
16.0 ADDITIONAL INFORMATION

16.1 Share Capital

1. No shares will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
2. There are no founder, management or deferred shares in the Company. There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another.
3. No capital of the Company or any of its subsidiary company is under option or agreed conditionally or unconditionally to be put under option.
4. No person has been or is entitled to be given or has exercised any option to subscribe for any share, stock or debenture of the Company or its subsidiary company.
5. Other than the 3,000,000 Cymao Shares reserved for the eligible Directors, employees, customers and suppliers of the Cymao Group under the Public Issue, there is no other scheme for or involving the employees of the Group in the share capital of the Company or its subsidiary company as at 12 February 2004 (being the latest practicable date prior to the printing of this Prospectus).
6. Save as disclosed in Section 5.2 of this Prospectus, no share, stock, debenture of the Company or its subsidiary company, within the two (2) years immediately preceding the date of issue of this Prospectus, has been issued or been agreed to be issued or is proposed to be issued as fully or partly paid-up, for cash or otherwise than in cash.
7. As at 12 February 2004 (being the latest practicable date prior to the printing of this Prospectus), the Company and its subsidiary company do not have any convertible securities.
8. Save for the Public Issue, there is no present intention on the part of the Directors of the Company to issue any part of the unauthorised but unissued share capital of the Company.
9. There are no restrictions on the transfer of the ordinary shares of the Company, except as otherwise required by law.

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16.0 ADDITIONAL INFORMATION (Cont'd)

16.2 Articles of Association**16.2.1 Transfer of Securities**

The following provisions are reproduced from the Articles of Association of the Company, the Listing Requirements of MSEB, the Companies Act, 1965, Central Depository Act and the Rules of Central Depositories/MCD in respect of the arrangements for the transfer of shares of the Company and restrictions on their free transferability.

Article 29

Subject to the restrictions in the Articles, shares (that are not deposited securities) shall be transferable but every transfer shall be by instrument of transfer in writing in the usual common form and shall be left at the Office accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. The Directors may in their discretion and without assigning any reason, refuse to register a transfer on any share (that are not deposited securities) on which the Company has a lien. If the Directors refuse to register a transfer, they shall within one (1) month after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal in accordance with the Act.

Article 30

The instrument of transfer of any share shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members and/ or the Record of Depositors as the case may be in respect thereof. Subject to the applicable laws and regulations, an instrument of transfer must be in respect of only one class of shares.

Article 31

The transfer of any securities or class of securities of the Company, which have been deposited with the Central Depository shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and, notwithstanding sections 103 and 104 of the Act, but subject to section 107C(2) of the Act and any exemption that may be made from compliance with section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such securities.

Article 32

Subject to the Act, the Central Depositories Act and the Rules, no shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind or partnership or to a person who is not a beneficial owner or not an authorised nominee of the deposited securities.

Article 40

Where (if applicable):

- (a) the securities of the Company are listed on an Approved Market Place; and
- (b) the Company is exempted from compliance with section 14 of the Central Depositories Act or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Central Depository in respect of such securities.

16.0 ADDITIONAL INFORMATION (Cont'd)

The Company shall, upon request of a securities holder, permit a transmission of securities held by such shareholder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the Registrar of the Company in Malaysia (hereinafter referred to as "Malaysia Register") subject to the following conditions:

- (i) there shall be no change in the ownership of such securities; and
- (ii) the transmission shall be executed by causing such shares to be credited directly into the securities account of such shareholder.

Where 40(a) and 40(b) are fulfilled, the Company shall not allow any transmission of securities from the Malaysian Register into the Foreign Register.

16.2.2 Remuneration of Directors

The provisions in the Articles of Association of the Company dealing with the remuneration of the Directors are as follows:

Article 92

The remuneration of the Directors shall from time to time be determined by the Company in general meeting. That remuneration shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel, and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company. The remuneration of Directors shall not be increased except pursuant to a resolution at a general meeting convened by a notice specifying the intention to propose such increase. In the case of non-executive Directors, fees payable to such non-executive Directors shall be by way of a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries payable to executive Directors may not include a commission on or percentage of turnover.

Article 116

A Managing Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, commission, or participation in profits, or partly in one way and partly in another) as the Directors may determine.

