

OUR HISTORY

Our Company was incorporated on June 27, 2005. In preparation for the listing of our Shares on the Stock Exchange, we underwent the Reorganization, the details of which are set out below in the section headed “Reorganization of our Company”.

We trace our origins to 1963 when Datuk Yaw Teck Seng, the founder of our Group, started his logging business in Sarawak, Malaysia. In 1976, he established SST, the first company in our Group, for log contracting.

Between 1976 and 1993, we expanded our forest concession areas in Sarawak, which were awarded by the Sarawak state government. We also invested in other businesses such as sawmilling, quarrying and property investment and development.

In 1990, Samling Strategic acquired shares in Lingui through Strategic Corporation Sdn. Bhd. and became a controlling shareholder of Lingui. Lingui was listed on the Malaysia Stock Exchange in 1973 originally as a plantation, property and manufacturing company.

In 1991, we expanded our operations to Guyana, South America by establishing Barama Company Limited. Barama Company Limited was granted a forest concession license in that year for approximately 1.6 million hectares in the Northwest region of Guyana. In 1993, we established a plywood operation to add value to our forest resources and a sawmill operation in Guyana in 1996.

In 1993, Samling Strategic and certain of its long-term business partners injected its quarry and other assets into Lingui. In 1994, Samling Strategic injected its timber assets into Lingui in exchange for additional shares in Lingui. During the same year, Lingui acquired a substantial stake in Glenealy and, in 1995, Samling Strategic injected its timber assets into Glenealy in exchange for a direct shareholding in Glenealy.

In 1997, Glenealy, an associate of our Group, acquired HFF, which operates a radiata pine plantation in New Zealand, with the aim of diversifying its forest resources to include a long term supply of soft wood to complement its tropical hardwood forest concessions. In 2000, our Group completed a restructuring where Lingui and Glenealy rationalized their businesses by a series of asset swaps. This resulted in Lingui focusing on timber related operations, including the radiata pine plantation in New Zealand, and Glenealy focusing on oil palm plantations.

We have achieved the following key milestones as part of our development into an integrated forest resource and wood products company:

- Between 1994 and 2000, we expanded our value-added processing capabilities in Malaysia to include fiberboard, flooring, furniture and components, door facing and door production facilities.
- Between 1998 and 2000, we were granted six planted forest licenses in Sarawak from the Sarawak state government for the development and establishment of tree plantations.

- In 2004, we established a joint venture in Sarawak with Masonite (one of the leading manufacturers and suppliers of door facings and doors in the world) for the production and marketing of door facings and doors. Pursuant to our agreement with Masonite, we focus on production and Masonite is responsible for the marketing of these products.
- In 2005, we established a strategic partnership in Japan with Daiken Corporation, a building materials supplier, and Itochu Corporation, a major trading house in Japan, for the production of fiberboard. This strategic partnership allows us to have better access into the Japanese market.
- We have achieved numerous internationally recognized certifications for different parts of our forestry management and production operations. In 1996, we were the first recipient of ISO9001:2000 quality management system in Malaysia for plywood manufacturing. We were the first privately managed company in Malaysia and the only one in Sarawak to have obtained MTCC's forest management certifications with respect to approximately 56,000 hectares, which represents 3.9% of our forest areas in Malaysia. We have also obtained FSC forest management certification for approximately 35,000 hectares, which represents all of our tree plantation in New Zealand.

REORGANIZATION OF OUR COMPANY

We were incorporated under the laws of Bermuda on June 27, 2005. Prior to the Global Offering, a number of reorganization steps were taken to transfer interests in timber and related businesses to us in preparation for the Listing.

Details of the reorganization steps are set out in the section headed "Reorganization" in Appendix VIII to this prospectus. In summary, the Reorganization steps were as follows:

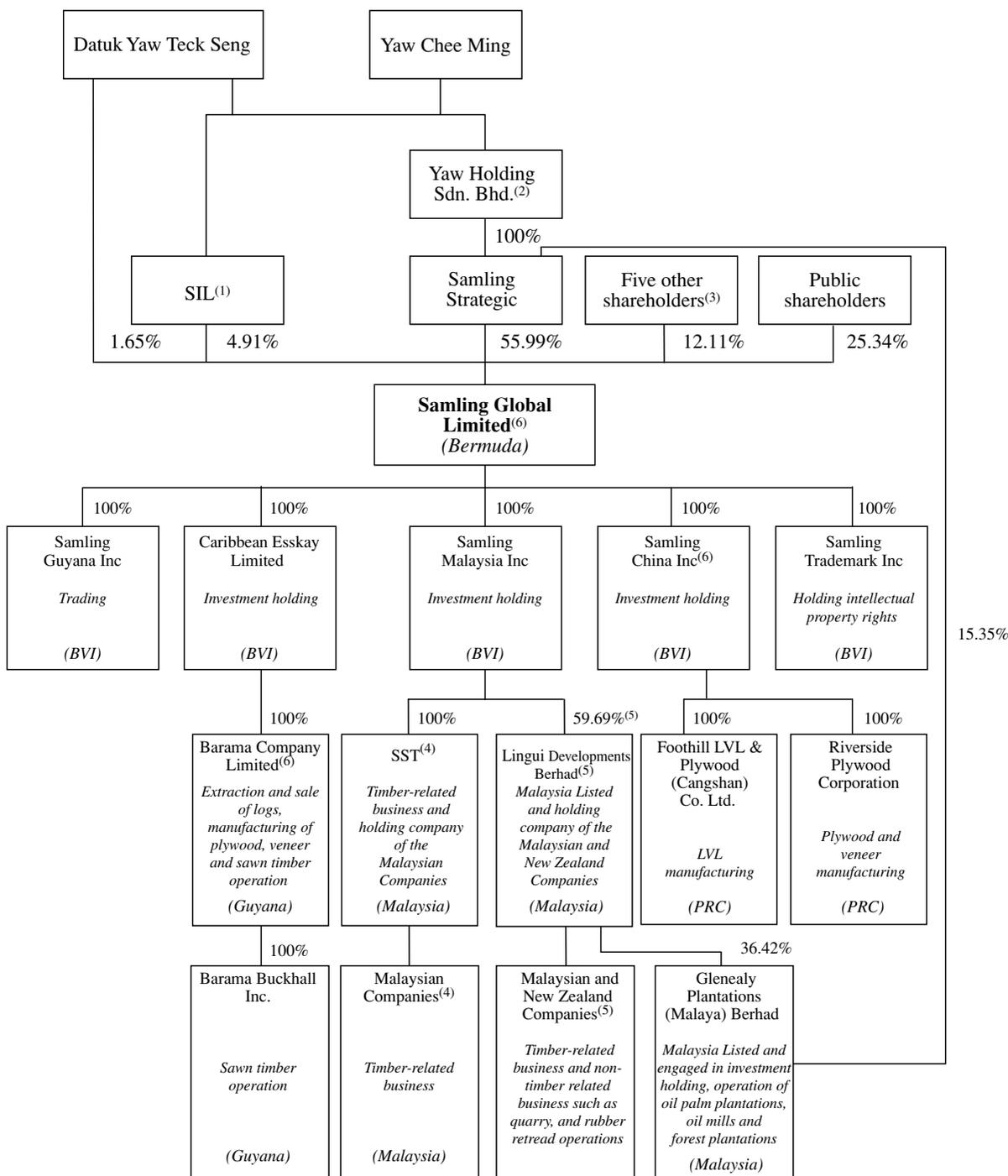
- we acquired from our Controlling Shareholders for cash an approximate 39.87% interest in Lingui, a company listed on the Malaysia Stock Exchange, which holds forest concessions in Malaysia and plantations in New Zealand and is principally engaged in timber related operations. This triggered a requirement for us to make a mandatory general offer to other shareholders of Lingui under the Malaysian Securities Commission Act, 1993 and the Malaysia Takeovers Code under which we acquired an additional 19.82% interest in Lingui;
- we acquired from our Controlling Shareholders and certain of their long-term business partners, Tapah, PDT, Merawa Holding Sdn. Bhd., Yong Nyan Siong and Wong Lee Ung, their controlling interests in certain Malaysian private companies involved in timber and timber-related businesses through acquisition of the intermediary holding company, SST;
- we acquired from our Controlling Shareholders the entire issued capital of Caribbean Esskay Limited, a company incorporated in the British Virgin Islands with indirect interests in forest concessions and timber related operations in Guyana held via its wholly-owned subsidiary, Barama Company Limited; and
- we acquired from a long-term business partner of our Controlling Shareholders, Glory Winner Trading Limited, the entire equity interests in two PRC companies, involved in LVL, and plywood and veneer manufacturing, respectively.

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.

