

## General Announcement

Reference No **CCS-090605-573D9**

### Amended Announcement

(Please refer to the earlier announcement reference number: CCS-090605-082B6)

Company Name : **CYMAO HOLDINGS BERHAD**  
Stock Name : **CYMAO**  
Date Announced : **05/06/2009**

Type : **Announcement**  
Subject : **SALE AND PURCHASE AGREEMENT ENTERED INTO BY INOVWOOD SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF CYMAO HOLDINGS BERHAD FOR THE PROPOSED ACQUISITION OF LAND TOGETHER WITH THE PLYMILL FACTORY ERECTED THEREON FOR A TOTAL CASH PURCHASE CONSIDERATION OF RM6,525,000**

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1.0 INTRODUCTION

The Board of Directors of Cymao Holdings Berhad (“Cymao” or “Company”) is pleased to announce that its wholly-owned subsidiary, Inovwood Sdn Bhd (“ISB”) has on 4 June 2009 entered into a Sale and Purchase Agreement (“Agreement”) with Hong Brothers Holdings Sdn Bhd (Company No. 50839-K) (“HBSB” or “Vendor”) to acquire a parcel of land measuring 1.7654 hectares together with the plymill factory erected thereon situated at GM 460, Lot 740, Mukim of Kapar, District of Klang, Selangor Darul Ehsan for a total cash purchase consideration of RM6,525,000 (“Proposed Acquisition of Property”).

Announcement Details :

## 2.0 DETAILS OF THE PROPOSED ACQUISITION OF PROPERTY

### 2.1 Information on Purchaser

ISB was incorporated on 8 July 2002 as a private company limited by shares under the name of Asas Jelas Sdn Bhd. On 13 June 2003, the company changed to its present name Inovwood Sdn Bhd.

ISB is principally involved in manufacturing and sale of veneer, plywood and trading in of decorative plywood.

The authorised share capital of ISB is RM10,000,000 comprising of 10,000,000 ordinary shares of RM1.00 each and the issued and paid-up share capital is RM9,500,002.

### 2.2 Information on Vendor

The Vendor, HBSB was incorporated on 24 September 1979 under the Companies Act, 1965 as a private limited company. The authorised share capital of HBSB is RM2,000,000 comprising of 2,000,000 ordinary shares of RM1 each and the issued and paid-up share capital is RM1,135,000 comprising of 1,135,000 ordinary shares of RM1 each.

HBSB is the registered proprietor of a parcel of land measuring 1.7654 hectares together with the plymill factory erected thereon (“the Property”) situated at GM 460, Lot 740, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.

The Property is currently charged to Public Bank Berhad for the banking facilities granted to HBSB.

### **2.3 Information on The Property**

- (a) The Property is a freehold land with an area measuring 1.7654 hectares together with the plymill factory erected thereon situated at GM 460, Lot 740, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.
- (b) The Vendor did not provide the net book value of the Property, however the Vendor's original cost of land is RM774,249.90; and
- (c) The date of investment of the land was on 9 April 1982.
- (d) There is valuation carried out on the Property by Raine & Horne International Zaki & Partners Sdn Bhd on 7 May 2008 with a market value of RM7,600,000.

### **2.4 Basis Of Arriving At The Purchase Consideration**

The purchase consideration of RM6,525,000 for the Proposed Acquisition of Property was arrived at on a willing buyer-willing seller basis, free from all encumbrances on "as is where is" basis.

### **2.5 Source of Funding**

The total purchase consideration of RM6,525,000 will be financed by internally generated fund.

### **2.6 Liabilities and Guarantee to Be Assumed**

There is no liability or guarantee to be assumed by ISB pursuant to the Proposed Acquisition of Property.

### **2.7 Salient Terms of The SPA**

The Property shall be acquired by ISB free from encumbrances

The purchase consideration for the Property will be settled fully in cash in the following manner:

- (i) RM2,025,000 as deposit upon execution of the Agreement; and
- (ii) the balance of RM4,500,000 shall be paid to the Vendor upon execution of the Agreement in 12 post dated cheques of an equal amount in favour of the Vendor and backed by a bank guarantee of an amount sufficient to cover the balance purchase price.

The deposit shall be utilized to settle the amount owing to Public Bank Berhad to redeem the title and registration on the satisfaction of all charges created in favour of the bank.