Article 119

Every person acting as an Alternate Director shall be an officer of the Company and he shall not be deemed to be an agent of the Director whom he represents. The Directors may fix, determine and vary the powers, duties and remuneration of any person so appointed. An Alternate Director shall be entitled to be repaid or reimbursed by the Company all expenses as might be properly repaid or reimbursed to him as if he was a Director and he shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not be entitled to receive any remuneration from the Company.

16.0 ADDITIONAL INFORMATION (Cont'd)

16.2.3 Voting and Borrowing Powers of Directors**Article 96**

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability, or obligation of the Company but the Directors shall not borrow any money or mortgage or charge any of the Company's or the Company's subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Article 103

Subject to these Articles, questions arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes the chairman of the meeting shall have a second or casting vote but where only two (2) Directors form a quorum, the chairman of the meeting at which such a quorum is present, or at which only two (2) Directors are competent to vote in the question in issue, shall not have a casting vote.

16.2.4 Changes in Capital and Variation of Class Rights

The provisions in the Articles of Association of the Company as to the changes in capital or variation of class rights which are no less stringent than those provided in the Companies Act, 1965 are as follows:

Article 3

The shares taken by the subscribers to the Memorandum of Association of the Company shall be issued by the Directors. Subject as aforesaid and subject to the Act and to the conditions, restrictions and limitations expressed in these Articles and without prejudice to any special or preferred rights previously conferred on the holders of any existing share or class of shares, the Directors may issue and allot, grant options over or otherwise dispose of new shares in the capital of the Company to such persons, at such time and on such terms as they think proper PROVIDED ALWAYS THAT:

- (a) no shares shall be issued at a discount except in compliance with the provisions of the Act;
- (b) except with the prior approval of the Members in general meeting, no shares shall be issued which shall have the effect of transferring a controlling interest in the Company;
- (c) the rights attaching to shares of a class other than ordinary shares shall be expressed;
- (d) every issue of shares or options to be granted to employees and/or Directors shall be subject to the prior approval of the Members in general meeting and no Director shall participate in such issue of shares or options unless:
 - (i) the Members in general meeting shall have approved the amount of shares to be issued or subject to options to be granted to such Director and the terms of such issues or options; and
 - (ii) such Director holds office in the Company in an executive capacity;

16.0 ADDITIONAL INFORMATION (Cont'd)

- (e) in the case of shares offered to the public for subscription, the amount payable upon subscription for each such share shall not be less than one hundred percent (100%) of the nominal amount of such share.

Article 6

The Company shall have the power, by ordinary resolution, to create and issue preference shares on terms with regard to dividend, return of capital, voting or otherwise as may be directed in the ordinary resolution authorising such creation and issue. Any issue of preference shares may also be issued on terms that they are, or are liable at the option of the Company, to be redeemed by the Company provided always that:

- (a) the total nominal value of preference shares issued shall not exceed the total nominal value of the issued ordinary shares at any time;
- (b) the holders of preference shares shall have the same rights as the holders of ordinary shares as regards receiving notices, reports and audited accounts and attending general meetings of the Company but shall only have the right to vote at any general meeting convened for the purpose of reducing the capital or on a proposal to wind up the Company or during the winding up of the Company or sanctioning a sale of the property, business and undertaking of the Company or where the proposition to be submitted to the general meeting directly affects their rights and privileges or when the dividend or part of the dividend on such preference shares is in arrears for more than six (6) months. Preference shareholders shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up;
- (c) the Company shall not except with the consent of the existing preference shareholders at a class meeting or pursuant to Article 6 hereof issue new or further preference shares ranking in priority above preference shares in issue, but may issue preference shares ranking *pari passu* in some or all respects with or ranking after the preference shares in issue; and
- (d) Subject to the Act, and save as otherwise expressly provided by the terms of issue, the Company shall have the power to redeem any preference shares in such manner and either at par or a premium.

Article 8

Notwithstanding Articles 57, the repayment of preference shares capital other than redeemable preference shares or any other modification or alteration of preference shareholders' rights, shall only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting of the preference shareholder concerned, consent in writing if obtained from the holders of three-fourths (3/4ths) of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at a meeting of such shareholders.

