

13. SUMMARY OF THE INDEPENDENT MARKET RESEARCH CONSULTANTS' REPORT

(Prepared for inclusion in this Prospectus)

Infocredit 
Creating value...building trust

Infocredit D&B (Malaysia) Sdn Bhd (527570-M)
Level 9-3A, Menara Milenium, Jalan Damaniela,
Pusat Bandar Damansara, 50490 Kuala Lumpur, Malaysia.
Tel: (603) 2718 1000 Fax: (603) 2718 1001
Website: www.icdnb.com.my

17 September 2004

Board of Directors
Ekowood International Berhad
Suite 702, Block E
Phileo Damansara 1
No.9 Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan

**RE: INDEPENDENT MARKET CONSULTANT REPORT FOR EKOWOOD INTERNATIONAL BERHAD
(FORMERLY KNOWN AS TSH EKOWOOD BERHAD)**

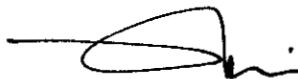
This Report has been prepared for inclusion in the Prospectus to be dated 30 September 2004 pursuant to the proposed listing of Ekowood International Berhad (formerly known as TSH Ekowood Berhad) ("Ekowood") on the Main Board of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad).

This research is undertaken with the purpose of providing an overview of the Engineered Solid Hardwood Flooring Industry in Malaysia. The research methodology for the research includes both primary research, involving in-depth trade interviews and telephone interviews of pertinent companies, as well as secondary research such as reviewing press articles, periodicals, trade/government literatures, in-house corporate databases, Internet research as well as online databases.

Infocredit D&B (Malaysia) Sdn Bhd ("Expert") has prepared this Report in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the Report. In addition, the Expert acknowledges that if there are significant changes affecting the content of the Expert's Report after the issue of the Prospectus and before the issue of securities, then the Expert has an on-going obligation to either cause the Report to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus, or withdraw our consent to the inclusion of the Report in the Prospectus.

An Executive Summary is highlighted in the following sections.

For and on behalf
INFOCREDIT D&B (MALAYSIA) SDN BHD



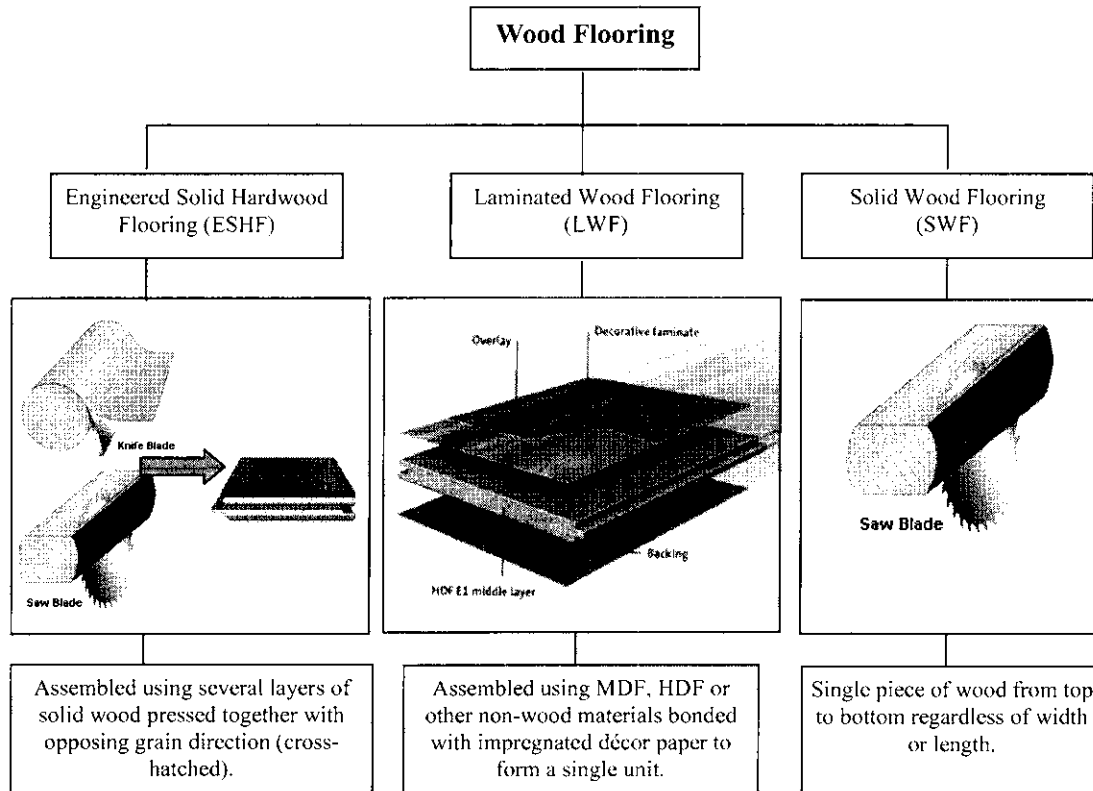
Tan Sze Chong
Managing Director

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2.2 DEFINITION OF WOOD FLOORING

Wood flooring is defined as the horizontal element, without structural function, composed by individual wood elements installed either on a primary structure or on a sub-floor. Wood flooring can be broadly divided into three main types, namely ESHF, LWF and SWF, diagrammatically illustrated as follows:

Figure 1.2: Types of Wood Flooring



Source: Infocredit D&B

2.3 DEFINITION OF ESHF

Engineered solid hardwood flooring (ESHF) is defined as a wood flooring product assembled using multiple layers of hardwood veneer or dimensioned stock. The layers are kiln dried, assembled with opposing grain direction (cross-hatched), and bonded together to form a single unit. The unit is milled on all edges and surfaced¹. ESHF products are more resistant to higher moisture levels (average moisture content of between 5% and 11% MC) than SWF products. Edge configuration options include (i) a tongue and opposing groove, (ii) bevel edges and ends, (iii) bevel edges and non-bevelled ends, and (iv) a fully jointed or square edge, with or without face bevels.

¹ The Wood Flooring Manufacturers Association (NOFMA)

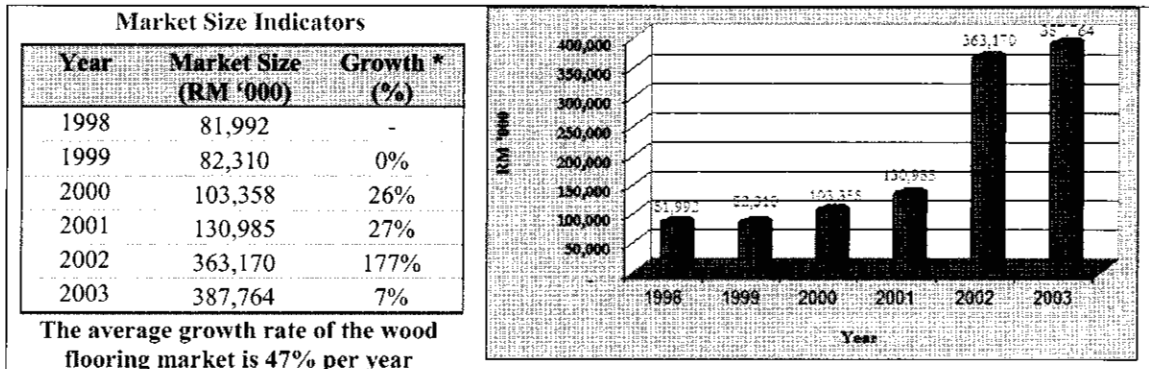
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3 MARKET SIZE

3.1 TOTAL MARKET SIZE

Between 1998 and 2003, the market size for wood flooring (comprising ESHF, LWF and SWF) in Malaysia grew at an average of 47% per year, from RM123.8 million in 1998 to an estimated value of RM387.8 million in 2003. The rise in local consumption could be attributed to a combination of factors such as the increase in housing demand, steady increase in disposable income, low unemployment and the increasing trend of consumers' awareness towards wood furnishings.

