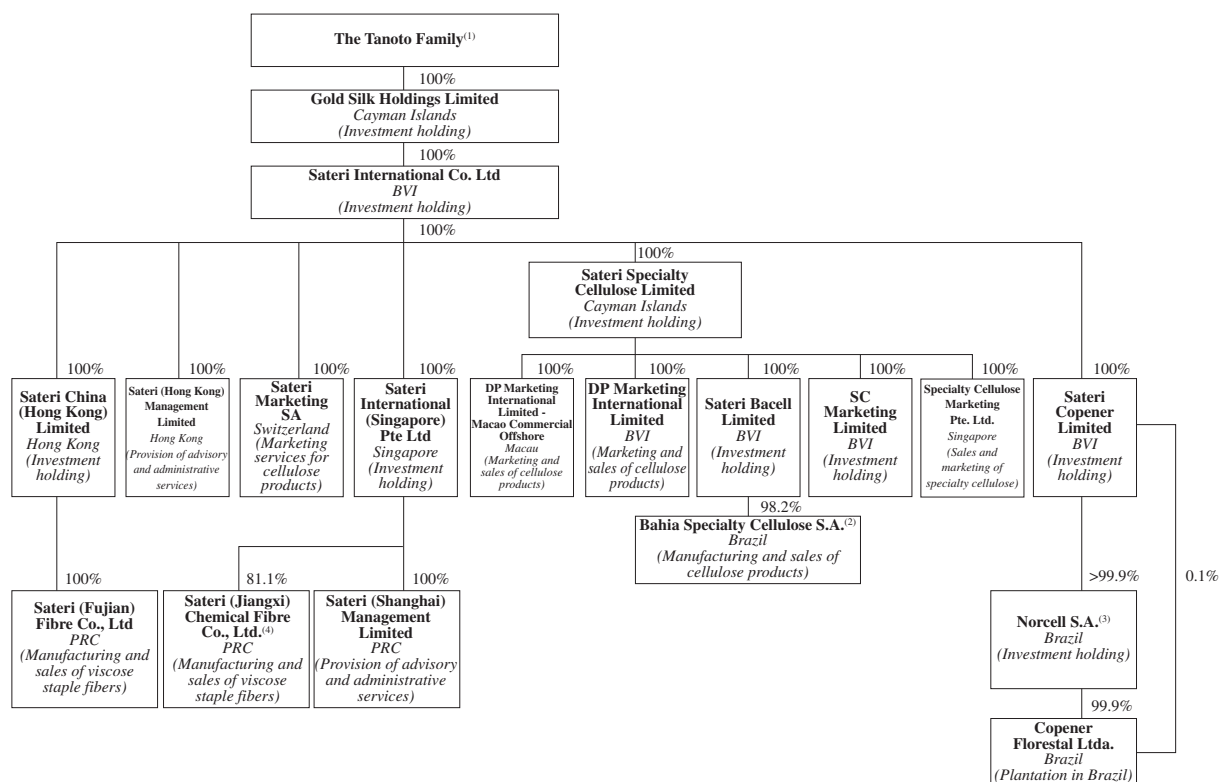
In October 2003, we transferred a 30% interest in Sateri Jiangxi from Sateri Singapore to our former subsidiary, Kuitu Oy. Since this transfer, Sateri Jiangxi has received capital injections from us amounting to approximately US\$8.5 million, US\$16.7 million and US\$17.1 million during the three years ended December 31, 2007, 2008, and 2009, respectively. Kuitu Oy did not contribute any further equity during this period and, as a result, its interest in Sateri Jiangxi was diluted. We currently hold an 81.1% interest and Kuitu Oy holds an 18.9% interest in Sateri Jiangxi. Kuitu Oy filed for bankruptcy in Finland in December 2008 due to its

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inability to meet its creditor obligations as a result of the global financial crisis and, in October 2009, the bankruptcy estate of Kuitu Oy filed an action against Sateri Singapore seeking to set aside the 2003 transfer of the 30% interest in Sateri Jiangxi. Please see the section headed “Business — Legal Proceedings” in this document for further details on this action.

