

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF CYMAO HOLDINGS BERHAD ("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 FOR THE PROFIT ESTIMATE AND FORECAST INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT ESTIMATE AND FORECAST HAVE BEEN PREPARED BASED ON ASSUMPTIONS MADE.

ALLIANCE MERCHANT BANK BERHAD, BEING THE ADVISER, MANAGING UNDERWRITER, UNDERWRITER AND PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTE A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE OF 9,000,000 NEW ORDINARY SHARES OF RM1.00 EACH IN CYMAO ("CYMAO SHARES") AT AN ISSUE PRICE OF RM2.50 PER SHARE ("PUBLIC ISSUE") AND IS SATISFIED THAT THE PROFIT ESTIMATE AND FORECAST (FOR WHICH THE DIRECTORS OF CYMAO ARE FULLY RESPONSIBLE), PREPARED FOR INCLUSION IN THIS PROSPECTUS, HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC ISSUE AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE.

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF CYMAO AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

MALAYSIA SECURITIES EXCHANGE BERHAD ("MSEB") SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF CYMAO AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS CORRECTNESS OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE MAIN BOARD OF MSEB IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, CYMAO OR OF ITS ORDINARY SHARES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS, TOGETHER WITH THE FORM OF APPLICATION, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for the Company's entire enlarged issued and paid-up share capital on the Main Board of MSEC is set out below:-

Event	Date
Opening of Application for the Public Issue	28 February 2004
Closing of Application for the Public Issue	5 March 2004
Tentative date of balloting of Application	9 March 2004
Tentative date of despatch of Notices of Allotment for the Cymao Shares to successful applicants	17 March 2004
Tentative date for the listing of and quotation for Cymao's entire enlarged issued and paid-up share capital on the Main Board of MSEC	18 March 2004

Notes:

- *This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures.*
- *The Directors of Cymao and the Managing Underwriter may in their absolute discretion mutually decide to extend the closing date of the application to a further date or dates. Should the closing date of the application be extended, the dates for the balloting and allotment of the Public Issue Shares, and the listing of and quotation for the entire enlarged issued and paid-up share capital of Cymao on the Main Board of MSEC would be extended accordingly.*
- *Where the closing date of application for the Public Issue Shares is extended from the original closing date, the notice of such extension(s) will be advertised in a widely circulated Bahasa Malaysia and English newspaper in Malaysia not less than one (1) market day from the original closing date.*

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK
--

DEFINITIONS

Except where the context requires otherwise, the following definitions (in alphabetical order) shall apply throughout this Prospectus:

“Acquisition”	:	Acquisition of CPSB by Cymao of 51,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of CPSB for a total consideration of RM72,863,088 to be satisfied by the issuance of 50,999,998 new Cymao Shares at the issue price of approximately RM1.43 per Cymao Share which was completed on 3 November 2003
“Acquisition Agreement”	:	The sale and purchase agreement dated 27 October 2003 entered into between Cymao and the Vendors relating to the Acquisition
“Act”	:	The Companies Act, 1965
“ADA”	:	Authorised Depository Agent
“ADA Code”	:	Authorised Depository Agent (Broker) Code
“Alliance”	:	Alliance Merchant Bank Berhad
“ATM”	:	Automated Teller Machines
“Board”	:	Board of Directors of Cymao
“CDS”	:	Central Depository System
“CPLC”	:	Cyma Plywood and Lumber Co. Ltd, Taiwan
“CPSB”	:	Cymao Plywood Sdn Bhd, a wholly-owned subsidiary of Cymao
“Cymao Group” or “Group”	:	Cymao and CPSB, collectively
“Cymao Share(s)” or “Share(s)”	:	Ordinary share(s) of RM1.00 each in Cymao
“Cymao” or “Company”	:	Cymao Holdings Berhad
“DIY”	:	Do It Yourself
“E&Y” or “Reporting Accountants”	:	Messrs. Ernst & Young (AF: 0039)
“EBITDA”	:	Earnings before interest, taxation, depreciation and amortisation
“EPS”	:	Earnings per share
“FIC”	:	Foreign Investment Committee
“Forum Timber”	:	Forum Timber Sdn Bhd
“FSC”	:	Forest Stewardship Council
“Issue Price”	:	The issue price of RM2.50 per share for the Public Issue Shares
“ITTO”	:	International Tropical Timber Organisation
“Listing”	:	The admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of Cymao of RM60,000,000 comprising 60,000,000 Cymao Shares on the Main Board of MSEL
“m ³ ”	:	Cubic metres
“Malaysian Public”	:	All Malaysian citizens, co-operatives, companies or societies and institutions but excludes Directors of the Cymao Group, its substantial shareholders and persons connected or associated with them
“Managing Underwriter”	:	Alliance Merchant Bank Berhad
“MCD” or “Central Depository”	:	Malaysian Central Depository Sdn Bhd
“Mendu”	:	Mendu Sdn Bhd

DEFINITIONS (Cont'd)