The following chart sets forth our main operational and shareholding structure immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised:

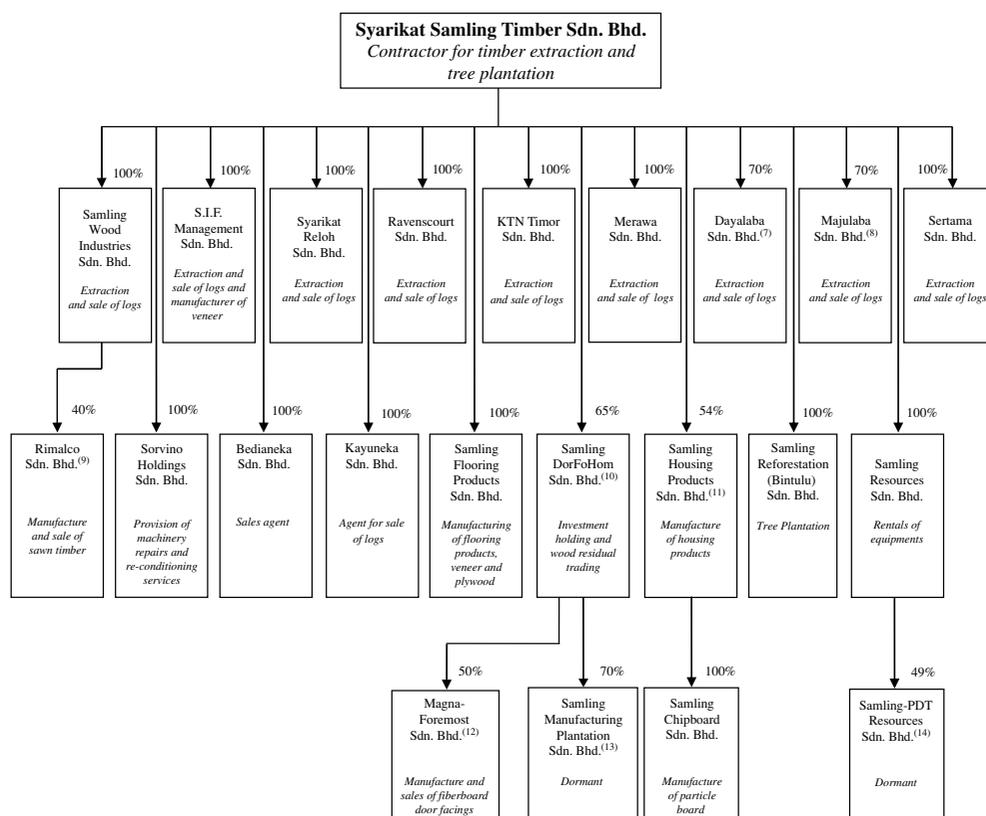


Notes:

(1) SIL is owned as to 99.9% by Datuk Yaw Teck Seng and as to 0.1% by Yaw Chee Ming.