16.0 ADDITIONAL INFORMATION (Cont'd)

Article 55

The Company may by ordinary resolution:-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; or
- (b) cancel any shares which at the date of the passing of the resolution in that behalf have not been taken by any person or which have been forfeited and diminish the amount of its capital by the amount of the shares so cancelled; or
- (c) reduce its issued share capital by the cancellation of shares purchased by the company and the amount by which the Company's issued capital is diminished shall be transferred to the capital redemption reserve in accordance with Section 67A of the Act and the Listing Requirements; or
- (d) sub-divide its shares, or any of them into shares of smaller amount that is fixed by the Memorandum of Association and so that resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from sub-division one or more of the shares may have any such preferred or other special rights over or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares such sub-division is effected be given any preference or advantage as regards dividend, capital, voting or otherwise over the others or any other of such shares.

Article 56

The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any premium amount in any manner and with, and subject to any incident authorised, and consent required by the Act.

Article 57

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply, but so that necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 152 of the Act shall with such adaptations as are necessary apply. Provided however that in the event of the necessary majority not having been obtained in the manner aforesaid consent in writing may be secured from members holding at least three-fourths (3/4ths) of the issued shares of the class and such consent if obtained within two (2) months from the date of the separate general meeting shall have the force and validity of a special resolution duly carried by a vote in person or by proxy.

16.0 ADDITIONAL INFORMATION (Cont'd)

16.3 Directors and Substantial Shareholders

- (i) The names, addresses and occupations of the Directors of the Company are set out under Section 1.0 of this Prospectus.
- (ii) Saved as disclosed in Section 7.3 of this Prospectus, no amounts or benefits have been paid or intended to be paid or given to any promoters, directors or substantial shareholders of Cymao within the two (2) years preceding the date of this Prospectus.
- (iii) There are no contracts or arrangements subsisting at the date of this Prospectus in which the Directors or substantial shareholders of the Company who are deemed interested and which is significant in relation to the business of the Company or Cymao Group as a whole.
- (iv) Save as disclosed in Section 7.1 and 7.2 of this Prospectus, the substantial shareholders and directors of Cymao are not aware of any persons who are able, directly or indirectly, jointly or severally, to exercise control over the Cymao Group.
- (v) No option to subscribe for securities of the Company or its subsidiary was granted to or exercised by any Director within the two (2) years preceding the date of this Prospectus.

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16.0 ADDITIONAL INFORMATION (Cont'd)

- (vi) The direct and indirect equity interests of the Directors in the Company before and after the Public Issue based on the Register of Director's Shareholdings as at 12 February 2004 (being the latest practicable date prior to the printing of this Prospectus) are set out below:

	<-----Before Public Issue----->				<-----After Public Issue----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Cymao Shares held '000	%	No. of Cymao Shares held '000	%	No. of Cymao Shares held '000	%	No. of Cymao Shares held '000	%
Datuk Mohd Zain bin Omar	1,050	2.06	-	-	*1,100	1.83	-	-
Lin Tsai-Rong	16,830	33.00	-	-	*16,880	28.13	-	-
Lin Kai-Min	-	-	-	-	^50	0.08	-	-
Lin Hsu, Li-Chu	-	-	-	-	^50	0.08	-	-
Lin Kai-Hsuan	-	-	-	-	^50	0.08	-	-
Hiew Seng	-	-	-	-	^50	0.08	-	-

Notes:

* Inclusive of 50,000 Cymao Shares to be allotted under the Pink Form allocation.

^ Represents the 50,000 Cymao Shares to be allotted under the Pink Form allocation.

- (vii) The direct and indirect equity interests of the substantial shareholders (holding 5% shareholding or more) in the Company before and after the Public Issue based on the Register of Substantial Shareholders as at 12 February 2004 (being the latest practicable date prior to the printing of this Prospectus) are set out below:

	<-----Before Public Issue----->				<-----After Public Issue----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Direct----->	
	No. of Cymao Shares held '000	%	No. of Cymao Shares held '000	%	No. of Cymao Shares held '000	%	No. of Cymao Shares held '000	%
Lin Tsai-Rong	16,830	33.00	-	-	*16,880	28.13	-	-
Tsay Chung-Wen	6,600	12.94	-	-	6,600	11.00	-	-
Hsu How-Tong	4,950	9.71	-	-	4,950	8.25	-	-
Mendu	6,000	11.76	-	-	6,000	10.00	-	-
Forum Timber	6,000	11.76	-	-	6,000	10.00	-	-
Norajelan bin Ma'amor	-	-	^6,000	11.76	-	-	6,000	10.00
Rohaida binti Ahmad	-	-	^6,000	11.76	-	-	6,000	10.00
Baharudin bin Mohd Yunus	-	-	>6,000	11.76	-	-	6,000	10.00
Mohamad Azman bin Mohamad Arshad	-	-	>6,000	11.76	-	-	6,000	10.00

Notes:

* Inclusive of 50,000 Cymao Shares to be allotted under the Pink Form allocation.