OUR CORPORATE REORGANIZATION

Prior to the Reorganization, our simplified corporate structure was as follows:



Notes:

- (1) The Tanoto Family beneficially own 100% of Gold Silk. The Trustee holds 100% of the issued share capital of Gold Silk on trust for beneficiaries including the Tanoto Family.
- (2) Sateri Bacell Limited holds 98.2% of the total issued common shares and 100% of the total issued preferential shares in Bahia Specialty Cellulose. The three directors whom we have appointed to the board of directors of Bahia Specialty Cellulose, being Mr. Will Hoon Wee Teng, Mr. Ivan Alves and Mr. Claudio Laert Cotrim Passos, each holds one common share pursuant to the relevant Brazilian statutory and legal requirements. Lenzing AG holds 1.2% and Bacell Handels GmbH holds 0.6% of the remaining common shares. The preferential shares carry the same rights as common shares, except that they do not carry any voting rights, they have priority in the event of a capital reimbursement and are entitled to dividends 10% higher than those payable for common shares, and they may be converted into common shares by a resolution of the common shareholders.
- (3) Sateri Copener Limited holds all except for three of the total issued common shares and 74.3% of the total issued preferential shares in Norcell S.A.. The three directors whom we have appointed to the board of directors of Norcell S.A., being Mr. Will Hoon Wee Teng, Mr. Ivan Alves and Mr. Claudio Laert Cotrim Passos, each holds one of the three remaining common shares pursuant to the relevant Brazilian statutory and legal requirements. Bahia Specialty Cellulose holds the remaining 25.7% of the preferential shares. The preferential shares carry the same rights as common shares, except that they do not carry any voting rights, they have priority in the event of a capital reimbursement, and they may be converted into common shares by a resolution of the common shareholders.
- (4) Sateri Singapore holds 81.1% of the registered capital in Sateri Jiangxi while Kuitu Oy is the existing holder of the remaining 18.9% of the registered capital in Sateri Jiangxi.

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Prior to [●], the following reorganization steps were taken. Our BVI, Bermuda, Cayman Islands and Macau legal advisors have advised that we and the companies controlled by our Ultimate Controlling Shareholder which are involved in the Reorganization have complied in all material respects with applicable laws and regulations of the BVI, Bermuda, Cayman Islands and Macau, as the case may be, and have obtained the necessary regulatory approvals, if any, required in the BVI, Bermuda, Cayman Islands or Macau, as the case may be, in each case in respect of the Reorganization.

1. Incorporation of Our Company

Our Company was incorporated in Bermuda on June 8, 2010 with an authorized share capital of US\$10,000, divided into 10,000 ordinary shares with a nominal value of US\$1.00 each, and an issued and fully paid-up share capital of US\$100, divided into 100 ordinary shares with a nominal value of US\$1.00, all of which were allotted and issued to Gold Silk, a company ultimately controlled by the Tanoto Family.

2. Disposal of DP Macao

On August 24, 2010, Sateri Specialty Cellulose entered into a share transfer agreement (which was supplemented by a supplemental agreement dated October 1, 2010) to dispose of its entire shareholding interest in DP Macao with effect from September 30, 2010 to Blue Dot, a company controlled by our Ultimate Controlling Shareholder, for a cash consideration of MOP13,229,521 (US\$1.6 million) which represents the net book value of DP Macao as of September 30, 2010.

DP Macao’s principal business is in the trading of pulp, which includes paper pulp and dissolving wood pulp produced by TPL, a company controlled by our Ultimate Controlling Shareholder. TPL does not have its own international sales, marketing or technical service team, international customer relationships or an international distribution network for dissolving wood pulp and it has relied on the Group’s sales, marketing and technical service resources to market, sell and provide technical service to its dissolving wood pulp customers outside Indonesia.