Figure 1.3: Market Growth Indicators of Wood Flooring in Malaysia, 1998 - 2003



Note: * Based on % change year-on-year

Source: Infocredit D&B, DOS

4 INDUSTRY BACKGROUND

4.1 SUPPLY AND DEMAND IN MALAYSIA

According to MTC, there are about 500 wood flooring manufacturers, which consist of large companies as well as SME operators. The industry comprises a wide variety of wood flooring products that can be classified into Low, Medium and High categorisation, explained as follows:

High	High-end wood flooring players typically export most of their products
Medium	Mid-end wood flooring players have a mix in production output and serve both the domestic and international (export) markets
Low	Low-end players on the other hand are focused largely on the domestic market

Source: Infocredit D&B

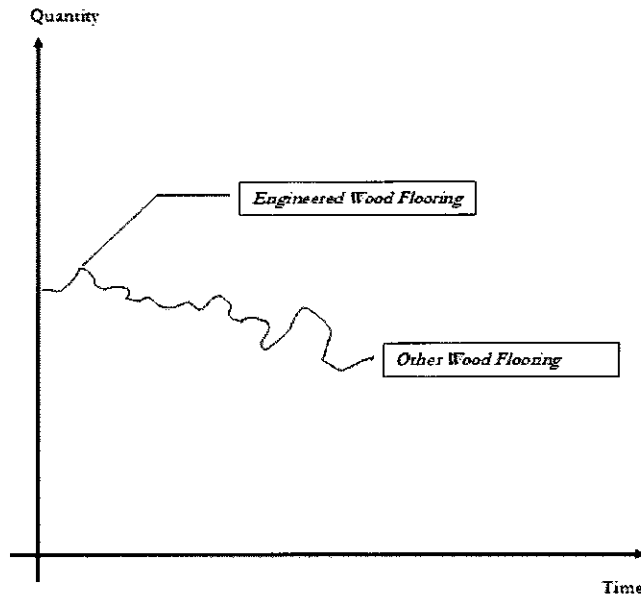
The majority of wood flooring end-users are residential public buildings ranging from urban residential properties to luxurious office buildings. Wood flooring is becoming a fashionable item with higher demand from the residential housing sector. The steady growth of households in Malaysia, which registered an average annual growth rate of 2.81% (1992-2003) is a positive indicator to the domestic demand of floor covering products. Based on 5.5 million households, domestic demand for flooring products in Malaysia is estimated at RM161.8 million in 2003.

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4.2 INDUSTRY LIFECYCLE

The Malaysia wood flooring industry is a mature industry and it has a proven track record in the global front. The industry is export oriented where most players are in competition with major wood flooring producing countries in Asia such as Indonesia, China and South Korea.

Figure 1.4: Life Cycle of ESHF Products



Source: Infocredit D&B

Generally, ESHF products have no specific lifecycle as compared to other wood flooring products; as it has a multi-faceted stream of revenue from the construction, retail and housing in both local and international markets. Therefore, the players do not depend on any single market/country. Most of the ESHF manufacturers have established wide distribution networks including export markets, which allow stability in the product life cycle of the ESHF products, notwithstanding the change in consumer preferences.

4.3 EASE AND BARRIERS OF ENTRY AND EXIT

ESHF players are categorised as high-end producers of wood flooring products who typically export their products with established business network and international clients. Therefore, the barriers to entry into this market is high. Some of the prevalent factors are:

- High capital investment
- Established clientele base
- Market expertise
- Production of high quality ESHF

For a new entrant to penetrate the ESHF market, substantial capital investment is required for the purchase or rental of land, plant, equipment and machinery. Ample space is required to operate machines that are large and also for further expansion of production capacity and/or range of products. Players need to be competitive in terms of quality, pricing and offering products catering to the latest trends in the international market place.

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4.4 GOVERNMENT LEGISLATIONS & INCENTIVES

The Malaysian Government is continuously encouraging the growth of the wood flooring industry. There has been continuous support from the Government on investment incentives and facilities such as awarding pioneer status with fixed tax-exemption periods, subsidies in the form of tax relief for capital investment, re-investment allowances and manpower training.

Anecdotally, Malaysia has set up its own certification system (Malaysian Timber Certification Council or MTCC) and has worked with the FSC to establish a new set of Malaysian Criteria and Indicators (MC&I) that are compatible with the FSC principles. The MTCC scheme worked on the International Tropical Timber Organisation (ITTO)'s criteria and indicators. In its next phase, the MTCC will be switching from its present ITTO-based criteria to the new FSC-based MC&I. It does mean that Malaysia will be working to standards comparable to the FSC.

The National Committee on SFM in Malaysia had subsequently identified a total of 84 activities to be implemented at the FMU level under the 6 criterion of the ITTO and its 23 indicators. In its development, the Committee had also added 7 additional indicators from those identified at the national level to this level.

CURTAIL ILLEGAL LOGGING

The tropical timber industry is beset by the perennial problems associated with illegal logging that threaten to undermine the sustainable timber industry, predominantly the neighbouring countries. These problems have recently resolved by the EU launches of a new action plan – FLEGT, the Forest Law Enforcement, Governance and Trade to combat illegal logging and the trade in illegal timber.

LICENSING

In 1975, the Government introduced Industrial Co-ordination Act (ICA) whereby any manufacturing entity carrying out manufacturing activity must obtain a manufacturing license. The qualifier is a shareholder's fund of RM2.5 million and above or engaging 75 or more full time employees.

INVESTMENTS INCENTIVES FOR THE WOOD-BASED INDUSTRY

The Government provides a range of incentives and facilities to promote domestic investment in the manufacturing, agriculture, and tourism sectors, which includes:

- Pioneer status
- Investment tax allowance
- Reinvestment tax allowance
- Tax exemption on the value of increased exports
- Double deduction of exports promotion, export credit insurance premiums and freight charges
- Incentives for R&D, training and restructuring
- Strategic incentives for forest plantation projects
- Infrastructure allowance
- Exemption from customs duty on machinery, equipment and raw material

4.5 ASSESSMENT ON CAPITAL AND LABOUR INTENSIVENESS

The wood flooring industry is at present still very much a labour intensive industry for different production stage. Some of the labour problems faced by the wood flooring industry are:

- Lack of skilled and semi-skilled manpower
- Substantial increase in cost of general labour rate from RM12 to RM25 per day, contributing to increased production cost
- Restrictive Governmental policies in the importation of foreign labour

In addition, due to the high standards of quality required for the ESHF products, its producers need to adopt technological advancements, which are mainly imported from European countries. Hence, there is an urgent need for the industry to have sufficient technical training programmes

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4.6 DEPENDENCE ON OTHER INDUSTRY

The wood flooring industry depends on the supply of trees (forestry) especially certain species that required a long duration to mature for adequate supply of wood. Some planting of rare species is carried out at intermissions of 15-25 years depending on their type and species. The use of the varieties of wood species as raw material for wood flooring manufacturing owes its popularity to the declining of tropical timber species such as ramin, nyatoh and meranti. As such, the rapid growth in downstream industries has surfaced concerns on the future availability of the species. Specifically, the number of mills processing moulding and wood logs has increased from 128 mills in 1994 to 334 in 2003.

The wood flooring industry is also dependent on the continued consumer confidence and spending by related industries such as construction, recreations and housing developments.