^ Indirect interest through his/her shareholding in Mendu.

> Indirect interest through his shareholding in Forum Timber.

- (viii) There are no other contracts or arrangements subsisting at the date of this Prospectus in which a Director or substantial shareholder of the Company is interested and which is significant in relation to the business of the Company and its subsidiary company.

16.0 ADDITIONAL INFORMATION (Cont'd)

16.4 Material Litigation

As at 12 February 2004 (being the latest practicable date prior to the printing of this Prospectus) neither the Company nor its subsidiary company is engaged in any material litigation or arbitration, either as plaintiff or defendant, or any material claims against the Company or its subsidiary company, or material proceedings which, upon becoming enforceable, has a material effect on the business or financial performance or position of the Company or its subsidiary company and the Directors do not know of any proceedings pending or threatened of any facts likely to give rise to any proceedings which, upon becoming enforceable, might materially affect the business or financial performance or position of the Company or its subsidiary company.

16.5 Material Contracts

Save as disclosed below, there are no material contracts (including contracts not reduced into writing), not being contracts in the ordinary course of business entered into by the Company and its subsidiary company within the two (2) years preceding the date of this Prospectus.

- (i) Sale and purchase agreement dated 27 October 2003 entered into between Cymao and the shareholders of CPSB for the acquisition by Cymao of the entire issued and paid-up share capital of CPSB comprising 51,000,000 ordinary shares of RM1.00 each for a total consideration of RM72,863,088 fully satisfied by the issue of 50,999,998 new Cymao Shares at an issue price of approximately RM1.43 per share;
- (ii) Sale and purchase agreement dated 17 December 2003 entered into between Inovwood Sdn Bhd and Cymao for the purchase of one (1) vacant piece of 5.1 acres industrial leasehold land held under TL 077526599 and TL 077528039, District of Sandakan, situated at Jalan Batu Sapi for a purchase consideration of RM1,200,000 which shall be satisfied in cash from the proceeds of the Public Issue; and
- (iii) Underwriting Agreement dated 12 February 2004 entered into between Cymao, Alliance as the Managing Underwriter and the Underwriters as set out in Section 1 of this Prospectus for the underwriting of 6,000,000 Public Issue Shares comprising Public Issue Shares which are available for the application by the Malaysian Public as well as Public Issue Shares which are made available for application by the eligible directors, employees, suppliers and customers of Cymao Group. Underwriting commission is payable at the rate of 2.5% of the issue price of RM2.50 per Public Issue Share.

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16.0 ADDITIONAL INFORMATION (Cont'd)

16.6 Material Agreements

Save as disclosed below, there are no material agreements which are or may be material which have been entered into by the Company and/or its subsidiary company as at 12 February 2004 (being the latest practicable date prior to the printing of this Prospectus).

Financing Agreements

- (i) Letter of offer dated 24 March 1995 from Public Bank Berhad to CPSB for an overdraft facility of RM3,000,000.00, a fixed loan of RM2,000,000.00, a foreign bills of exchange purchase/domestic bills of exchange purchase of RM8,000,000.00 secured by debenture, charge over two (2) pieces of lands and joint and several guarantees from the directors;

Notes:

- (i) *overdraft facility of RM3,000,000.00 has been increased to RM4,500,000.00 pursuant to letter of offer dated 19 October 1996.*
- (ii) *fixed loan of RM2,000,000.00 has been repaid.*
- (iii) *foreign bills of exchange purchase/domestic bills of exchange purchase of RM8,000,000.00 has been reduced to RM5,000,000.00 pursuant to letter of offer dated 11 November 2000.*
- (ii) Letter of offer dated 19 October 1996 from Public Bank Berhad to CPSB for an overdraft facility of up to RM4,500,00.00 secured by debenture, legal charge over a piece of land and joint and several guarantees from the directors of CPSB;
- (iii) Letter of offer dated 26 September 2002 from Public Bank Berhad to CPSB for bankers guarantee amounting to RM700,000.00 secured by fixed deposit and letter of set off; and
- (iv) Letter of offer dated 9 November 2002 from Public Bank Bhd to CPSB which consists of letter of credit, banker's acceptance, export credit financing for the amount of RM12,000,000 secured by a facility agreement, first party charge over a plywood mill, joint and several guarantee by several directors of CPSB and a debenture.