“MSEB”	:	Malaysia Securities Exchange Berhad (635998-W)
“MIDFCCS” or “Issuing House”	:	MIDF Consultancy and Corporate Services Sdn Bhd
“MITI”	:	Ministry of International Trade and Industry
“NBV”	:	Net book value
“NTA”	:	Net tangible assets
“PA”	:	Powers of Attorney
“PE”	:	Price-earnings
“Placement Agent”	:	Alliance Merchant Bank Berhad
“Promoters”	:	Lin Tsai-Rong, Tsay Chung-Wen, Hsu How-Tong and Chang Huei-May
“Public Issue”	:	Public issue of 9,000,000 new Cymao Shares at the issue price of RM2.50 per Cymao Share payable in full upon application comprising: <ul style="list-style-type: none"> (i) 3,000,000 new Cymao Shares available for application by the Malaysian Public; (ii) 3,000,000 new Cymao Shares available for application by eligible directors, employees, customers and suppliers of Cymao and its subsidiary; and (iii) 3,000,000 new Cymao Shares by way of private placement to public investors representing approximately 15% of the enlarged issued and paid-up share capital of Cymao after the Public Issue
“Public Issue Shares”	:	9,000,000 new Cymao Shares to be issued at the issue price of RM2.50 per share payable in full upon application pursuant to the Public Issue
“R&D”	:	Research and development
“RM” and “sen”	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
“ROC”	:	Registrar of Companies
“SC”	:	Securities Commission
“SHE”	:	Syarikat Hung Enterprise
“SFD”	:	Sapulut Forest Development Sdn Bhd
“Underwriters”	:	Alliance Merchant Bank Berhad, RHB Sakura Merchant Bankers Berhad and Kuala Lumpur City Securities Sdn Bhd, collectively and Underwriter means anyone of them
“USA”	:	United States of America
“USD”	:	US Dollar
“Vital Factor”	:	Vital Factor Consulting Sdn Bhd
“Vendors”	:	The vendors of CPSB in relation to the Acquisition namely Lin Tsai-Rong, Tsay Chung-Wen, Hsu How-Tong, Chang Huei-May, Chen, Huang Kuei-Liang, Tsung Wun Lan, Osman Bin Omar, Datuk Mohd Zain Bin Omar, Mohammad Anuar Bin Mohd Yunus, Maksum Bin Latif, Datuk Hajjah Farudah @ Faridah Binti Abu Hassan, Omar Bin Hj Mohammad, Tengku Mohamed Fauzi Bin Tengku Abdal Hamid, Mendu and Forum Timber, collectively
“ZRP”	:	Messrs. Zul Rafique & Partners

TABLE OF CONTENTS

	Page
1.0 CORPORATE INFORMATION	1
2.0 INFORMATION SUMMARY	4
2.1 History and Business	4
2.2 Information on Promoters, Substantial Shareholders, Directors and Key Management	5
2.3 Financial Information	7
2.4 Consolidated Profit Estimate and Forecast and Dividend Forecast	10
2.5 Proforma Consolidated NTA	11
2.6 Principal Statistics Relating to the Public Issue	11
2.7 Utilisation of Proceeds	12
2.8 Working Capital, Borrowings, Contingent Liabilities, Material Commitments and Material Litigation	13
2.9 Risk Factors	15
3.0 INTRODUCTION AND PARTICULARS OF THE PUBLIC ISSUE	17
3.1 Introduction	17
3.2 Opening and Closing of Application	18
3.3 Critical Dates of the Public Issue	18
3.4 Number and Types of Securities to be Issued	19
3.5 Details of the Public Issue	19
3.6 Allocation of Public Issue Shares to Eligible Directors, Employees, Suppliers and Customers	20
3.7 Basis of the Issue Price	22
3.8 Purposes of the Public Issue	23
3.9 Utilisation of Proceeds	23
3.10 Brokerage, Underwriting Commission and Placement Fee	25
3.11 Salient terms of the Underwriting Agreement	26
3.12 Estimated Listing Expenses	28
4.0 RISK FACTORS	29
5.0 INFORMATION ON THE CYMAO GROUP	41
5.1 History and Business	41
5.2 Restructuring and Listing	42
5.3 Share Capital	43
5.4 Business Overview of the Cymao Group	45
5.5 Information on the Subsidiary Company	62
5.6 Industry Overview	65
5.7 Major Customers	70
5.8 Major Suppliers	71
6.0 FUTURE PLANS AND STRATEGIES	77
6.1 Future Plans	77
6.2 Strategies	80

TABLE OF CONTENTS

7.0	INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT	81
7.1	Information on Promoters and Substantial Shareholders	81
7.2	Information on Directors	85
7.3	Directors' Remuneration and Benefits	86
7.4	Audit Committee	87
7.5	Key Management	87
7.6	Family Relationship and Associations	89
7.7	Involvement in Other Businesses	90
7.8	Directors' and Key Management's Declarations	91
7.9	Service Contracts	91
7.10	Employees	92
7.11	Continuity in Management and Management Succession Plan	93
8.0	APPROVALS AND CONDITIONS	94
9.0	RELATED PARTY TRANSACTIONS/CONFLICT OF INTEREST	99
10.0	OTHER INFORMATION CONCERNING THE CYMAO GROUP	101
10.1	Approvals, Major Licences and Permits	101
10.2	Summary of Landed Properties	103
11.0	FINANCIAL INFORMATION	104
11.1	Historical Financial Information	104
11.2	Segmental Analysis of Consolidated Revenue and Profit	106
11.3	Directors' Declaration on Financial Performance	107
11.4	Working Capital, Borrowings, Contingent Liabilities, Material Commitments and Material Litigation	108
11.5	Consolidated Profit Estimate and Forecast	111
11.6	Directors' Analysis of the Consolidated Profit Estimate and Forecast	117
11.7	Sensitivity Analysis	118
11.8	Dividend Forecast	120
11.9	Proforma Consolidated Balance Sheets as at 31 August 2003	121
11.10	Trade Debtors	126
12.0	ACCOUNTANTS' REPORT	127
13.0	THE INDEPENDENT MARKET RESEARCH REPORT	160
14.0	INDEPENDENT ASSESSMENT OF THE SUFFICIENCY OF LOG SUPPLY IN SABAH	175