Our strategy going forward is to focus on producing and selling our own dissolving wood pulp and viscose staple fibers and not to engage in the trading of paper pulp and dissolving wood pulp as principal so as to avoid trading risks which could potentially affect our overall profitability and the volatility of our earnings. DP Macao’s principal business is not in line with this strategy. For the foregoing reasons and in order to minimize operational disruption to our operations and DP Macao’s existing paper pulp customers and operations and to allow us to concentrate on our strategy, we disposed of our entire shareholding interest in DP Macao but retained DP Macao’s international sales team for dissolving wood pulp within the Group. Following this disposal, we no longer have any liabilities in respect of DP Macao, save for any trade balances relating to the Agency Agreement and the Sales Framework Agreement.

In order to minimize any potential competition from TPL in relation to our dissolving wood pulp business, SC International Macao, our subsidiary, entered into the Agency Agreement with DP Macao on November 3, 2010 pursuant to which SC International Macao has been appointed as DP Macao’s agent for the sale of the dissolving wood pulp produced by TPL and acquired by DP Macao outside Indonesia and SC International Macao has the right of first refusal to sell such dissolving wood pulp as DP Macao’s agent.

Please see the section headed “Relationship with Our Controlling Shareholders — Business Retained by Our Controlling Shareholders” in this document for further details.

3. Acquisition of Sateri Marketing International

On September 13, 2010, Sateri Specialty Cellulose acquired the entire issued share capital of Sateri Marketing International, an investment holding company incorporated in the Cayman Islands, from Hibiscus Bay, a company controlled by our Ultimate Controlling Shareholder for a nominal consideration of US\$1.00, which represents the net book value of Sateri Marketing International. Prior to the Acquisition, Sateri Marketing International acquired the entire issued share capital of SC International Macao from an independent third party for a cash consideration of MOP100,000 (US\$12,460) on September 2, 2010.

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The Group acquired SC International Macao through the acquisition of Sateri Marketing International rather than directly from the independent third party because the independent third party was not a party familiar to the Group and Hibiscus Bay agreed to indemnify the Group against all losses suffered or incurred by the Group in connection with the business carried on by Sateri Marketing International and SC International Macao prior to the completion of the Acquisition.

SC International Macao was incorporated in Macau as a commercial offshore institution in Macau and was granted a permit by the Macao Trade and Investment Promotion Institute to operate offshore business in Macau. Since commencing business operations, SC International Macao has been engaged in offshore business in Macau relating to the trading of paper products. Following its acquisition by Sateri Marketing International, SC International Macao ceased its original trading activities and was appointed as DP Macao's agent for the sale of the dissolving wood pulp produced by TPL outside Indonesia pursuant to the terms of the Agency Agreement. SC International Macao has also commenced selling our own dissolving wood pulp.

The audited statutory financial statements of SC International Macao were prepared in accordance with Financial Reporting Standards of Macau. There are differences between Macau GAAP and IFRS because Macau GAAP has not adopted the new, revised and amended IFRS standards from April 1, 2004 onwards. However, in the context of us and SC International Macao, taking into consideration the fact that SC International Macao's audited statutory financial statements for the year ended December 31, 2009 show total assets, total liabilities, revenue and profit after tax of only US\$0.3 million, US\$0.3 million, US\$0.3 million and US\$0.1 million (representing less than 0.1%, 0.1%, 0.1% and 0.1% respectively of those of the Group), the Group's consolidated financial results and position would not be materially different whether or not SC International Macao's financial results and position were restated under IFRS if consolidated with the Group's financial results and position during the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010. Similarly, SC International Macao's financial results and position would also not be materially different if its financial results and position were restated under IFRS during the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010.

4. Increase in the Authorized Share Capital of Our Company and Subdivision of Shares

On November 8, 2010, the authorized share capital of our Company was increased from US\$10,000 to US\$750,000,000 by the creation of an additional 749,990,000 ordinary shares with a nominal value of US\$1.00 each and each issued and unissued ordinary share with a nominal value of US\$1.00 each in the capital of our Company was sub-divided into 20 Shares, resulting in our Company having an issued and fully paid-up share capital of US\$100, divided into 2,000 Shares.