Log Supply Agreements

- (i) Long Term Supply Agreement dated 6 October 2000 entered into between Wood Leader Enterprise Co. Ltd ("WLE") as the supplier and CPSB as the buyer, pursuant to which CPSB shall be given an exclusive option from time to time to purchase all available quantities of temperate fancy logs and temperate fancy veneer as WLE will specify in the option notice in which case the minimum total annual volume to be supplied shall be 1,000 m³ for temperate fancy logs and 500 m³ for temperate fancy veneer in each calendar year. The price payable is the price to be agreed between the parties based on the prevailing market price. This agreement shall subsist unless terminated by notice;
- (ii) Long Term Supply Agreement dated 6 October 2000 entered into between Gaintrad Ltd ("GL") as the supplier and CPSB as the buyer, pursuant to which CPSB shall be given an exclusive option from time to time to purchase all available quantities of temperate fancy logs and temperate fancy flitch as GL will specify in the option notice in which case the minimum total annual volume to be supplied shall be 1,000 m³ in each calendar year. The price payable is the price to be agreed between the parties based on the prevailing market price. The Agreement shall subsist unless terminated by notice;

16.0 ADDITIONAL INFORMATION (Cont'd)

- (iii) Veneers Supply Agreement entered into dated 5 March 2001 between Country Forests Industries Sdn Bhd ("CFI") as the supplier and CPSB as the buyer, pursuant to which CPSB shall be given an exclusive option from time to time to purchase all available quantities of veneer as CFI will specify in the option notice in which case the minimum total annual volume to be supplied shall be 40,000 m³ for veneer in each calendar year. The price payable is the price to be agreed between the parties. This agreement shall subsist unless terminated by notice;
- (iv) Long Term Supply Agreement entered into dated 18 June 2001 between China Timber Import and Corporation ("CTIC") as the supplier and CPSB as the buyer, pursuant to which CPSB shall be given an exclusive option from time to time to purchase all available quantities of logs as CTIC will specify in the option notice in which case the minimum total annual volume to be supplied shall be 1,000 m³ in each calendar year. The price payable is the price to be agreed between the parties based on the prevailing market price. This agreement shall subsist unless terminated by notice;
- (v) Supply Agreement of Veneers and Plywood dated 18 June 2001 entered into between Sabah Forest Industries Sdn Bhd ("SFI") as the supplier and CPSB as the buyer, pursuant to which CPSB shall be given an exclusive option from time to time to purchase all available quantities of veneer and plywood as SFI will specify in the option notice in which case the minimum total annual volume shall be 12,000 m³ for veneer and 5,000 m³ for plywood. The price payable is the price to be agreed between the parties based on the international prevailing market price of the products. This agreement shall subsist unless terminated by notice;
- (vi) Timber Supply Agreement dated 20 December 2002 entered into between SHE and CPSB whereby SHE shall sell to CPSB certain minimum quantities of timber logs as may be ordered by CPSB from SHE for a period of 10 years from 20 December 2002. The price shall be based on the prevailing market price as may be agreed by both parties; and
- (vii) Timber Supply Agreement dated 20 December 2002 entered into between SFD and CPSB whereby SFD shall sell to CPSB certain minimum quantities of timber logs as may be ordered by CPSB from SFD for a period of 10 years from 20 December 2002. The price shall be the prevailing market price as may be based on agreed by both parties.