TABLE OF CONTENTS

15.0	DIRECTORS' REPORT	186
16.0	ADDITIONAL INFORMATION	187
16.1	Share Capital	187
16.2	Articles of Association	188
16.3	Directors and Substantial Shareholders	193
16.4	Material Litigation	195
16.5	Material Contracts	195
16.6	Material Agreements	196
16.7	Public Take-Over Offer	198
16.8	General Information	199
16.9	Responsibility Statements	200
17.0	CONSENTS	201
18.0	DOCUMENTS AVAILABLE FOR INSPECTION	202
19.0	PROCEDURE FOR APPLICATION AND ACCEPTANCE	203
19.1	Opening and Closing of Application	203
19.2	Methods of Application	203
19.3	Procedure for Application	203
19.4	Applications Using Application Forms	204
19.5	Applications Via Electronic Share Application	208
19.6	Applications and Acceptances	212
19.7	CDS Accounts	213
19.8	Notice of Allotment	214
19.9	List of ADAs	215

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK
--

CYMAO HOLDINGS BERHAD
(Company No.: 445931-U)
(Incorporated in Malaysia under the Companies Act, 1965)

1.0 CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Datuk Mohd Zain Bin Omar <i>Chairman and Independent Non-Executive Director</i>	300, MK12 Jalan Kampung Masjid 11900 Bayan Lepas Pulau Pinang	Chairman	Malaysian
Lin Tsai-Rong <i>Managing Director</i>	9.1 KM, Jalan Batu Sapi Locked Bag No. 13 90009 Sandakan Sabah	Company Director	Taiwanese
Lin Kai-Min <i>Executive Director</i>	9.1 KM, Jalan Batu Sapi Locked Bag No. 13 90009 Sandakan Sabah	Company Director	Taiwanese
Lin Hsu, Li-Chu <i>Non-independent Non Executive Director</i>	9.1 KM, Jalan Batu Sapi Locked Bag No. 13 90009 Sandakan Sabah	Company Director	Taiwanese
Lin Kai-Hsuan <i>Executive Director</i>	9.1 KM, Jalan Batu Sapi Locked Bag No. 13 90009 Sandakan Sabah	Company Director	Taiwanese
Hiew Seng <i>Independent Non-Executive Director</i>	No. 559, 2nd Floor Jalan Hishamuddin 43000 Kajang Selangor Darul Ehsan	Chartered Accountant	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Hiew Seng	Chairman	Independent Non-Executive Director
Datuk Mohd Zain Bin Omar	Member	Independent Non-Executive Director
Lin Kai-Min	Member	Executive Director

COMPANY SECRETARY : Katherine Chung Mei Ling
MAICSA 7007310
TB 5218, Taman Joo Hwa
Jalan Bunga Raya
c/o WDT 46
91009 Tawau
Sabah
Tel: 089-774836
Fax: 089-766100

1.0 CORPORATE INFORMATION (Cont'd)

REGISTERED OFFICE	:	Room 2.01, 2nd Floor Alliance Bank Building TB1086, Jalan Utara 91000 Tawau Sabah Tel: 089-774836 Fax: 089-766100
BUSINESS ADDRESS	:	9.1 KM Jalan Batu Sapi 90000 Sandakan Sabah Tel: 089 – 612233 Fax: 089 – 612607 E-mail : cymao@cymao.com Web-site : www.cymao.com
POSTAL ADDRESS	:	Locked Bag No. 13 90009 Sandakan Sabah
SOLICITORS FOR THE PUBLIC ISSUE	:	Zul Rafique & Partners Suite 17.01, 17 th Floor Menara Pan Global 8 Lorong P. Ramlec 50250 Kuala Lumpur Tel: 03-2078 8228
SOLICITORS FOR THE ACQUISITION AND THE UNDERWRITING AGREEMENT	:	Susie See, Norbaya & Cheah Unit A-5-6, Block A Megan Phileo Promenade 189, Jalan Tun Razak 50400 Kuala Lumpur Tel: 03-2166 8255
AUDITORS AND REPORTING ACCOUNTANTS	:	Ernst & Young (AF: 0039) Bangunan Sabah Bank 2 nd Floor, Jalan Utara 91000 Tawau Sabah Tel: 089-774233
PRINCIPAL BANKER	:	Public Bank Berhad Ground Floor, Wisma Sandaraya Third Avenue 90000 Sandakan Sabah Tel: 089-214257
INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS	:	Vital Factor Consulting Sdn Bhd 75C & 77C, Jalan SS22/19 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan Tel: 03-7728 0248