5. Redemption of Preference Shares by Sateri International

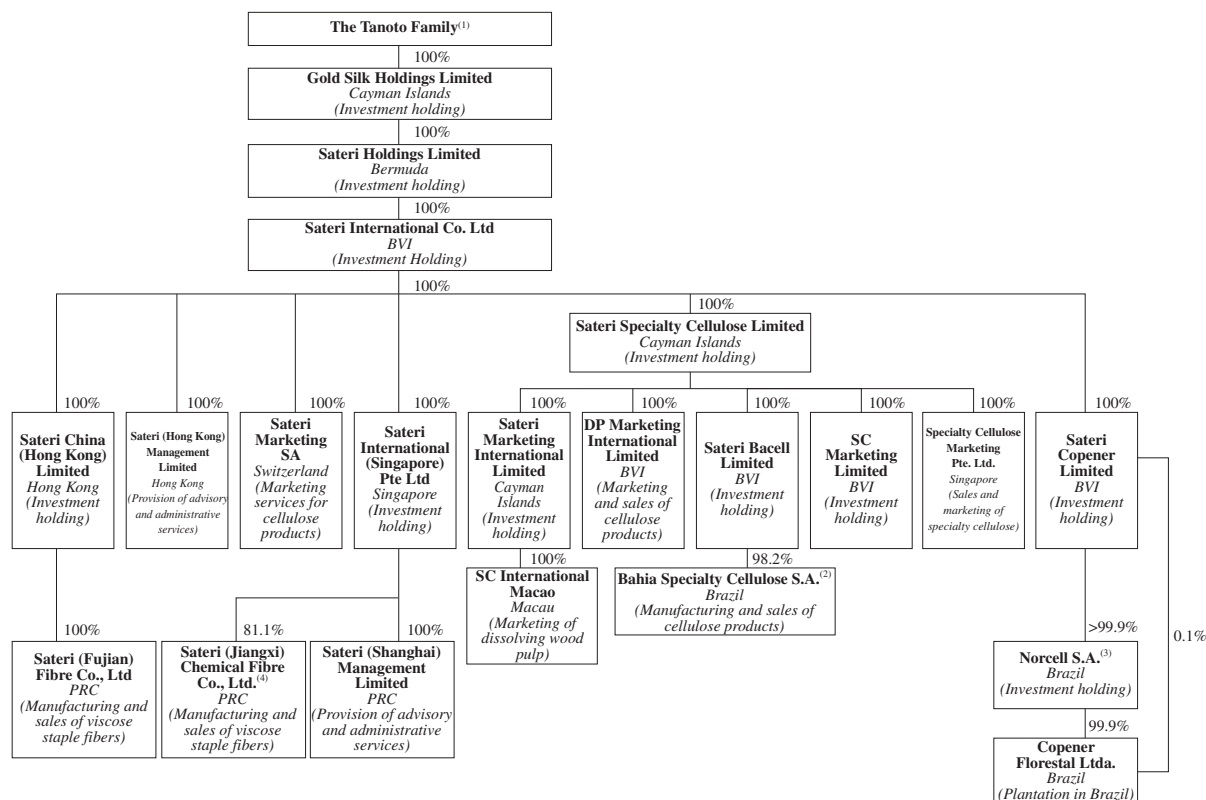
On or about November 22, 2010, Sateri International exercised its right of redemption and redeemed 22,800,000 class 1 preference shares and 4,410,067 class 2 preference shares in the capital of Sateri International, representing approximately 5.6% of the outstanding class 1 preference shares and 100% of the outstanding class 2 preference shares, owned by Gold Silk. In accordance with the terms of the class 1 preference shares, the redemption price was US\$1.00 for each class 1 preference share, being the par value of each class 1 preference share. In accordance with the terms of the class 2 preference shares, the redemption price was US\$100.00 for each class 2 preference share, being the aggregate of the par value and the premium paid on each class 2 preference share by Gold Silk.