## **3.0 EFFECTS OF THE PROPOSED ACQUISITION OF PROPERTY**

### **3.1 Share capital and substantial shareholders' shareholding**

The Proposed Acquisition of Property does not involve any issuance of new shares in the Company and therefore, will not have any effect on the share capital and substantial shareholders' shareholding.

### **3.2. Earnings**

The Proposed Acquisition of Property is not expected to have any material impact on the earnings and earnings per share for the financial year ending 31 December 2009 as the Proposed Acquisition of Property is expected complete towards the end of the year. However positive contributions are expected for future years.

### **3.3 Net Assets**

The proforma effect of the Proposed Acquisition of Property on the audited consolidated net assets of Cymao based on the assumption that it had been effected on 31 December 2008 are set out below:

	Audited as at 31-12-2008 (RM'000)	After the Proposed Acquisition (RM'000)
Share capital	75,000	75,000
Share premium	17,374	17,374
Treasury shares, at cost	(31)	(31)
Foreign currency translation reserve	203	203
Retained earning	53,397	*54,086
	----- 145,943 =====	----- 146,632 =====
Net asset per share (RM)	1.95	1.96

\* Adjusted for a negative goodwill written off of RM689,417 arising from the proposed acquisition of Poly-Ply Industries Sdn Bhd.

### 3.4 Gearing

The Proposed Acquisition of Property is to be financed by internally generated funds and therefore, it will have no effect on the gearing of the Cymao Group.

### 4.0 APPROVAL REQUIRED

No approval from the shareholders and the relevant government authorities is required for the Proposed Acquisition of Property, save for the presentation for registration at the Land Registry.

### 5.0 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

To the best knowledge of the Directors of Cymao, none of the Directors and/or major shareholders or persons connected with a Director or major shareholder, have any interest, direct or indirect, in the Proposed Acquisition of Property.

### 6.0 RATIONALE AND PROSPECTS FOR THE PROPOSED ACQUISITION OF PROPERTY

The Proposed Acquisition of Property will benefit the Cymao Group with the intention to diversify into further downstream products. Presently, the Cymao Group does not produce paper overlay plywood. Upon completion of the Proposed Acquisition of Property, this will enable the Cymao Group with an entry into the paper overlay plywood market and thus provides its customers with varieties of products.

The production of paper overlay plywood is meant for domestic sales. The Cymao Group will penetrate into foreign markets in the United Kingdom, Australia and Middle East where the demand is stronger and at the same complement the existing business activities of the Cymao Group. The revenue to be generated from the domestic sales of paper overlay plywood will help mitigate the effects of possible economic recession in the United States.

### 7.0 STATEMENT BY DIRECTORS

Having considered the rationale and effects of the Proposed Acquisition of Property, the Directors of the Company are of the opinion that the Proposed Acquisition of Property is in the best interest of the Cymao Group.

### 8.0 RISK FACTORS

The performance will be affected by changes in the price of raw material and manufactured products. As it is the aim of Cymao Group to open up new export markets for paper overlay plywood, it will also inevitably expose to foreign currency risk when its export sales are increased.

### 9.0 ESTIMATED TIME FRAME FOR COMPLETION

The Proposed Acquisition of Property is expected to be completed upon the fulfillment of 2.7(i), 2.7(ii) and the discharge of documents being released to the Vendor.

#### **10.0 DEPARTURE FROM SECURITIES COMMISSION'S POLICIES AND GUIDELINES**

The Proposed Acquisition of Property is not subject to approval of the Securities Commission ("SC") and does not fall under the SC's Policies and Guidelines on Issue/Offer of Securities or any amendments thereof. As such the Proposed Acquisition of Property has not departed from the said Policies and Guidelines.

#### **11.0 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Company's registered office at MPT 4604, 3<sup>rd</sup> Floor, Lot 15-16, Block B, Bandaran Baru, Jalan Baru, 91000 Tawau, Sabah during normal office hours for a period of three (3) months from the date of this announcement.

- (i) the Agreement;
- (ii) Audited consolidated financial statements of Cymao for the past 2 financial years ended 31 December 2007 and 2008 and the last quarterly results for the financial period ended 31 March 2009; and
- (iii) Valuation report.

This announcement is dated 4 June 2009.