1.0 CORPORATE INFORMATION (Cont'd)

ISSUING HOUSE	:	MIDF Consultancy and Corporate Services Sdn Bhd Ground Floor, Bangunan MIDF 195A, Jalan Tun Razak 50400 Kuala Lumpur Tel: 03-2161 3355
SHARE REGISTRAR	:	Signet Share Registration Services Sdn Bhd 11th Floor, Tower Block Kompleks Antarabangsa Jalan Sultan Ismail 50250 Kuala Lumpur Tel: 03-2142 1341
ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT	:	Alliance Merchant Bank Berhad 20th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
UNDERWRITERS	:	Alliance Merchant Bank Berhad 20th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur RHB Sakura Merchant Bankers Bhd Level 8, Tower Three, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Kuala Lumpur City Securities Sdn Bhd No. 8, Jalan Binjai Off Jalan Ampang 50450 Kuala Lumpur
LISTING SOUGHT	:	Main Board of MSEP

2. INFORMATION SUMMARY

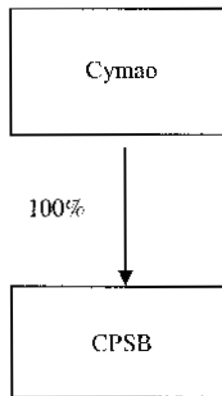
The information is only a summary of the salient information on the Cymao Group. Investors should read and understand the whole of this Prospectus prior to making an investment decision. The following information summary is qualified in its entirety and should be read in conjunction with the more detailed information and financial statements appearing elsewhere in this Prospectus.

2.1 History and Business

Cymao was incorporated in Malaysia under the Act on 5 September 1997 as a public limited company under the name of Green Energy Holdings Berhad. On 11 November 2000, the Company changed its name to Cymao Holdings Berhad.

Cymao is an investment holding company while its only subsidiary, CPSB, is involved in the manufacturing and marketing of quality processed downstream wood products such as veneer, plywood and decorative plywood.

The existing group structure of Cymao is as follows:



The Promoters are from Taiwan where they operated a company known as CPLC which formed part of Formosa Plastic Group, a conglomerate in Taiwan.

CPLC was established in Taiwan in 1960, with a long history of manufacturing quality and innovative wood products. CPLC's manufacturing facility in Taipei, northern Taiwan, together with its sister company Sunrise Plywood Corporation's facilities in Central and Southern Taiwan, represented Taiwan's major player in wood-based primary, secondary and further downstream processing industries. From 1960 to 1989, CPLC consolidated its position as, inter-alia, a supplier of both plywood panels and value added products including decorative plywood, doors, flooring and venetian blinds. However, CPLC ceased operations in Taiwan in 1990 in view of the rising labour costs which led to overall increased production costs and reduced profit margins.

2. INFORMATION SUMMARY (Cont'd)

In 1991, the Promoters decided to set up a similar manufacturing operation in Sandakan, Sabah. CPSB was set up in view of Malaysia's availability of raw materials, adequate infrastructure for plywood operation and government incentives to promote the industry. In the beginning, CPSB was involved in the production of sawn timber. In 1992, with a team of personnel experienced in production, management systems and technical know-how from Taiwan, CPSB commenced plywood manufacturing and secondary processing and ceased being involved in sawn timber production.

The move from Taiwan to Malaysia has resulted in skill and technology transfers to Malaysia. The skill and technological transfers were made possible by the moving of the manufacturing and marketing operations of a wide range of timber and plywood products. Along with the transfer of its team of experienced and highly skilled production personnel from Taiwan, Cymao also inherited from its predecessor its marketing network.

2.2 Information on Promoters, Substantial Shareholders, Directors and Key Management

The direct and indirect shareholdings of the Promoters, the substantial shareholders, the directors and the key management of Cymao after the Public Issue are as follows:

2.2.1 Promoters/Substantial Shareholders

	<-----Shareholdings after Public Issue----->				Nationality/ Place of Incorporation
	<-----Direct----->		<-----Indirect----->		
	No. of Cymao Shares held	%	No. of Cymao Shares held	%	
Promoters/Substantial Shareholders					
Lin Tsai-Rong	*16,880,000	28.13	-	-	Taiwanese
Tsay Chung-Wen	6,600,000	11.00	-	-	Taiwanese
Ilsu Hlow-Tong	4,950,000	8.25	-	-	Taiwanese
Chang Huei-May	2,640,000	4.40	-	-	Taiwanese
Substantial Shareholders					
Mendu	6,000,000	10.00	-	-	Malaysia
Forum Timber	6,000,000	10.00	-	-	Malaysia
Norajelan Bin Ma'amor	-	-	^6,000,000	10.00	Malaysian
Rohaida Binti Ahmad	-	-	^6,000,000	10.00	Malaysian
Baharudin Bin Mohd Yunus	-	-	^6,000,000	10.00	Malaysian
Mohamad Azman Bin Mohamad Arshad	-	-	^6,000,000	10.00	Malaysian

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.

2. INFORMATION SUMMARY (Cont'd)

2.2.2 Directors

Directors	<-----No. of Cymao Shares held after Public Issue----->			
	<-----Direct----->		<-----Indirect----->	
	No of Cymao Shares	%	No of Cymao Shares	%
Datuk Mohd Zain Bin Omar	*1,100,000	1.83	-	-
Lin Tsai-Rong	*16,880,000	28.13	-	-
Lin Kai-Min	^50,000	0.08	-	-
Lin Hsu, Li-Chu	^50,000	0.08	-	-
Lin Kai-Hsuan	^50,000	0.08	-	-
Hiew Seng	^50,000	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.