PART 5 COMPETITOR ANALYSIS

5.1 COMPETITIVE ENVIRONMENT

There are approximately 500 wood flooring manufacturers, including backyard operators operating in Malaysia. Generally, wood flooring manufacturers can be divided into three separate groups, namely:

- (i) manufacturer producing homogeneous products mainly for the local market;
- (ii) manufacturer producing a wider range of products serving the local and to a certain extent, the export markets; and
- (iii) manufacturer producing niche wood flooring products serving both the local and international markets, which are mainly the ESHF manufacturers

ESHF players compete based on design, innovation, experience and product quality, as they serve mainly the international markets, which are more demanding in product specifications.

5.2 KEY ESHF PLAYERS IN MALAYSIA

There are an estimated 10 key players manufacturing ESHF products in Malaysia, highlighted as follows:

Company	Establishment Date
TSH Ekowood Sdn Bhd	27/05/1994
Sharikat Malaysia Wood Industries Sdn Bhd	07/03/1969
Sindora Bhd	31/12/1970
Samling Flooring Sdn Bhd	31/05/1992
B.K.B. Hevea Products Sdn Bhd	08/02/1992
Finewood Forest Products Sdn Bhd	28/05/1971
Perpa Parquet Sdn Bhd	28/03/1980
Golden Hope Parquet Sdn Bhd	29/12/1990
Mastimbers Industries Sdn Bhd	24/01/1997
Sim Lee Sawmill Sdn Bhd	09/04/1969

Collectively, the top 10 players in Malaysia represent an estimated 46% of the total sales value of ESHF products in Malaysia. In terms of market share ranking, Ekowood ranks 1st in 2002, with an estimated 14% of the total ESHF production in Malaysia. The top 3 players after Ekowood are Sharikat Malaysia Wood Industries Sdn Bhd, Sindora Bhd and Samling Flooring Sdn Bhd.

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5.3 PRODUCT SUBSTITUTES

Although, there are various types of wood flooring manufactured from a wide range of materials introduced and promoted in the market, they do not compete in the same target market. Notwithstanding, other types of flooring products other than wood based, such as carpet, vinyl and tiles could post a potential threat as a substitute to ESHF.

ESHF, based on our research, has found its own niche market and become a trendsetter with higher demand than its substitutes.

5.4 INDUSTRY'S RELIANCE ON AND VULNERABILITY TO IMPORTS

Imported wood flooring products represents only 1% of total supply in Malaysia, which is deemed insignificant. These imported wood flooring products cater only to the high-end niche market, with preference towards imported wood species or special laminated floorboards. The imported wood flooring products cater only to a small group of end-users who are willing to fork out high premium pricing for species usually not available locally. As such, many foreign players target other traditional markets such as Europe or the US where the acceptability and consumer spending power is higher for floor coverings.

5.5 SWOT ANALYSIS

STRENGTHS

- There has been media exposure of the flexibility of wood flooring
- Wood flooring is widely perceived to be a DIY product in the traditional markets
- Wood complements the current trend towards minimalist decor schemes and the widespread use of light-coloured woods
- Lower cost as compared to SWF which appeals greatly to younger house owners
- There is widespread use of ESHF in the key contract sectors of retail, leisure, hi-tech offices, etc
- There is a wide distribution of products where ESHF products are easily accessible

WEAKNESSES

- There is a perception of 'noise' associated with wooden flooring
- Price discounting, particularly at the lower end of the market, is undermining quality standards
- There is some negative reaction to using wood flooring in damp environments (such as kitchens and bathrooms)

OPPORTUNITIES

- Substantial promotional support in recent years has encouraged market growth.
- High potential in the replacement market where buyers of cheaper laminated flooring products will tend to switch to higher-value ESHF
- There is the opportunity to promote glueless systems such as the Ekoloc system, which are higher in value and easier to install.

THREATS

- Recent growth has been driven by fashion trends which can easily change.
- The major threat to the sector is the existence of lower-quality products, which are sometimes inappropriate for the application for which they are used

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5.6 INDUSTRY OUTLOOK

The rapid growth of the ESHF industry over the last decade has been encouraging, registering an average growth of 47% per year from 1998 to 2003. Among the factors that contributed to the rapid expansion are:

- Abundant supply of raw materials such as timber encourages the establishment of new wood flooring companies.
- The wood flooring industry is also one of the designated resource-based industries under the Industrial Master Plan.
- Consumers' changing attitudes and lifestyle both locally and abroad instigated the industry change (from SWF to ESHF). Wood flooring manufacturers have been responding to the evolving new trends by improving wood flooring products in terms of design and utilisation of technology.
- Alongside the promotional efforts carried out by MTIB, MFIC and MTC, the Internet has also played a key role in helping local manufacturers make inroads into new markets.
- Wood flooring is a major export contributor to the nation's economy and as such, this industry is looked upon as an industry with enormous growth potential.
- The AFTA, which houses a population of over half a billion (ASEAN) will ensure the sustainability and growth of the Malaysian wood flooring industry in the future.
- As the economic gap between the OECD countries and the developing world narrows, the imbalance in wood flooring trade will be reduced. The purchasing power of the Asian economies will improve and domestic markets will soon expand, since the wood flooring market is dependent on consumer confidence and spending.
- In addition, the rising world demand for wood products is supported by population and economic growth. World population averages approximately 1.6% per annum and is expected to reach 7.1 billion by year 2015 compared with 6.1 billion in 2000. There has been positive growth in the emerging economies particularly in East Asia and the Pacific over the past 40 years. These markets grew faster than other developing regions with a GDP growth of 5.3% per year.
- The wood flooring market is becoming increasingly global as international markets are becoming more homogenous, with similar styles and tastes emerging in all countries, reflecting increased travel and wider exposure to different flooring materials. Wood flooring products are likely to make significant inroads in the country as Malaysians are becoming less traditional and consumers are more willing to embrace European styling.
- The Government's role in the development and growth of the wood flooring industry is important, as the industry has been elevated to greater heights through the assistance of various policies and incentives. With the inherent competitive edge coupled with the enhancement of creative and innovative skills, the growth momentum of the Malaysian wood flooring industry is sustainable.

However, the wood flooring market is also susceptible to changing trends and other factors, which could dampen the growth potential of this industry. Some factors are discussed as follows:

- Players are facing increasing challenges as the onslaught of globalisation and free market practices are expected to cause major impact on the wood flooring industry. International buyers are increasingly more demanding in terms of design work, quality, environment and safety standards as well as competitive pricing.
- The global wood flooring manufacturing industry is in transition itself, as manufacturers no longer confine their activities to the boundaries of a single host country. The free flow of components, sub-assemblies, accessories and supplies from different locations around the world is characterising the current trend in the global wood flooring industry. Therefore, going global is a key strategic move to remain competitive in this industry.

In summary, the prospect of ESHF industry remains buoyant. The anticipated growth in the global economy and world wood flooring demand will contribute to a more robust growth in the ESHF industry. In the last five years, demand for ESHF accounted for an estimated 70% of the market value for wood flooring in Europe and the US. Meanwhile, the local wood flooring market has also gained healthy market acceptance.

14. ADDITIONAL INFORMATION

14.1 Share Capital

- (i) No shares will be allotted on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
- (ii) There is no founder, management or deferred share in the Company. There is only one (1) class of shares in the Company, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with one another.
- (iii) Save as disclosed in Sections 5.3 and 5.5 of this Prospectus and as disclosed below, no shares or debentures of the Company or its subsidiaries has been issued or has been agreed to be issued or is proposed to be issued as fully or partly paid-up, in cash or otherwise, within the two (2) years immediately preceding the date of this Prospectus.