Insurance Policies

All insurance policies are owned by CPSB as follows:

Insurance Company	Policy No.	Coverage	Coverage Period	Total Coverage Amount (RM)
LONPAC Insurance Berhad	S/03/LL00/000191 - 08	Public Liability Insurance for accidents causing bodily injury, loss or damage to property and litigation cost and expenses recovered by any claimant against CPSB	12.10.2003 - 11.10.2004	1,000,000
LONPAC Insurance Berhad	S/03/FF20/020260 - 09	Fire Insurance Policy covering buildings, fixture and fittings, plants and machinery, office equipments, stocks, etc	01.04.2003 - 31.03.2004	27,300,000
LONPAC Insurance Berhad	S/03/FF20/0202061 - 07	Fire Insurance Policy covering stock in trade of goods, the property of CPSB or held by them in trust or on commission for which they are responsible on warehouse	30.03.2003 - 29.03.2004	9,000,000

16.0 ADDITIONAL INFORMATION (Cont'd)

Insurance Company	Policy No.	Coverage	Coverage Period	Total Coverage Amount (RM)
LONPAC Insurance Berhad	S/03/WF00/013679 – 51	Foreign Workers Compensation Scheme Insurance Policy for 922 workers covering worker's compensation insurance, repatriation expenses and personal accident insurance.	25.09.2003 – 24.03.2004	Note (a)
LONPAC Insurance Berhad	S/03/WC00/000260-23	Workmen's Compensation Policy for 50 labourers covering an estimated annual wages, salaries and other earnings.	17.06.2003 – 16.06.2004	210,000
LONPAC Insurance Berhad	W/01/MM00/00103	Marine Open Cover Policy on machinery and veneer or plywood in transit by vessel or barge	27.01.2001- until cancelled	3,000,000

Note (a):

Workmen's Compensation Insurance of up to amount as may be payable as compensation under Workmen's Compensation Act 1952.

Repatriation Expenses of up to RM4,800.00

Personal Accident Insurance of

- (a) *RM23,000.00 in event of accidental death*
- (b) *RM23,000.00 in respect of Permanent Partial Disablement*
- (c) *Amount as may be determined in accordance with Section 8(e) of the Workmen's Compensation Act 1952 in respect of Temporary Disablement*
- (d) *Amount as may be determined in accordance with Workmen Compensation Act 1952 in respect of medical expenses*

Service Contracts

On 10 November 2003, two (2) of the directors of Cymao, namely, Lin Kai-Min and Lin Kai-Hsuan, entered into service contracts with Cymao. Subsequently, on 14 November 2003, three (3) other directors of Cymao, namely, Datuk Mohd Zain Bin Omar, Lin Tsai-Rong and Lin Hsu, Li-Chu entered into service contracts with Cymao. These service contracts will expire on 9 November 2007 and 13 November 2007 respectively. In addition, on 25 February 2004, Hiew Seng, a director of Cymao, entered into a service contract with Cymao, which will expire on 24 February 2008.

Further, on 10 November 2003, certain key management of the Cymao Group, namely Liu Feng Fa, Lee Chia Hui and Wu Chung Sun had also entered into the service contracts with Cymao.

16.7 Public Take-Over Offers

None of the following has occurred in the last financial year and the current financial year up to the date of this Prospectus:

- (i) Public take-over offers by the third parties in respect of the shares of the Company or its subsidiary company's shares; or
- (ii) Public take-over offers by the Company in respect of other companies' shares.

16.0 ADDITIONAL INFORMATION *(Cont'd)*

16.8 General Information

- (i) The nature of the Company's business is set out in Section 5.0 of this Prospectus. The names of all the corporations which are deemed to be related to the Company by virtue of Section 5 of the Act are disclosed in Section 5.5 of this Prospectus.
- (ii) The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set out in Section 19.0 of this Prospectus.
- (iii) The time of the opening and closing of the Application is set out in Section 19 of this Prospectus.
- (iv) Apart from the listing sought on the Main Board of MASEB, Cymao is not listed on any stock exchange.
- (v) The amount payable in full on application of the Public Issue is RM2.50 per Cymao Share.
- (vi) All the Public Issue Shares are being issued by the Company subject to the terms and conditions of this Prospectus.
- (vii) Save as disclosed below, there is no amount paid within the two (2) years immediately preceding the date of this Prospectus or is payable to any director, promoter, expert or proposed director by the Company or its subsidiary as commission, discount, brokerage or other special terms for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company or its subsidiary in connection with the issue or sale of any capital of the Company or its subsidiary:
 - (a) Underwriting commission and management underwriting fee are payable by the Company to the Underwriters and Managing Underwriter mentioned herein at the rate of 2.5% and 0.125% respectively of the issue price of RM2.50 per Public Issue Share being underwritten comprising Public Issue Shares which are to be made available for application by the Malaysian Public as well as eligible directors, employees, suppliers and customers of the Cymao Group;
 - (b) Brokerage will be paid by the Company at the rate of 1.0% of the issue price of RM2.50 per Public Issue Share in respect of successful applications bearing the stamp of Alliance, member companies of MASEB, members of the Association of Merchant Banks in Malaysia and MIDFCCS;
 - (c) Placement fees will be paid by the Company at the rate of 2.0% of the issue price of RM2.50 per Public Issue Share in respect of Public Issue Shares to be allocated to the public investors; and
 - (d) Estimated listing expenses incidental to the listing of and quotation for the entire issued and paid-up share capital of the Company on Main Board of the MASEB amounting to approximately RM2,000,000 shall be borne by the Company.
- (viii) Save for as disclosed in Section 3.9 of this Prospectus, no other property has been acquired or is proposed to be acquired by the Company or its subsidiary company prior to the completion of the Public Issue.