2.2.3 Key Management

Name	<-----No. of Cymao Shares held after Public Issue----->			
	<-----Direct----->		<-----Indirect----->	
	No of Cymao Shares	%	No of Cymao Shares	%
Sarilda Chin Set Len	10,000	0.01	-	-
Chow Chung Kong	10,000	0.01	-	-
Liu Feng Fa	10,000	0.01	-	-
Leonardo Lopez Jr	10,000	0.01	-	-
Ameet Wong Lirn Yueh	10,000	0.01	-	-
Lee Chia Hui	10,000	0.01	-	-
Wu Chung Shun	10,000	0.01	-	-

The information of the Promoters, Substantial Shareholders and Directors of the Cymao Group are detailed in Sections 7.1 and 7.2 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.3 Financial Information

2.3.1 Proforma Consolidated Results

The following table sets out a summary of the proforma consolidated results of the Cymao Group for the past five (5) financial years ended 31 December 1998 to 2002 and eight (8)-month period ended 31 August 2003. The proforma consolidated results are presented for illustrative purposes only and have been prepared on the assumption that the current Cymao Group structure has been in existence throughout the financial years under review. The table should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 12.0 of this Prospectus.

	<-----Year ended 31 December ----->					Eight (8)- month period ended 31 August 2003
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	RM'000
Revenue	50,813	69,774	74,793	116,310	139,613	108,508
Profit before interest, tax and depreciation	9,623	14,334	16,830	18,618	20,264	16,259
Interest	(895)	(48)	(160)	(246)	(154)	(21)
Depreciation	(4,093)	(4,129)	(4,290)	(4,529)	(4,791)	(3,544)
Profit before exceptional item	4,635	10,157	12,380	13,843	15,319	12,694
Exceptional item	-	-	-	-	-	-
Profit before taxation	4,635	10,157	12,380	13,843	15,319	12,694
Taxation	(1,210)	2,107	683	835	(949)	(1,863)
Profit after taxation	3,425	12,264	13,063	14,678	14,370	10,831
No. of ordinary shares assumed to be in issue ('000)*	51,000	51,000	51,000	51,000	51,000	51,000
Gross EPS (sen)	9.09	19.92	24.27	27.14	30.04	^37.34
Net EPS (sen)	6.72	24.05	25.61	28.78	28.18	^31.86
Tax exempt dividend rate (%)>	-	-	-	-	-	49.02

Notes:

* Based on the issued and paid-up share capital of Cymao after the Acquisition but before the Public Issue.

^ Annualised.

> Based on number of ordinary shares assumed to be in issue.

(i) The proforma consolidated income statements are prepared based on the audited financial statements of Cymao and CPSB for the relevant financial years/period and are provided for illustrative purposes only on the assumption that the Cymao Group had been in existence throughout the period under review, after making such adjustments considered necessary.

(ii) The proforma consolidated income statements have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of Cymao and CPSB.

2. INFORMATION SUMMARY (Cont'd)

- (iii) *The summarised proforma consolidated income statements for the financial years 1998 to 2002 have been restated to incorporate the prior year adjustment made in the eight (8)-month period ended 31 August 2003. The prior year adjustment was in relation to the change in accounting policy on deferred taxation arising from the adoption of Standard No. 25, Income Taxes issued by the Malaysian Accounting Standards Board amounting to:*
1. *RM1.210 million of tax expense for the financial year 1998;*
 2. *RM2.107 million, RM0.683 million, and RM0.835 million tax income for the financial years 1999 to 2001 respectively; and*
 3. *RM0.949 million tax expense for the financial year 2002.*
- (iv) *Revenue represented invoiced value of veneer, plywood, decorative plywood, engineered wood flooring and lay-on less returns and discount.*
- (v) *For the financial year ended 31 December 1999, the improvement in revenue and profit before taxation was mainly attributed to the regional economic recovery that boosted sales volume and selling prices, and the increase in export to the USA which fetched higher selling prices.*
- (vi) *For the financial year ended 31 December 2000, the increase in revenue and profit before taxation was mainly attributed to CPSB's focus on the production and marketing of decorative plywood which fetched better margin.*
- (vii) *For the financial year ended 31 December 2001, the significant increase in revenue despite the sluggish global demand was mainly attributed to the increase in sales volume of plywood, in particular, to the USA. This was led by the R&D and marketing efforts of the company to supply quality plywood with various specifications to meet customer requirements. Despite a 55.51% increase in revenue, profit before taxation increased by 11.82% only. This was mainly due to lower average selling prices of timber products affected by the sluggish global demand.*
- (viii) *For the financial year ended 31 December 2002 and the eight (8)-month period ended 31 August 2003, the increase in revenue and profit before taxation was mainly attributed to the efforts to increase sales by obtaining repeat orders and securing a new major customer from the USA.*
- (ix) *CPSB was granted pioneer status (100% of the adjusted income) under the Promotion of Investment Act, 1986 for its plain plywood and decorative plywood operations until 31 August 1997, which was subsequently extended to 31 August 2002.*
- (x) *For the financial years ended 31 December 1998 to 2001, the Cymao Group was not liable for tax on profits from its plain plywood and decorative plywood operations in view of the pioneer status granted. Profits generated from veneer operation were not taxable due to the availability of capital allowances. Tax income and tax expense for these financial years were in respect of the origination and reversal of deductible temporary differences. The deductible temporary differences related to capital expenditure incurred for pioneer operations during the pioneer period which were deemed to be incurred on the first day of the post pioneer period (1 September 2002) as the application of the company for pioneer status was made prior to 1 January 1991.*
- (xi) *For the financial year ended 31 December 2002 and the eight (8)-month period ended 31 August 2003, the Cymao Group was not liable for tax on profits generated from operations in view of the availability of unabsorbed capital allowances. Tax expense for these financial year/period represented reversal of the deductible temporary differences previously provided.*
- (xii) *There were no exceptional or extraordinary items for the relevant financial years/period under review.*
- (xiii) *The gross and net EPS have been calculated based on the profit before and after taxation respectively and the adjusted number of ordinary shares in issue for each financial year/period under review. The gross and net EPS for the eight (8)-month period ended 31 August 2003 have been calculated on an annualised basis.*
- (xiv) *The Group does not have any associated companies and has not been involved in any joint ventures during the financial years/period under review.*

The financial information of the Cymao Group is detailed in Section 11.0 and should be read in conjunction with the Reporting Accountants' Reports in Section 12.0.