Date Of Allotment	No. Of Shares	Par Value	Type Of Issue	Cumulative Issued And Paid-Up Share Capital
		RM		RM
12 June 2003	535,000	1.00	Cash	5,535,000
12 June 2003	<u>3,946,500</u>	1.00	Bonus issue	<u>9,481,500</u>
1 March 2004	18,963,000	0.50	Share split	9,481,500
1 March 2004	149,037,000	0.50	Debt-equity conversion and bonus issue	84,000,000

- (iv) Other than the OFS Shares offered to the eligible Directors and eligible Malaysian employees of the Ekowood Group and TSH and the Eligible Executives as disclosed in Section 3.5 of this Prospectus and the CEO Scheme:
 - (a) no person or employee of the Ekowood Group has been or is entitled to be given an option to purchase or subscribe for any shares or debentures of the Company or its subsidiaries; and
 - (b) there is no other scheme involving the employees of the Group in the shares of the Company or its subsidiaries.
- (v) The Company and its subsidiaries have no outstanding convertible debt securities.
- (vi) There is no present intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company.

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14. ADDITIONAL INFORMATION (Cont'd)

14.2 Articles Of Association

The following provisions are reproduced from the Company's Articles of Association.

Terms defined in the Company's Articles of Association shall have the same meanings when used here unless they are otherwise defined here or unless the context otherwise requires.

(I) Transfer of Shares

The provisions of the Articles of Association of the Company in respect of the arrangements for the transfer of shares and restrictions on their free transferability are as follows:

Article 41

Subject to the Depositories Act, the Rules, the Act, the LR and these Presents, any member may transfer all or any of his shares by the form prescribed under the Rules and any other applicable laws. The Depository may refuse to register any transfer of deposited securities that does not comply with the Depositories Act and the Rules.

Article 42

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

Article 43

A depositor shall not withdraw the securities which have been deposited with the Depository except in such manner as may be specified in the Rules and Depositories Act.

Article 44

Subject to the Depositories Act, the Rules, the Act, the LR and these Presents for the time being in force, the Directors may decline to register any transfer of a share where the Company has a lien on the share or the proposed transferee is an infant, bankrupt or person of unsound mind and in all cases the decision of the Directors shall be final.

Article 45

Subject to the provisions of the Act, the LR, the Depositories Act and the Rules, all dealings in respect of deposited securities shall only be effected by the beneficial owners of such deposited securities or an authorised nominee, as the case may be.

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14. ADDITIONAL INFORMATION (Cont'd)

Article 46

Subject to the Act, the LR, the Depositories Act and the Rules for the time being, the registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine subject to at least 18 Market Days' prior notice of books closure to be given to the Bursa Securities and advertised in a local daily newspaper circulating in Malaysia and at least 3½ clear Market Days' prior notice to be given to the Depository to enable the Depository to prepare the appropriate Record of Depositors, provided always that such registration shall not be suspended for more than 30 days in any year.

Article 47

Neither the Company nor the Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or the Directors or other officers be legally in-operative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

(II) Remuneration Of Directors

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

Article 117

If any Director shall be required to perform any services or shall be otherwise specially occupied about the Company's business, he shall be entitled to receive a remuneration to be fixed by the Board.

Article 118

- (i) Fees payable to Non-Executive Directors shall be by 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.
- (ii) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

14. ADDITIONAL INFORMATION (Cont'd)

Article 119

The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of the Committee established by the Director or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

Article 120

The Directors may award special remuneration out of the funds of the Company to any Director going or residing outside Malaysia in the interest of the Company, or undertaking any work additional to that usually required of Directors of the Company, such special remuneration may be by way of a fixed sum or otherwise as may be arranged.

(III) Power Of Directors

The provisions in the Articles of Association of the Company dealing with voting powers of the Directors in relation to proposals, arrangements or contracts in which they are interested in are as follows:

Article 90

The business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all such powers and do all such acts and things as may be exercised or done by the Company as are not, by the Act, or by these Articles, required to be exercised or done by the Company in general meeting, subject nevertheless to these Articles, to the provisions of the Act and to any regulations from time to time prescribed by the Company in general meeting; but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Article 91

Without prejudice to the powers conferred by these Presents, it is hereby expressly declared that the Directors shall have the following powers:-

- (i) to purchase or otherwise acquire for the Company and property, rights, privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit.
- (ii) to secure the fulfilment of any contract or agreement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such other manner as they may think fit.
- (iii) to appoint and at their discretion remove or suspend such managers, secretaries, officers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and fix their salaries and to require security in such instances and at such amount as they think fit.

14. ADDITIONAL INFORMATION (Cont'd)

- (iv) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company.
- (v) to make and give receipts, releases, and other discharges for money payable to the Company and for the claims and demands of the Company.
- (vi) to invest and deal with any of the moneys of the Company not immediately required for the purposes thereof upon such securities (not being shares in this Company) and in such manner as they think fit and from time to time to vary or realise such investments.

Provided that any sale or disposal by the Directors of a substantial portion of the Company's main undertaking or property shall be subject to ratification by shareholders in general meeting.

(IV) Borrowing Powers

The provisions in the Articles of Association of the Company dealing with the Director's borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:

Article 92

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, debenture stock and other securities whether outright or as security for any debt liability or obligation of the Company or of any related third party.

Article 93

The Directors shall not borrow any money or mortgage or charge any of the Company's or 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 94

The Directors shall cause a proper register to be kept in accordance with the Act, in respect of all mortgages and charges specifically affecting the property of the Company. The register and index shall be open to the inspection of any member without charge and of any other person, the fee for inspection of instruments requiring registration under the Act shall be fifty cents for each inspection, but the Directors may waive the payment of such fee either in any particular case or generally.

(V) Alteration Of Capital

The provisions in the Articles of Associations of the Company as to the changes in capital or variation of class rights which are no less stringent than these required by law are as follows:

14. ADDITIONAL INFORMATION (Cont'd)

Article 8

- (i) 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;
 - b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its shares capital by the amount of the shares so cancelled;
 - c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, so, however, that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived. Any resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares may have such preferred or other special rights over, or may be given any preference advantage as regards to dividends, return of capital, voting or otherwise over the other or others of such shares.
- (ii) Anything done in pursuance of this Article shall be done in manner provided and subject to any conditions imposed by the Statutes, so far as they shall be applicable, and so far as they shall not be applicable, in accordance with the terms of the resolution authorising the same, and, so far as such resolution shall not be applicable, in such manner as the Directors deem most expedient.
- (iii) The Company, may from time to time, by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account, in any manner and with, and subject to, any incident authorised, and consent required by law.

Article 9

Subject always to compliance with the provisions of the Act and all other applicable laws and the LR for the time being in force, the Company may, with the sanction of the members in a general meeting, purchase its own shares upon and subject to such terms and conditions as the Directors may, in their discretion deem fit, provided that the aggregate number of shares to be acquired does not exceed 10% of the issued share capital of the Company, for the time being unless prior approval of the Bursa Securities has been obtained. Where the Company has purchased its own shares in the manner as aforesaid, the Directors may, if the applicable laws for the time being in force so allow:-

- (a) cancel the shares so purchased;
- (b) retain the shares so purchased in treasury as treasury shares;
- (c) retain part of the shares so purchased as treasury shares and cancel the remainder; or

14. ADDITIONAL INFORMATION (Cont'd)

- (d) deal with the shares so purchased in a manner as may from time to time be prescribed and allowed by law.

Where the shares so purchased or any part thereof is retained as treasury shares, the Directors may at any time subject to the provisions of all applicable laws for the time being in force:-

- (a) distribute the treasury shares as dividends to the members in a manner as may be allowed by law;
- (b) resell the treasury shares on the Bursa Securities in accordance with the relevant rules of the Bursa Securities; or
- (c) deal with the treasury shares in a manner as may from time to time be prescribed and allowed by law.