OUR HISTORY AND CORPORATE STRUCTURE

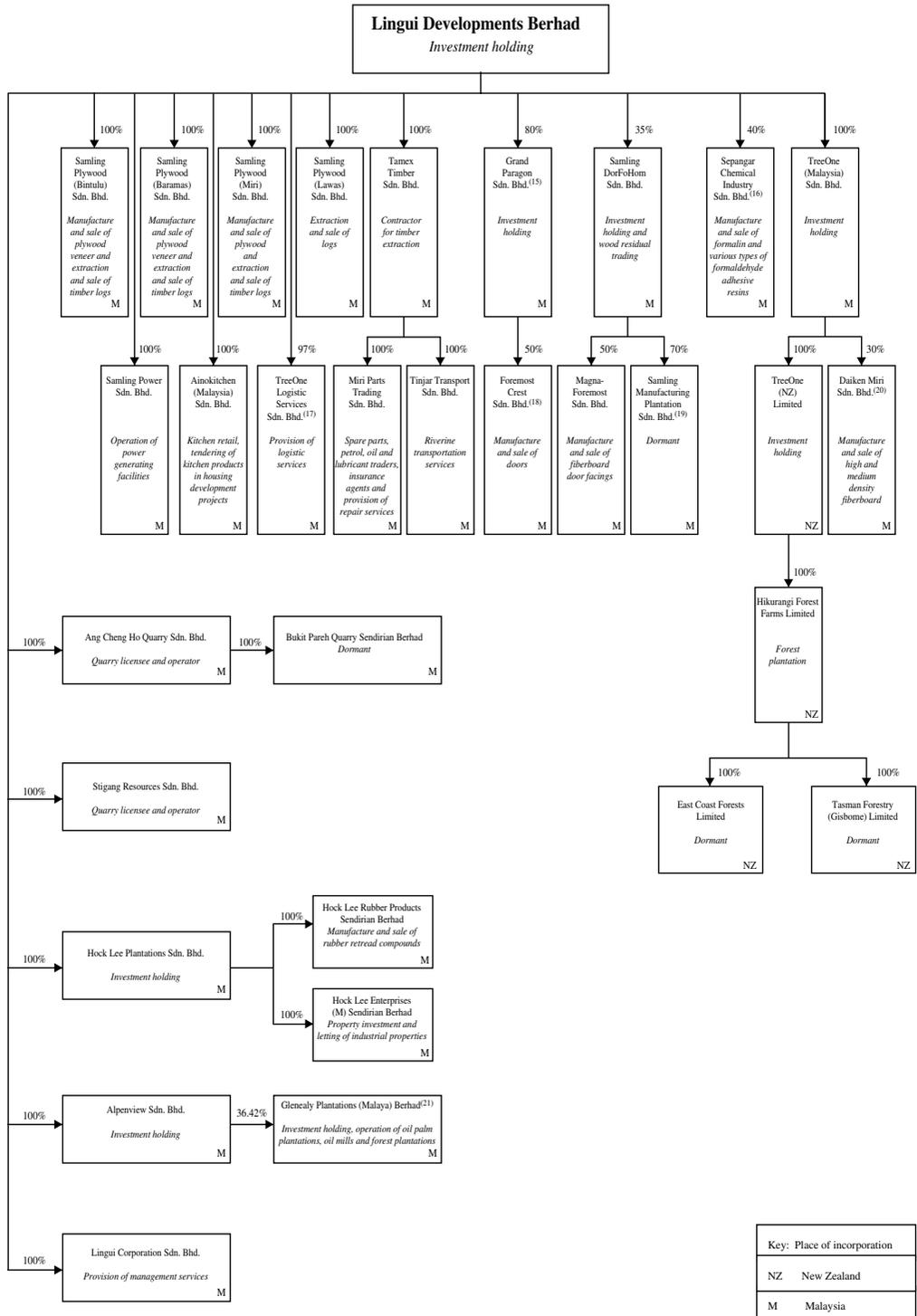
- (2) Yaw Holding Sdn. Bhd. is owned as to 39.6% by each of Datuk Yaw Teck Seng and Yaw Chee Ming, respectively, 4.8% by each of Yaw Chee Chik, Yaw Chee Siew, Yaw Chee Weng and Yaw Chee Yun (all being brothers of Yaw Chee Ming), respectively, and 1.6% by Su Khuan Ying (the spouse of Datuk Yaw Teck Seng).
- (3) The five other shareholders are PDT, Tapah, Yong Nyan Siong, Wong Lee Ung and Glory Winner Trading Limited, who will respectively hold approximately 5.00%, 5.44%, 0.07%, 0.04% and 1.56% in us immediately after completion of the Global Offering. PDT is incorporated in Malaysia and owned as to 60% by Abdul Hamed Bin Sepawi and as to 40% by Wan Morshidi Bin Tuanku Abdul Rahman. Tapah is incorporated in Malaysia and owned as to 99.998% by Ahmad Bin Su'ut and as to 0.002% by Mohamad Hashim Bin Haji Osman. Glory Winner Trading Limited is incorporated in the British Virgin Islands and wholly-owned by Chia Ti Lin, Colin. PDT, Tapah, Yong Nyan Siong and Wong Lee Ung were allotted and issued shares in our Company as consideration for their transferring to us respective interests in SST which holds the various Malaysian companies in note (4) below, whilst Glory Winner Trading Limited was allotted and issued shares in our Company as consideration for its transferring to us the 100% interests in both Foothill and Riverside. Other than its shareholding interest in our Company, Tapah is owned by Independent Third Parties. PDT is held as to 40% by Wan Morshidi Bin Tuanku Abdul Rahman, who is a director of certain of our subsidiaries. Each of Wong Lee Ung and Yong Nyan Siong is a director of certain of our subsidiaries. Glory Winner Trading Limited is owned by Chia Ti Lin, Colin, a senior manager of our Company and a director of certain of our subsidiaries. Except Glory Winner Trading Limited, each of the above-mentioned shareholders had interests in the Malaysian companies (see note (4) below) prior to the Reorganization steps.
- (4) We hold interests in various Malaysian companies through SST, which is incorporated in Malaysia and indirectly held by us via Samling Malaysia Inc, which is incorporated in the British Virgin Islands. These Malaysian companies hold forest concessions and plantations and are principally engaged in the production and sale of veneer, housing and flooring products, sawn timber, timber extraction and other timber related operations. The following chart sets forth the main operational structure of SST and these Malaysian companies:



- (5) Lingui is a company listed on the Main Board of the Malaysia Stock Exchange since August 28, 1973. The approximate 59.69% interest in Lingui indirectly held by us via Samling Malaysia Inc comprises the approximate 39.87% sold to us by our Controlling Shareholders under the Lingui SPA and the approximate 19.82% which we subsequently acquired under the mandatory general offer triggered upon the Lingui SPA becoming unconditional.

OUR HISTORY AND CORPORATE STRUCTURE

Lingui holds interests in various Malaysian and New Zealand companies which hold forest concessions in Malaysia and plantations in New Zealand. The Lingui group of companies is principally engaged in plywood and veneer manufacturing, timber extraction and other timber related operations. The following chart sets forth the main operational structure of Lingui and these companies, including Glenealy Plantations (Malaya) Berhad, which is listed on the Malaysia Stock Exchange:



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- (6) Our Company also holds 100% interest in a dormant company incorporated under the laws of Delaware (being Samling Global USA Inc.), Samling China Inc also holds 100% interests in three dormant companies incorporated in Hong Kong (being Samling Tongling Co. Ltd., Samling Foothill Co., Limited and Samling Riverside Co. Limited), and Barama Company Limited also holds 100% interest in a dormant company incorporated in Guyana (being Barama Housing Incorporated).
- (7) The remaining 30% interest is held by Binabadi Sdn. Bhd., which is an Independent Third Party.
- (8) The remaining 30% interest is held by Binabadi Sdn. Bhd., which is an Independent Third Party.
- (9) The remaining 60% interest of this associate company is held by Titimas Global Agencies Sdn. Bhd., which is in turn 70% held by Mr. Pui Kian Onn, a director of our subsidiary, Riverside.
- (10) The remaining interest is held by Lingui, which holds interest of 35%. Lingui is a public company listed on the Malaysia Stock Exchange, in which our Company held a 59.69% interest as at the Latest Practicable Date. Please also refer to note (5) above.
- (11) The remaining interests are held by Sojitz Corporation and Dainippon Ink & Chemicals, Inc., which hold interests of 17% and 29% respectively. Sojitz Corporation is a company listed on the Tokyo Stock Exchange and the Osaka Securities Exchange Co., and is our connected person. Dainippon Ink & Chemicals, Inc. is a company listed on the Tokyo Stock Exchange, Inc., the Osaka Securities Exchange Co., Ltd. and the Nagoya Stock Exchange, Inc., and is our connected person.
- (12) The remaining 50% interest is held by Masonite, the joint venture partner of this project company.
- (13) The remaining 30% interest is held by PDT, which is an existing shareholder of our Company. PDT is held as to 40% by Wan Morshidi Bin Tuanku Abdul Rahman, who is a director of certain of our subsidiaries.
- (14) The remaining 51% interest is held by PDT, as referred to in note (13) above.
- (15) The remaining interests are held by Yeoh Keat Hin and John William Smith, who each hold 10% of the interests and are Independent Third Parties.
- (16) The remaining interests of this associate company are held by Wu Tsung Her, Shiny Chemical Industrial Co., Ltd. and Sabah Energy Corporation, which hold interests of 5%, 31% and 24%, respectively, and are Independent Third Parties.
- (17) The remaining 3% interest is held by PDT, as referred to in note (13) above.
- (18) The remaining 50% interest is held by Masonite, the joint venture partner of this project company.
- (19) The remaining 30% interest is held by PDT, as referred to in note (13) above.
- (20) The remaining interests of this associate company are held by Daiken Corporation and Itochu Corporation, which hold interests of 55% and 15%, respectively, and are Independent Third Parties.
- (21) Glenealy is listed on the Malaysia Stock Exchange, and Samling Strategic, one of our Controlling Shareholders, directly held a 15.35% shareholding in Glenealy as at the Latest Practicable Date.