2. INFORMATION SUMMARY (Cont'd)

2.3.2 Proforma Consolidated Balance Sheets as at 31 August 2003

The following table sets out the summary of the proforma consolidated balance sheets of the Cymao Group as at 31 August 2003 on the assumption that the following events had been completed on that date. The notes to the proforma consolidated balance sheets of the Group as at 31 August 2003 is set out in Section 11.9 of this Prospectus.

	Audited as at 31 August 2003 RM'000	Proforma I After Acquisition RM'000	Proforma II After I and Public Issue RM'000
PROPERTY, PLANT AND EQUIPMENT	-	39,580	47,385
DEFERRED TAX ASSETS	-	5,003	5,003
NEGATIVE GOODWILL ON CONSOLIDATION	-	(21,848)	(21,848)
CURRENT ASSETS			
Inventories	-	35,066	35,066
Trade receivables	-	23,263	23,263
Other receivables	597	3,874	3,874
Cash and bank balances	-	4,248	16,943
	597	66,451	79,146
CURRENT LIABILITIES			
Borrowings	-	4,873	4,873
Trade payables	-	3,754	3,754
Other payables	(604)	7,695	7,695
Tax payable	-	8	8
	(604)	16,330	16,330
NET CURRENT (LIABILITIES)/ASSETS	(7)	50,121	62,816
	(7)	72,856	93,356
Share capital	*	51,000	60,000
Share premium	-	21,863	33,363
Accumulated losses	(7)	(7)	(7)
Shareholders' funds	(7)	72,856	93,356
(Net liabilities)/Proforma NTA per share (RM)	(3,500.00)	1.86	1.92

Note:

* Denotes RM2.00.

The Proforma Consolidated Balance Sheets of Cymao as at 31 August 2003 are contained in Section 11.9.

2. INFORMATION SUMMARY (Cont'd)

2.3.3 Audit Qualifications

There are no audited financial statements of the companies in the Cymao Group that contain audit qualifications for the past five (5) financial years ended 31 December 2002 and the eight (8)-month period ended 31 August 2003.

2.4 Consolidated Profit Estimate and Forecast and Dividend Forecast

2.4.1 Consolidated Profit Estimate and Forecast

Financial Year Ended/Ending 31 December	2003	2004
	Estimate RM'000	Forecast RM'000
Revenue	165,152	189,349
Consolidated profit before taxation	19,224	23,701
Less: taxation	(2,744)	(3,034)
Consolidated profit after taxation	16,480	20,667
Less: pre-acquisition profits	(13,733)	-
Less: minority interest	-	-
Consolidated profit attributable to shareholders	2,747	20,667
Weighted average number of Cymao Shares in issue ('000) ¹	8,500	57,750
Enlarged number of Cymao Shares assumed in issue ('000)	60,000	60,000
Gross EPS (sen) ²	226.16	41.04
Net EPS (sen) ³	32.32	35.79
Fully diluted gross EPS (sen) ⁴	32.04	39.50
Fully diluted net EPS (sen) ⁴	4.58	34.45
Gross PE Multiple based on the issue price of RM2.50 per Cymao Share (times) ⁵	1.1	6.1
Net PE Multiple based on the issue price of RM2.50 per Cymao Share (times) ⁵	7.7	7.0
Fully diluted gross PE Multiple based on the issue price of RM2.50 per Cymao Share (times) ⁶	7.8	6.3
Fully diluted net PE Multiple based on the issue price of RM2.50 per Cymao Share (times) ⁶	54.6	7.3

Notes:

- 1 Based on the assumption that the Public Issue will be completed by end March 2004.
- 2 Based on the consolidated profit before taxation divided by the weighted average number of shares in issue.
- 3 Based on the consolidated profit attributable to shareholders divided by the weighted average number of shares in issue.
- 4 Based on the enlarged share capital assumed in issue of 60,000,000 Cymao Shares.
- 5 Based on the gross and net EPS.
- 6 Based on the fully-diluted gross and net EPS.

2. INFORMATION SUMMARY (Cont'd)

2.4.2 Dividend Forecast

On 28 June 2003, CPSB paid an interim tax exempt dividend of 49.02% amounting to RM25,000,000 to the shareholders of CPSB.

The Company does not propose to declare any additional dividend for the financial year ended 31 December 2003. However, the Company proposes to declare a 5% tax exempt dividend (based on the enlarged issued and paid-up share capital Cymao) for the financial year ending 31 December 2004.

	Forecast
Financial Year Ending 31 December 2004	
Tax exempt dividend per share (sen)	5
Dividend per share (%)	5
Dividend yield based on the issue price of RM2.50 per share (%)	2.0
Dividend cover (times)	6.9

The details on the consolidated profit estimate and forecast and dividend forecast are set out in Sections 11.5 and 11.8 of this Prospectus.