The rights attached to shares held as treasury shares shall be suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes.

(VI) Modification Of Rights

Article 21

Except for preference shares to which Article 22 shall apply, subject to the provisions of the Act, whenever the share capital of the Company is divided into different classes of shares, the special 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 or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting, all the provisions of these Presents relating to general meetings of the Company, or to the proceedings thereat, shall mutatis mutandis apply, except that the necessary quorum shall be 2 persons at least holding or representing by proxy one-third of the nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those persons who are present shall be a quorum).

Article 22

The repayment of preference capital other than redeemable preference capital or any alteration of preference shareholders' rights, may 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, consent in writing if obtained from the holders of three-fourths of the preference capital concerned within 2 months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

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14. ADDITIONAL INFORMATION (Cont'd)

14.3 Directors And Substantial Shareholder

- (i) The names, addresses and occupations of the Directors are set out in Section 1.0 of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.
- (iii) None of the Directors or substantial shareholder has any interest, direct or indirect in any business carrying on similar trade as the Company or any of its subsidiaries.
- (iv) None of the Directors or the substantial shareholder of Ekowood involved in any business that would be in conflict with Ekowood Group's existing core business.
- (v) None of the Directors has any existing or proposed service contract with the Company or any of its subsidiaries.
- (vi) The Directors' interests, direct and indirect, in the shares of the Company before and after the completion of the Offer For Sale and the full exercise of the CEO Option pursuant to the CEO Scheme, based on their shareholdings as at 17 September 2004 (being the last practicable date prior to the printing of this Prospectus) are as follows:

Directors	Before the Offer For Sale And The CEO Scheme				After the Offer For Sale And The CEO Scheme			
	← Direct →		← Indirect →		← Direct →		← Indirect →	
	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%
Dato' Kalimullah bin Masheerul Hassan	-	-	-	-	420,000	0.25	-	-
Dato' Haji Abdul Latif bin Abdullah	-	-	-	-	350,000	0.21	-	-
Datuk Kelvin Tan Aik Pen	-	-	168,000,000 [^]	100.00	420,000	0.25	110,249,988*	65.62
Tan Aik Sim	-	-	168,000,000 [^]	100.00	8,400,000	5.00	102,269,988*	60.87
Datuk Azizan bin Abd Rahman	-	-	-	-	350,000	0.21	-	-
Lim Fook Hin	-	-	-	-	350,000	0.21	-	-
Tan Aik Hwa	-	-	168,000,000 [^]	100.00	350,000	0.21	110,319,988*	65.67
Tan Ek Huat	-	-	168,000,000 [^]	100.00	350,000	0.21	110,319,988*	65.67
Tan Aik Yong	-	-	168,000,000 [^]	100.00	350,000	0.21	110,319,988*	65.67

Notes:

[^] Deemed interested by virtue of their respective shareholdings in TSH and the shareholdings of persons connected to them per Section 122A of the Act in TSH.

* Deemed interested by virtue of their respective shareholdings in TSH and the shareholdings of persons connected to them per Section 122A of the Act in Ekowood pursuant to the ESS and the CEO Scheme but excluding their entitlements pursuant to their shareholdings and/or warrant holdings in TSH.

14. ADDITIONAL INFORMATION (Cont'd)

- (vii) The substantial shareholder's interests, direct and indirect, in the shares of the Company before and after the completion of the Offer For Sale and the full exercise of the CEO Option pursuant to the CEO Scheme, based on its shareholding as at 17 September 2004 (being the last practicable date prior to the printing of this Prospectus) are as follows:

Directors	<u>Before the Offer For Sale And The CEO Scheme</u>				<u>After the Offer For Sale And The CEO Scheme</u>			
	<----- Direct ----->		<-- Indirect -->		<----- Direct ----->		<-- Indirect -->	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
TSH	168,000,000	100.00	-	-	100,799,988	60.00	-	-

- (viii) None of the Directors or substantial shareholder of the Company has any interest, direct or indirect, in the promotion of or in any material assets which have been acquired or proposed to be acquired or assets disposed off or proposed to be disposed off or leased to or proposed to be leased to the Company or any of its subsidiaries, within the two (2) years preceding the date of this Prospectus.
- (ix) None of the Directors or substantial shareholder of the Company has any amounts or benefits paid or intended to be paid or given to any Promoter/Offeror, Director or substantial shareholder within the two (2) years preceding the date of this Prospectus.
- (x) None of the Directors or substantial shareholder of the Company has any interest in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company and its subsidiaries, taken as a whole.

14.4 Material Contracts

Save as disclosed below, there are no contracts which are material (not being contracts entered into in the ordinary course of business) which have been entered into by the Company and its subsidiaries within two (2) years immediately preceding the date of this Prospectus:

- (i) Sub-licence Agreement dated 20 December 2002 (as amended by a supplemental agreement dated 30 April 2003 and a second amendment agreement dated 2 October 2003) between Berry Finance NV, Valinge Aluminium AB (collectively "Licensor") and EkoLoc whereby the Licensor agreed to grant a non-exclusive sub-licences of patents in respect of strip lock system for flooring products as described in the agreement to EkoLoc within the Territory as defined therein. EkoLoc shall pay an entrance down payment and Licence Fees as set out in the agreement.
- (ii) A Sub-licence Agreement dated 1 January 2004 between EkoLoc and Ekowood whereby EkoLoc agreed to grant a sub-licence of patents in respect of strip lock system for flooring products as described in the agreement referred to in paragraph (i) above to Ekowood at a fee as set out in the said agreement.
- (iii) Underwriting Agreement dated 20 September 2004 between Ekowood, the Promoter/Offeror, the Managing Underwriter and the Underwriters in respect of the underwriting of 13,500,000 Ekowood Shares to be made available to any of the unsubscribed Ekowood Shares reserved for the existing shareholders and/or warrant holders of TSH and the eligible directors and Malaysian employees of the Ekowood Group and TSH pursuant to the Offer For Sale. Underwriting commission is payable by the Promoter/Offeror at the rate of 1% of the Offer Price of RM1.05 for each Ekowood Share underwritten.

14. ADDITIONAL INFORMATION (Cont'd)

14.5 Material Agreements

Save as disclosed below, there are no material agreements (including but not limited to shareholders' agreements, agreements underlying the basis of the corporation/group's business, supplier agreements, customer agreements, insurance policies and directors' service agreements) which have been entered into by the Company and its subsidiaries in the ordinary course of business.

(a) The Group's insurance policies are as follows:

Insured	Type Of Insurance	Insurer	Policy No.	Period	Amount Insured RM'000	Main Assets Insured
Ekowood and/or its subsidiaries and/or its associated companies F.T.R.R. & I.	Fire and Allied Perils Takaful	Syarikat Takaful Malaysia Berhad	FAP/03/000713/Z06	01/01/2004 - 31/12/2004	92,337	(1) All buildings and out buildings; (2) Electrical installations including switchboards; (3) Plant & machinery, tools and equipments; (4) Stock in trade of raw materials, works in progress & finished goods; (5) Office/factory furniture, fixtures & fittings; (6) Removal of debris, dismantling, demolishing work; (7) Architect's, surveyor's consultant fee. Location: Lot 1-12, Jalan Industri 2/1, Kawasan Perindustrian Gopeng, 31600 Gopeng, Perak Darul Ridzuan.
Ekowood and/or its subsidiaries and/or its associated companies F.T.R.R. & I.	Fire and Allied Perils Takaful	Syarikat Takaful Malaysia Berhad	FAP/03/000713/Z06	08/02/2004 - 07/02/2005	4,445	(1) Warehouse building; (2) Electrical installations including switchboards; (3) Warehouse furniture, fixtures and fittings; (4) Stock in trade of raw materials, works in progress & finished goods. Location: Lot 1-12, Jalan Industri 2/1, Kawasan Perindustrian Gopeng, 31600 Gopeng, Perak Darul Ridzuan.
Ekowood and/or its subsidiaries and/or its associated companies F.T.R.R. & I.	Consequential Loss Takaful	Syarikat Takaful Malaysia Berhad	FCL/03/000714/Z06	01/01/2004 - 31/12/2004	35,030	Gross Profit, 100% Wages and Auditor's Fee.