6. Share Exchange Between Gold Silk and Our Company

On or about November 23, 2010, Gold Silk entered into a share exchange agreement with our Company pursuant to which it agreed to transfer to our Company immediately prior to [●] its entire shareholding interest in Sateri International, comprising (a) 100 ordinary shares and (b) the remaining 381,799,200 class 1 preference shares, which carry one vote each, are convertible into ordinary shares at the option of the holder and are entitled to receive dividends in preference to the ordinary shares in exchange for 750 Shares and 2,863,494,000 Shares, respectively, which were allotted and issued to Gold Silk credited as fully paid. Following the completion of such share exchange and immediately prior to [●], Gold Silk will hold an aggregate of 2,863,496,750 Shares.

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Immediately following the Reorganization, our simplified corporate structure will be as follows:

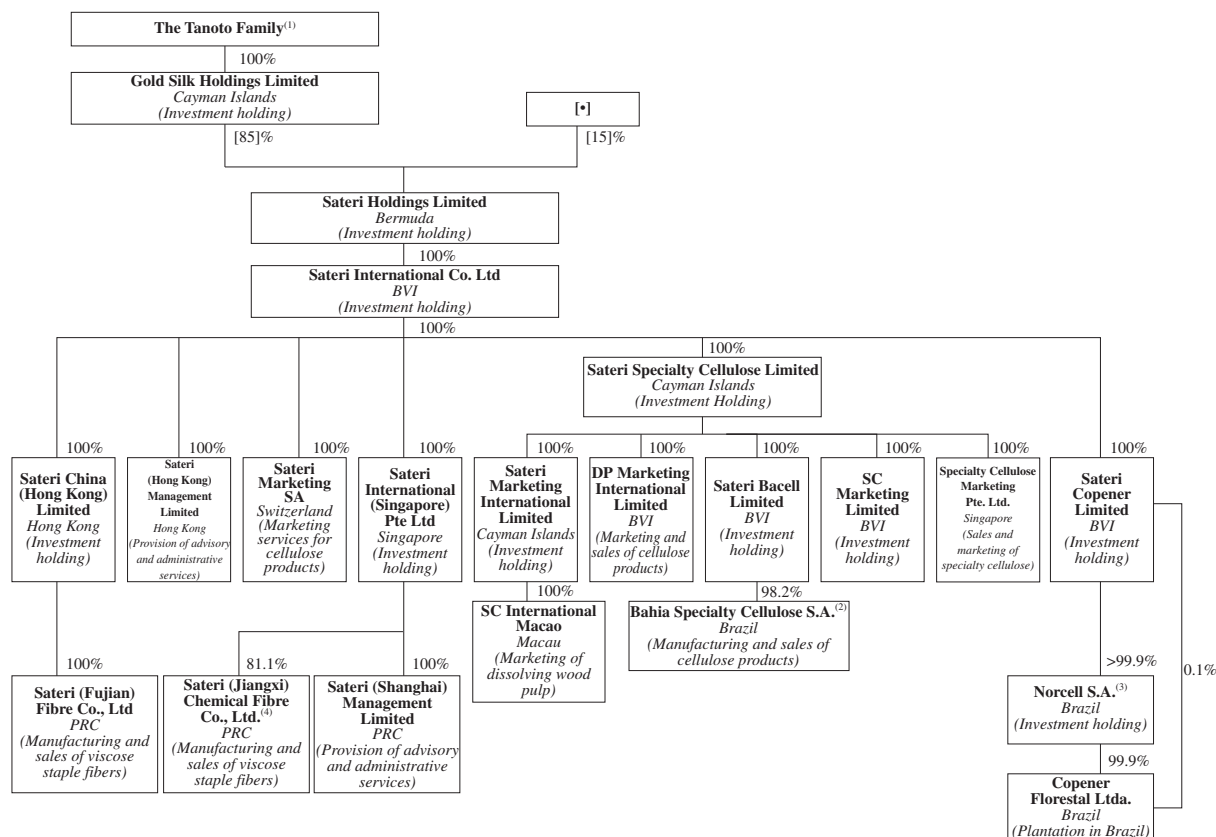


Notes:

- (1) The Tanoto Family beneficially own 100% of Gold Silk. The Trustee holds 100% of the issued share capital of Gold Silk on trust for beneficiaries including the Tanoto Family.
- (2) Sateri Bacell Limited holds 98.2% of the total issued common shares and 100% of the total issued preferential shares in Bahia Specialty Cellulose S.A. The three directors whom we have appointed to the board of directors of Bahia Specialty Cellulose, being Mr. Will Hoon Wee Teng, Mr. Ivan Alves and Mr. Claudio Laert Cotrim Passos, each hold one common share pursuant to the relevant Brazilian statutory and legal requirements. Lenzing AG holds 1.2% and Bacell Handels GmbH holds 0.6% of the remaining common shares. The preferential shares carry the same rights as common shares, except that they do not carry any voting rights, they have priority in the event of a capital reimbursement and are entitled to dividends 10% higher than those payable for common shares, and they may be converted into common shares by a resolution of the common shareholders.
- (3) Sateri Copener Limited holds all except for three of the total issued common shares and 74.3% of the total issued preferential shares in Norcell S.A.. The three directors whom we have appointed to the board of directors of Norcell S.A., being Mr. Will Hoon Wee Teng, Mr. Ivan Alves and Mr. Claudio Laert Cotrim Passos, each holds one of the three remaining common shares pursuant to the relevant Brazilian statutory and legal requirements. Bahia Specialty Cellulose holds the remaining 25.7% of the preferential shares. The preferential shares carry the same rights as common shares, except that they do not carry any voting rights, they have priority in the event of a capital reimbursement, and they may be converted into common shares by a resolution of the common shareholders.
- (4) Sateri Singapore holds 81.1% of the registered capital in Sateri Jiangxi while Kuitu Oy is the existing holder of the remaining 18.9% of the registered capital in Sateri Jiangxi.

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Going forward our simplified corporate structure will be as follows:



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- (1) The Tanoto Family beneficially own 100% of Gold Silk. The Trustee holds 100% of the issued share capital of Gold Silk on trust for beneficiaries including the Tanoto Family.
- (2) Sateri Bacell Limited holds 98.2% of the total issued common shares and 100% of the total issued preferential shares in Bahia Specialty Cellulose S.A. The three directors whom we have appointed to the board of directors of Bahia Specialty Cellulose S.A., being Mr. Will Hoon Wee Teng, Mr. Ivan Alves and Mr. Claudio Laert Cotrim Passos, each holds one common share pursuant to the relevant Brazilian statutory and legal requirements. Lenzing AG holds 1.2% and Bacell Handels GmbH holds 0.6% of the remaining common shares. The preferential shares carry the same rights as common shares, except that they do not carry any voting rights, they have priority in the event of a capital reimbursement and are entitled to dividends 10% higher than those payable for common shares, and they may be converted into common shares by a resolution of the common shareholders.
- (3) Sateri Copener Limited holds all except for three of the total issued common shares and 74.3% of the total issued preferential shares in Norcell S.A.. The three directors whom we have appointed to the board of directors of Norcell S.A., being Mr. Will Hoon Wee Teng, Mr. Ivan Alves and Mr. Claudio Laert Cotrim Passos, each holds one of the three remaining common shares pursuant to the relevant Brazilian statutory and legal requirements. Bahia Specialty Cellulose holds the remaining 25.7% of the preferential shares. The preferential shares carry the same rights as common shares, except that they do not carry any voting rights, they have priority in the event of a capital reimbursement, and they may be converted into common shares by a resolution of the common shareholders.
- (4) Sateri Singapore holds 81.1% of the registered capital in Sateri Jiangxi while Kuitu Oy is the existing holder of the remaining 18.9% of the registered capital in Sateri Jiangxi.