2.5 Proforma Consolidated NTA

Proforma consolidated NTA as at 31 August 2003 (RM'000)	115.204*
Proforma consolidated NTA per Cymao Share (RM)	1.92^

Notes:

* After deducting listing expenses of RM2,000,000.

^ Based on the enlarged issued and paid-up share capital of 60,000,000 Cymao Shares after the Public Issue.

Further details of the Proforma Consolidated NTA are set out in Section 11.9 of this Prospectus.

2.6 Principal Statistics Relating to the Public Issue

2.6.1 Share Capital of Cymao

	RM
Authorised:	
- 100,000,000 ordinary shares of RM1.00 each	<u>100,000,000</u>
Issued and fully paid-up:	
- 51,000,000 ordinary shares of RM1.00 each	51,000,000
To be issued and credited as fully paid-up pursuant to the Public Issue:	
- 9,000,000 ordinary shares of RM1.00 each	<u>9,000,000</u>
	<u>60,000,000</u>

2. INFORMATION SUMMARY (Cont'd)

2.6.2 Issue Price **RM2.50**

2.6.3 Market Capitalisation of Cymao based on the issue price of RM2.50 per Cymao Share **RM150,000,000**

2.6.4 Class of Shares

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. The Public Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of any surplus in the event of liquidation of the Company in accordance with the Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each share held.

2.7 Utilisation of Proceeds

The total gross proceeds of RM22,500,000 arising from the Public Issue shall be accrued entirely to Cymao and utilised as follows:

	RM'000
Capital expenditure	4,105
Acquisition of land	1,200
Construction of new factory and warehouse	2,500
Working capital	12,695
Estimated listing expenses	2,000
Total Proceeds	<u><u>22,500</u></u>

The Company shall bear all expenses incidental to the listing of and quotation for Cymao Shares on the Main Board of MSEC which include underwriting commission, placement fees, brokerage, registration fee, professional fees, SC fees, advertising, listing expenses and other fees, the aggregate of which is estimated to be approximately RM2,000,000.

A detailed commentary of the above proceeds is set out in Section 3.9 and 3.12 of this Prospectus.

2. INFORMATION SUMMARY *(Cont'd)*

2.8 Working Capital, Borrowings, Contingent Liabilities, Material Commitments and Material Litigation

2.8.1 Working Capital

The Directors of Cymao are of the opinion that, after taking into consideration the cashflow, the banking facilities available and the proceeds from the Public Issue, the Group will have adequate working capital for the period of twelve (12) months from the date of this Prospectus.

2.8.2 Borrowings

As at 12 February 2004 (being the latest practicable date prior to the printing of this Prospectus), the Cymao Group does not have any outstanding borrowings from local and foreign financial institutions.

Nevertheless, the Group has obtained banking facilities from financial institutions as disclosed in Section 16.6 of this Prospectus. The said banking facilities are secured against legal charges over landed properties of CPSB, a debenture over all assets of CPSB, a joint and several guarantees by certain directors of CPSB and fixed deposits placed with financial institutions.

Throughout the eight (8) months period ended 31 August 2003 and the subsequent financial period immediately preceding the date of this Prospectus, there have been no defaults of payments of either interest and/or principal sums in respect of banking facilities utilised/ outstanding during the said period.

Save as disclosed below, there are no other covenants under the banking facility which limit the CPSB's operating and financial liabilities:

Under the Debenture dated 11 November 2001 signed between CPSB ("Borrower") and Public Bank Berhad ("Bank") ("Debenture"), CPSB shall not, without consent in writing from the lender:

- (i) incur, assume, guarantee or permit to exist any indebtedness except for the indebtedness under this Debenture.
- (ii) create or permit to exist any lien on any assets of the Borrower except any tax or other statutory lien provided that such lien shall be discharged within 30 days after final adjudication.
- (iii) enter into any transaction with any person or company except in the ordinary course of business on ordinary commercial terms and on the basis of arm's length arrangements or establish any exclusive purchasing or sales agency or enter into any transaction whereby the borrower might pay more than the ordinary commercial price for any purchase.
- (iv) enter into any partnership profit sharing or royalty agreement or other similar arrangement whereby the Borrowers' income or profit are or might be shared with any other person or enter into any management contract or similar arrangement whereby the borrower's business or operations are managed by any other person.
- (v) have any subsidiary make or permit to give loans or lend or make advances to its holding company or to others including directors of the subsidiaries or holding or other related companies or guarantee any person including the directors of the subsidiaries or holding or any related companies provided that the Borrower shall be at liberty to invest in short marketable securities acquired solely so as to utilize such funds of the Borrower as are not immediately required for the Borrower's business.
- (vi) add, amend or vary its Memorandum and Articles of Association in any manner so as to make it inconsistent with the provisions of this Debenture.

2. INFORMATION SUMMARY *(Cont'd)*

- (vii) carry on business other than its existing business.
- (viii) decrease the authorised share capital as well as the issued share capital.
- (ix) declare or pay dividend or bonus issue or make any distribution or share capital.
- (x) not allow any court judgement entered against it remain unsatisfied for more than 14 days.

2.8.3 Contingent Liabilities

As at 12 February 2004 (being the latest practicable date prior to the printing of this Prospectus), the Cymao Group does not have any material contingent liabilities which upon becoming enforceable may have a material impact on the profit or net assets value of the Group.