14. ADDITIONAL INFORMATION (Cont'd)

Insured	Type Of Insurance	Insurer	Policy No.	Period	Amount Insured RM'000	Main Assets Insured
Ekowood and/or its subsidiaries and/or its associated companies F.T.R.R. & I.	Public Liability Takafui	Syarikat Takaful Malaysia Berhad	LPL/03/0001030/Z05	01/01/2004 - 31/12/2004	3,000	Against all sums which the participant shall become legally liable to pay in respect of (a) accidental bodily injury to third party; (b) accidental loss or damage to third party property, arising out of and in connection with the participant's business or trade.

14.6 Public Take-Over Offers

During the last financial year and the current financial year, there were no:

- (i) public take-over offers by third parties in respect of the Company's shares; and
- (ii) public take-over offers by the Company in respect of other companies' shares.

14.7 General

- (i) The names of the Group's business and the names of all corporations, which are deemed to be related to the Group by virtue of Section 6 of the Act are set out in Section 5.5 of this Prospectus.
- (ii) The time of opening and closing of the Application is set out in Section 3.1 of this Prospectus.
- (iii) The amount payable in full on application to the Company is RM1.05 and RM1.15 per OFS Share as set out in Section 3.5 of this Prospectus, save for the Offer For Sale to the Eligible Executives pursuant to the ESS as set out in Section 3.5.2.
- (iv) Save as disclosed in this Prospectus and to the Company's knowledge, there does not exist any person who is able to, directly or indirectly, jointly or severally, exercise control over the Company and its subsidiaries.
- (v) The name and address of the Auditors and Reporting Accountants of the Company are set out under the Section 1 of this Prospectus.

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14. ADDITIONAL INFORMATION (Cont'd)

14.8 Consents

The written consents of the Adviser, Managing Underwriter, Joint Lead Placement Agents, Co-Placement Agent, Underwriters, Principal Bankers, Share Registrar and Solicitors to the inclusion in this Prospectus of their names in the manner and form in which their respective names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consents of the Auditors and Reporting Accountants to the inclusion of their name, the Accountants' Report and their letters relating to the Consolidated Profit Forecast for the financial year ending 31 December 2004 and the Proforma Consolidated Balance Sheets as at 30 June 2004 in the manner and form in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consents of the Independent Market Research Consultants to the inclusion of their name and the Executive Summary of the Independent Market Research Consultants' Report in the manner and form in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

14.9 Documents For Inspection

Copies of the following documents are available for inspection at the registered office of the Company at Suite 702, Block E, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan, during normal business hours for a period of twelve (12) months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of the Company;
- (ii) The audited financial statements of Ekowood and its subsidiaries for the five (5) financial years ended 31 December 1999 to 31 December 2003 and six (6)-months period ended 30 June 2004;
- (iii) The Reporting Accountants' letter relating to the proforma consolidated profit forecast and the proforma consolidated balance sheets as at 30 June 2004 included in Sections 10.3.2 and 10.7 of this Prospectus;
- (iv) The Accountants' Report and Directors' Report as included in Sections 11 and 12 respectively in this Prospectus;
- (v) The Independent Market Research Report dated 17 September 2004, a summary of which is included in Section 13 of this Prospectus;
- (vi) The material contracts referred to in Section 14.4 of this Prospectus;
- (vii) The material agreements referred to in Section 14.5 of this Prospectus;
- (viii) The writs and relevant cause papers for current material litigation referred to in Section 10.2.3 of this Prospectus; and
- (ix) The letters of consent referred to in Section 14.8 of this Prospectus.

14. ADDITIONAL INFORMATION (Cont'd)

14.10 Responsibility Statements

This Prospectus has been seen and approved by the Directors and Promoter/Offeror 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 statement or other facts the omission of which would make any statement herein false or misleading. The Directors hereby accept full responsibility for the consolidated profit forecast included in this Prospectus and confirm that the consolidated profit forecast has been prepared based on the assumptions made.

Avenue Securities Sdn Bhd, being the Adviser, Joint Lead Placement Agent, Managing Underwriter And Underwriter, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Offer For Sale and is satisfied that the consolidated profit forecast (for which the Directors of Ekowood 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.

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15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

15.1 Opening And Closing Of Application

The Application will open at 10:00 a.m on 30 September 2004 and will remain open until 5.00 p.m. on 13 October 2004 or such further period or periods as the Directors and/or the Promoter/Offeror of the Company together with the Underwriters in their absolute discretion may decide. Late Applications will not be accepted.

15.2 Methods Of Application

Application for the OFS Shares pursuant to the Offer For Sale must be made using the Application Forms designated for each category of investors identified as follows:

Category Of Investor	Type Of Application Form
Shareholders Of TSH	WHITE
Warrant Holders Of TSH	YELLOW
Eligible Executives	GREEN
Eligible Directors And Eligible Malaysian Employees Of The Ekowood Group And TSH	PINK
Identified Bumiputera Investors Approved By MJTI And Identified Public Investors	BLUE

(i) Application By Shareholders And/Or Warrant holders Of TSH

Applications for the 24,106,412 OFS Shares made available for application by the shareholders and/or warrant holders of TSH must be made on the **WHITE** Application Forms (for shareholders of TSH) and **YELLOW** Application Forms (for warrant holders of TSH) provided and not on any other Application Forms. The shareholders and/or warrant holders of TSH will be entitled to apply for the number of OFS Shares offered to them as shown on Page 1 of the WHITE and YELLOW Application Forms.

Although the 24,106,412 OFS Shares offered to the shareholders and/or warrant holders of TSH are non-renounceable, the shareholders and/or warrant holders of TSH may nominate up to three (3) persons for the shares to be issued to his/her nominated person(s) ("Nominated Persons").

This Prospectus will not be registered under the applicable securities legislation of any jurisdiction (except Malaysia) and the Offer For Sale to the shareholders and/or warrant holders of TSH will not be offered for subscription in any other country other than Malaysia.

Accordingly, this Prospectus will not be sent to the shareholders and/or warrant holders of TSH who do not have a registered address in Malaysia. Such shareholders and/or warrant holders may collect the Prospectus from the Share Registrar namely Symphony Share Registrars Sdn Bhd (*formerly known as Malaysian Share Registration Services Sdn Bhd*), in which event, the Share Registrar shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the persons collecting the Prospectus.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

A shareholder and/or warrant holder of TSH may only exercise his/her rights in respect of the Offer For Sale to the extent that it would be lawful to do so, and the Company, the Promoter/Offeror and the Underwriters would not, in connection with the Offer For Sale, be in breach of the laws of any jurisdiction to which the shareholders and/or warrant holders might be subject to. The shareholders and/or warrant holders of TSH shall be solely responsible to seek advice as to the laws of any jurisdiction to which he/she may lawfully so participate without the Company, the Promoter/Offeror and the Underwriters being in breach of the laws of any such jurisdiction.

Shareholders and/or warrant holders of TSH who have not provided a registered address in Malaysia will have no claim whatsoever against the Company, the Promoter/Offeror or the Underwriters in respect of their rights entitlements or any net proceeds thereof in respect of their rights entitlements or to any net proceeds thereof in respect of the shareholders and/or warrant holders of TSH.