16.0 ADDITIONAL INFORMATION (Cont'd)

16.9 Responsibility Statements

Alliance acknowledges that based on all available information, to the best of its knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts concerning the Public Issue and the Cymao Group and is satisfied that the consolidated profit estimate and forecast for the financial years ended/ending 31 December 2003 and 2004 respectively, for which the Directors are solely responsible, have been stated by the Directors of the Company after due and careful inquiry and have been reviewed by the Reporting Accountants.

This Prospectus has been seen and approved by the Directors and Promoters of Cymao and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading. The Directors hereby accept full responsibility and confirm that the profit estimate and forecast have been prepared based on the assumptions made.

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17.0 CONSENTS

- 17.1 The written consents of the Adviser, the Managing Underwriter, the Underwriters, the Placement Agent, the Issuing House, the Registrar, the Solicitors for the Public Issue, the Solicitors for the Acquisition and the Underwriting Agreement, the Company Secretary and the Principal Banker to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- 17.2 The written consent of the Auditors/Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and their reports relating to the consolidated profit estimate and forecast and the proforma consolidated balance sheets in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- 17.3 The written consent of the Independent Business and Market Research Consultants to the inclusion of their names, the Independent Market Research Report, reports titled Independent Assessment of the Sufficiency of Log Supply in Sabah, Prospect and Future Plans of Cymao Holdings Berhad and Business Overview of Cymao Holdings Berhad, in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and have not subsequently been withdrawn.

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18.0 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Registered Office of the Company or such other place as the SC may determine during normal office hours for a period of twelve (12) months from the date of this Prospectus:

- (i) The Memorandum and Articles of Association of the Company and its subsidiary company;
- (ii) The Reporting Accountants' Reports relating to the consolidated profit estimate and forecast for the two (2) financial years ended/ending 31 December 2003 and 2004 and proforma consolidated balance sheets as at 31 August 2003 as included herein;
- (iii) The Accountants' Report referred to under Section 12.0 of this Prospectus;
- (iv) Independent Market Research Report by Vital Factor referred to under Section 13.0 of this Prospectus;
- (v) Report titled Independent Assessment of the Sufficiency of Log Supply in Sabah by Vital Factor referred to under Section 14.0 of this Prospectus;
- (vi) Report titled Prospect and Future Plans of Cymao Holdings Berhad by Vital Factor referred to in Section 4.9 of this Prospectus;
- (vii) Report titled Business Overview of Cymao Holdings Berhad by Vital Factor referred to in Section 4.20 of this Prospectus;
- (viii) The Directors' Report referred to under Section 15.0 of this Prospectus;
- (ix) The material contracts referred to under Section 16.5 of this Prospectus;
- (x) The material agreements referred to under Section 16.6 of this Prospectus;
- (xi) The service contracts between Cymao and all of its Directors and foreign management referred to in Section 7.9 of this Prospectus;
- (xii) The irrevocable undertakings to subscribe for the Public Issue procured from the respective identified investors referred to in Section 3.5 (iii) of this Prospectus;
- (xiii) The letters of consent referred to under Section 17.0 of this Prospectus; and
- (xiv) The audited financial statements of Cymao and its subsidiary company (where applicable) for the past five (5) financial years ended 31 December 1998 to 2002 and the eight (8)-month period ended 31 August 2003.

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