2.8.4 Material Commitments

As at 12 February 2004 (being the latest practicable date prior to the printing of this Prospectus), save as disclosed below, the Cymao Group does not have any material capital commitments for capital expenditure incurred or known to be incurred by the Cymao Group which may have a substantial impact on the profit or net asset value of the Group:

- The Company has entered into a sales and purchase agreement dated 17 December 2003 with Inovwood. Sdn Bhd ("Inovwood") to acquire from Inovwood one (1) piece of industrial land for a purchase consideration of RM1,200,000 to be satisfied by the proceeds from the Public Issue. Further details of the aforesaid acquisition are provided in Section 3.9.

2.8.5 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.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK
--

2. INFORMATION SUMMARY (Cont'd)

2.9 Risk Factors

In addition to the general risks associated with any investment in the stock market, there are certain additional risks in investing in the Company as well as risks specific to investments in entities engaged in the timber industry. Applicants should consider carefully the risk factors (which may not be exhaustive) that may affect Cymao and the timber industry in which it operates as well as all the relevant information contained in this Prospectus. Some of the material risk factors, which are discussed in detail in Section 4.0 of this Prospectus, are as follows:

- (i) Prior to this Public Issue, there has been no public market for Cymao Shares and, as such, there can be no assurance that the issue price will correspond to the price at which Cymao Shares will trade on the Main Board of MSEB upon or subsequent to its listing or that an active market for Cymao Shares will develop and continue upon or subsequent to its listing;
- (ii) Business risks inherent in the timber industry such as entry of new players, constraints in labour supply, increase in labour and overhead costs, demand for timber products, risk of over expansion and negative publicity on tropical timber;
- (iii) There can be no certainty as to the demand for the new products that the Group develops. While these products represent opportunities for the Group to further expand its business, there is potential risk that the investment will not be successful and that the Group may suffer a loss as a result;
- (iv) The Company does not have long term contracts with its major customers. The risk of absence of long term contract is the lack of sustainable and reliable cashflows as customers are not bound by the long term purchases;
- (v) Manufacturers of decorative plywood who are unable to foresee trends in demand of different types of decorative plywood and meet quality requirements of its customers could be caught with expensive temperate climate logs in its inventory with no buyers and this will adversely affect the profit margin;
- (vi) The long term viability of a timber based company depends to a large extent on the sustainability and long term supply of logs, being the main raw material;
- (vii) One of the major suppliers of Cymao, SHE has the concession rights via several parties from the original concession holders through the various PA arrangements. Any default by any or more of the abovesaid parties would affect the concession rights of SHE;
- (viii) With logs as the predominantly raw material, log prices fluctuation has a significant influence on the Group's profitability;
- (ix) The fluctuation in selling price of timber products is an inherent risk;
- (x) Cymao's business will be affected if its customers switch to buying from manufactures that are dumping plywood as a result of significantly lower prices;
- (xi) Cymao is predominantly an export-oriented company. As such, the Group's future growth and level of profitability are expected to be closely linked to the foreign exchange fluctuations of the countries which the Group exports to;

2. INFORMATION SUMMARY *(Cont'd)*

- (xii) The export sales to USA comprise a significant portion of the Group's total sales. As such, the Group's future growth and level of profitability are expected to be closely linked with the political and economic development of the USA;
- (xiii) Cymao is subject not risks inherent in the timber and export industry. The timber and timber related industry could in turn be sensitive not the economic downturn as it is primarily reliant on consumer demand and the property and construction industries;
- (xiv) Key personnel with strong background in the production of plywood are valuable assets to the Group. The loss of any of the Group's Directors or key members of the senior management may affect the Group's continued ability to compete effectively in the veneer and plywood manufacture industry;
- (xv) The outbreak of fire in the factory may cause operations to be disrupted, which in turn affect profitability;
- (xvi) Any power outages may disrupt its operations and cause reduction and delays in output and shipment and in turn affect profitability;
- (xvii) Any shortage of labour due to the lack of supply or government restrictions on the employment of foreign workers may disrupt its operations and cause reduction and delays in output and shipment and in turn affect profitability;
- (xviii) Competition from various companies which include local and foreign plywood manufacturers;
- (xix) After the Public Issue, approximately 51.7% of Cymao's equity will be controlled by the Promoters, Lin Tsai-Rong, Tsay Chung-Wen, Hsu How-Tong and Chang Huei-May. With this holding, the said Promoters will be able to control the outcome of certain matters requiring the vote of the shareholders;
- (xx) Being in a timber-related industry, Cymao may be subject to negative publicity from non-governmental organisations concerned with effects of the timber industry on the environment, which may affect certain export markets;
- (xxi) The banking facilities of the Group comprising overdraft and trade facilities, all of which are short term local borrowings. The said facilities are charged against certain assets of the Group. However, as at 12 February 2004 (being the latest practicable date prior to the printing of this Prospectus), the Group has no outstanding borrowings. The Cymao Group does not have any foreign borrowings and long term interest-bearing assets; and
- (xxii) This Prospectus contains financial estimate and forecast for the financial years ended/ending 31 December 2003 and 2004 that are based on certain assumptions, which the Directors of Cymao deem to be reasonable but nevertheless are subject to uncertainties and contingencies, such as variations in prices and production.

Details of the risk factors are set out in Section 4.0 of this Prospectus.