The OFS Shares to the shareholders and/or warrant holders of TSH are being offered on the basis of one (1) OFS Share for every five (5) existing TSH Shares and/or TSH Warrants held by the shareholders and/or warrant holders of TSH as at 5.00 p.m. on 23 September 2004. The number of OFS Shares offered to the shareholders and/or warrant holders of TSH shall be rounded up or down, where applicable at the discretion of the Directors of Ekowood and/or the Promoter/Offeror.

As the Ekowood Shares are Prescribed Securities, the shares will be credited into the respective CDS accounts of the shareholders and/or warrant holders of TSH or their Nominated Persons. No physical share certificate will be issued but the notice of allotments shall be despatched.

(ii) Application By The Eligible Executives

Applications for the 4,200,000 OFS Shares made available for application by the Eligible Executives via the ESS must be made on the **GREEN** Application Forms provided and not on any other Application Forms.

Any OFS Shares provisionally offered to an Eligible Executive not subscribed for, will be re-offered to other Eligible Executives at the discretion of the Directors of Ekowood and/or the Promoter/Offeror.

(iii) Application By The Eligible Directors And Eligible Malaysian Employees Of The Ekowood Group And TSH

Applications for the 4,200,000 OFS Shares reserved for the eligible Directors and eligible Malaysian employees of the Ekowood Group and TSH must be made on the **PINK** Application Forms provided and not on any other Application Forms.

(iv) Application By The Identified Bumiputera Investors Approved By MITI And Identified Public Investors

Applications for the 24,259,200 OFS Shares and 2,034,400 OFS Shares reserved for the identified Bumiputera investors approved by MITI and identified public investors respectively, must be made on the **BLUE** Application Forms provided and not on any other Application Forms.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

15.3 Procedure For Application And Acceptance

Each Application for the OFS Shares pursuant to the Offer For Sale must be made on the Application Forms for the relevant category of investors issued together with this Prospectus and must be completed in accordance with the Notes and Instructions enclosed in the respective category of Application Forms. In accordance with Section 41(2) of the Securities Commission Act, 1993, the Application Forms together with the Notes and Instructions printed therein shall accompany this Prospectus. Applications which do not conform STRICTLY to the terms of this Prospectus or the respective category of Application Forms or Notes and Instructions printed thereon or which are illegible may not be accepted at the absolute discretion of the Directors of Ekowood and/or the Promoter/Offeror.

FULL INSTRUCTIONS FOR THE APPLICATION OF OFS SHARES PROVISIONALLY OFFERED AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. ALL APPLICANTS ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

(a) Procedure for Application**WHITE Application Form and YELLOW Application Form**

The shareholders and/or warrant holders of TSH may nominate up to 3 persons for the shares to be issued to his/her nominated person(s) (“Nominated Persons”).

Application and payment for the OFS Shares that a shareholder and/or warrant holder of TSH is provisionally offered must be made on the WHITE Application Form (for shareholders of TSH) or YELLOW Application Form (for warrant holders of TSH) issued together with this Prospectus and must be completed in accordance with the Notes and Instructions printed therein.

Application by way of WHITE or YELLOW Application Forms shall be made on, and subject to, the terms and conditions appearing below:

- (i) A shareholder and/or warrant holder of TSH may, by completing the WHITE or YELLOW Application Forms, apply for all or part of the OFS Shares provisionally offered to them. However, fractional entitlements will be disregarded.
- (ii) Each completed WHITE or YELLOW Application Form must be accompanied by the appropriate remittance for the full amount applied for in Ringgit Malaysia by Banker's Draft, Cashier's Order, Money Order or Postal Order drawn on a bank or Post Office in Malaysia and must be made out in favour of “**TSH-EKOWOOD SHARE ISSUE ACCOUNT**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with the name, address of the shareholder and/or warrant holder of TSH and serial number of the WHITE or YELLOW Application Form. Cheques or other mode of payment are liable to be rejected at the absolute discretion of the Directors of Ekowood and/or the Promoter/Offeror. The remittance accompanying the WHITE or YELLOW Application Forms should be made in ONE Banker's Draft, Cashier's Order, Money Order or Postal Order although shareholders and/or warrant holders may have up to three (3) Nominated Persons.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) THE NOMINATED PERSON(S) OF THE SHAREHOLDER AND/OR WARRANT HOLDER MUST STATE HIS/HER CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM.
- (iv) THE NAME, ADDRESS OF THE SHAREHOLDER AND/OR WARRANT HOLDER OF TSH (AS EXACTLY STATED ON THE APPLICATION FORM) AND SERIAL NUMBER OF THE WHITE OR YELLOW APPLICATION FORM MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, MONEY ORDER OR POSTAL ORDER.
- (v) The Directors of Ekowood reserve the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (vi) The shareholder and/or warrant holder of TSH shall ensure that his/her and his/her Nominated Persons' personal particulars as stated in the Application Form are identical with the records maintained by Bursa Depository. The shareholder and/or warrant holder of TSH must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his/her registered or correspondence address last maintained with Bursa Depository.
- (vii) Each completed WHITE or YELLOW Application Form must be despatched by ORDINARY POST in the official envelope provided to the following address:

Symphony Share Registrars Sdn Bhd
(formerly known as Malaysian Share Registration Services Sdn Bhd)
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

OR DELIVERED BY HAND so as to arrive not later than 5.00 p.m. on 13 October 2004, or such further period or periods as the Directors and/or Promoter/Offeror of Ekowood together with the Underwriters in their absolute discretion may decide.

- (viii) If acceptance of and payment for the OFS Shares that any shareholder and/or warrant holder of TSH is provisionally offered for is not received by Symphony Share Registrars Sdn Bhd *(formerly known as Malaysian Share Registration Services Sdn Bhd)* by 5.00 p.m. on 13 October 2004, being the last time and day for acceptance and payment, the application entitlement of that shareholder and/or warrant holder of TSH will be deemed to have been declined and will be cancelled and such OFS Shares not taken up will be offered to other shareholders and/or warrant holders of TSH applying for the excess shares.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

- (ix) The shareholders and/or warrant holders of TSH may apply for the excess OFS Shares in addition to the OFS Shares provisionally offered to them by completing the Excess Shares Application Form (Form E), which forms part of the WHITE and YELLOW Application Forms and forwarding it (together with a separate remittance for the full amount payable in respect of the excess shares applied for) to:

Symphony Share Registrars Sdn Bhd
(formerly known as Malaysian Share Registration Services Sdn Bhd)
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

OR DELIVERED BY HAND so as to arrive not later than 5.00 p.m. on 13 October 2004, or such further period or periods as the Directors and/or Promoter/Offeror of Ekowood together with the Underwriters in their absolute discretion may decide.

Payment for the excess shares applied for should be in the same manner described above where the Banker's Draft, Cashier's Order, Money Order or Postal Order drawn on a bank or post office in Malaysia and must be made out in favour of "TSH-EKOWOOD EXCESS SHARES ISSUE ACCOUNT" and crossed "A/C PAYEE ONLY", and endorsed on the reverse side with the name, address of the shareholder and/or warrant holder of TSH and serial number of the WHITE or YELLOW Application Form. Cheques or other mode of payment are liable to be rejected at the absolute discretion of the Directors of Ekowood and/or the Promoter/Offeror.

