

Cymao offer oversubscribed by 68.83 times

IPO Watch

By ZURINNA RAJA ADAM

WOOD product maker Cymao Holdings Bhd's initial public offering (IPO) has been oversubscribed by 68.83 times.

Cymao made a total public issue of nine million shares at an issue price of RM2.50 per share.

Of the total, three million shares were issued by way of private placement; three million were made available to directors, employees, customers and suppliers; and three million were for public subscription.

MIDF Sisma Securities Sdn Bhd economist Hamdan Yusof said that interest in the issue was anticipated in view of the recent upward trend for timber-related counters.

This upbeat outlook is due to the illegal disruption in supply that has successfully been curbed by the authorities, he said.

"Since February this year, timber prices have risen about 7 to 15 per cent after having remained idle for about 10 years," Hamdan told Business Times in Kuala Lumpur yesterday.

Cymao executive director Lin Kai Hsuan said that in line with the current growth, the group remains positive about the out-

look of the timber industry, especially for the export market.

The company aims to increase its exports to Europe and West Asia to 10 per cent by the year-end. At present, its exports to both countries are 3 and 5 per cent respectively.

The company exports 80 per cent of its products to the US, Japan, South Korea, Japan, the UK and Singapore.

Lin said the group will continue to seek ways of improving its products through research and development (R and D), which creates the competitive edge for the group in the international market.

"Through R and D, we are able to sustain business growth through development and marketing of new and better-quality products," he told reporters at the balloting ceremony in Kuala Lumpur yesterday.

For the past five years until August 2003, its R and D expenditure reached RM5 million.

Key areas being researched and developed are stable low glue, fire-retarding plywood and environment-friendly water-proof glue.

With the overall positive outlook for the timber industry, Cymao has forecast a net profit of RM20.7 million on the back of a turnover of RM189.3 million for its financial period ending December 31 2004.