- (x) THE SHAREHOLDERS AND/OR WARRANT HOLDERS OF TSH SHOULD NOTE THAT ALL WHITE OR YELLOW APPLICATION FORMS AND REMITTANCES SO LODGED WITH SYMPHONY SHARE REGISTRARS SDN BHD (*FORMERLY KNOWN AS MALAYSIAN SHARE REGISTRATION SERVICES SDN BHD*) SHALL BE IRREVOCABLE AND SHALL NOT BE WITHDRAWN.
- (xi) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE OR YELLOW APPLICATION FORMS TO SYMPHONY SHARE REGISTRARS SDN BHD (*FORMERLY KNOWN AS MALAYSIAN SHARE REGISTRATION SERVICES SDN BHD*).

GREEN Application Form

The GREEN Application Form together with this Prospectus will be sent to the Eligible Executives.

Application and payment for the OFS Shares by the Eligible Executives via the ESS must be made on the GREEN Application Form issued together with this Prospectus and must be completed in accordance with the Notes and Instructions printed therein.

If acceptance of and payment for the OFS Shares that any of the Eligible Executives is entitled to apply for is not received by Symphony Share Registrars Sdn Bhd (*formerly known as Malaysian Share Registration Services Sdn Bhd*) by 5.00 p.m. on 13 October 2004, being the last time and day for acceptance and payment, the application entitlement of that Eligible Executives will be deemed to have been declined and will be re-offered to other Eligible Executives at the discretion of the Directors of Ekowood and/or the Promoter/Offeror.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Each completed GREEN Application Form must be despatched by ORDINARY POST in the official envelope provided, to Symphony Share Registrars Sdn Bhd (*formerly known as Malaysian Share Registration Services Sdn Bhd*) at the following address:

Symphony Share Registrars Sdn Bhd
(*formerly known as Malaysian Share Registration Services Sdn Bhd*)
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

OR DELIVERED BY HAND so as to arrive not later than 5.00 p.m. on 13 October 2004, or such further period or periods as the Directors and/or Promoter/Offeror of Ekowood together with the Underwriters in their absolute discretion may decide.

PINK Application Form

The PINK Application Form together with this Prospectus will be sent to the eligible Directors and eligible Malaysian employees of the Ekowood Group and TSH.

Application and payment for the OFS Shares reserved for the eligible Directors and eligible Malaysian employees of the Ekowood Group and TSH must be made on the PINK Application Form issued together with this Prospectus and must be completed in accordance with the Notes and Instructions printed therein.

Each completed PINK Application Form must be accompanied by the appropriate remittance for the full amount applied for in Ringgit Malaysia by Banker's Draft, Cashier's Order, Money Order or Postal Order drawn on a bank or Post Office in Malaysia and must be made out in favour of "**TSH-EKOWOOD SHARE ISSUE ACCOUNT**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with the name and the address of the eligible Directors and eligible Malaysian employees of the Ekowood. Cheques or other mode of payment are liable to be rejected at the absolute discretion of the Directors of Ekowood and/or the Promoter/Offeror.

If acceptance of and payment for the OFS Shares that any of the eligible Directors and eligible Malaysian employees of the Ekowood Group and TSH is entitled to apply for is not received by Symphony Share Registrars Sdn Bhd (*formerly known as Malaysian Share Registration Services Sdn Bhd*) by 5.00 p.m. on 13 October 2004, being the last time and day for acceptance and payment, the application entitlement of the eligible Directors and eligible Malaysian employees of the Ekowood Group and TSH will be deemed to have been declined and will be cancelled and such OFS Shares not taken up will be re-offered to other eligible Directors and eligible Malaysian employees of the Ekowood Group and TSH at the discretion of the Directors of Ekowood and/or the Promoter/Offeror.

Each completed PINK Application Form must be despatched by ORDINARY POST in the official envelope provided, to Symphony Share Registrars Sdn Bhd (*formerly known as Malaysian Share Registration Services Sdn Bhd*) at the following address:

Symphony Share Registrars Sdn Bhd
(*formerly known as Malaysian Share Registration Services Sdn Bhd*)
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

OR DELIVERED BY HAND so as to arrive not later than 5.00 p.m. on 13 October 2004, or such further period or periods as the Directors and/or Promoter/Offeror of Ekowood together with the Underwriters in their absolute discretion may decide.

BLUE Application Form

The Placement Agent will send this Prospectus together with the BLUE Application Forms to the identified Bumiputera investors approved by MITI and identified public investors.

Each completed BLUE Application Form must be despatched by ORDINARY POST in the official envelope provided to the following address:

Avenue Securities Sdn Bhd
Suite 3A.02 Level 3A Wisma E&C
2, Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur

OR DELIVERED BY HAND so as to arrive not later than 5.00 p.m. on 13 October 2004, or such further period or periods as the Directors and/or Promoter/Offeror of Ekowood together with the Underwriters in their absolute discretion may decide.

Each completed BLUE Application Form must be accompanied by the appropriate remittance for the full amount applied for in Ringgit Malaysia by Banker's Draft, Cashier's Order, Money Order or Postal Order drawn on a bank or Post Office in Malaysia and must be made out in favour of "TSH-EKOWOOD SHARE ISSUE ACCOUNT" and crossed "A/C PAYEE ONLY" and written on the reverse side with the name, address and CDS account number of the applicant (as exactly stated on the Application Form).

(b) Applications And Acceptance

The Directors of Ekowood and/or the Promoter/Offeror reserve the right not to accept any Application which does not strictly comply with the instructions or to accept any Application in part only without assigning any reason therefor. However, fractional entitlements arising from the Offer For Sale (if any) will be disregarded.

THE SUBMISSION OF AN APPLICATION FORM DOES NOT NECESSARILY MEAN THAT THE APPLICATION WILL BE SUCCESSFUL.

In the event of an over-subscription for the OFS Shares set aside for the shareholders and/or warrant holders of TSH, acceptance of Excess Applications (subject to non acceptance by certain shareholders and/or warrant holders of TSH of the OFS Shares provisionally offered to them) will be at the discretion of the Directors of Ekowood and/or the Promoter/Offeror. It is the intention of the Directors of Ekowood and/or the Promoter/Offeror to allot excess shares in such manner that the incidences of odd lots will be minimised. Pursuant to the LR, the Company needs to have at least 25% of the issued and paid-up capital of the Company held by a minimum number of 1,000 public shareholders holding not less than 100 shares each. The Company is expected to achieve this at the point of Listing. However, in the event that the above requirement is not met pursuant to this Offer For Sale, the Company may not be allowed to proceed with its Listing. In the event thereof, monies paid in respect of all Applications will be returned in full without interest.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

In the event of an under-subscription for the OFS Shares set aside for the shareholders and/or warrant holders of TSH (except where the existing shareholders and/or warrant holders of TSH have given irrevocable undertakings to subscribe for their entitlements to the OFS Shares) and the OFS Shares which are available for the eligible directors and eligible Malaysian employees of the Ekowood Group and TSH (except where the eligible directors and eligible Malaysian employees of the Ekowood Group and TSH have given irrevocable undertakings to subscribe for their entitlements to the OFS Shares), all the OFS Shares not applied for will be made available for subscription proportionately by the Managing Underwriters and the Underwriters in the proportions specified in the Underwriting Agreement dated 20 September 2004. Any OFS Shares not underwritten and not subscribed for by the eligible Directors and eligible Malaysian employees of the Ekowood Group and TSH will be re-offered to other eligible directors and eligible Malaysian employees of the Ekowood Group and TSH whilst any OFS Shares not subscribed by the Eligible Executives will be re-offered to other Eligible Executives at the discretion of the Directors of Ekowood and/or the Promoter/Offeror.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST TO THE APPLICANT WITHIN 15 MARKET DAYS FROM THE CLOSING DATE FOR THE APPLICATION OF THE OFS SHARES BY ORDINARY POST TO THE APPLICANT'S ADDRESS REGISTERED WITH BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE HAVING BEEN PRESENTED FOR PAYMENT.

15.4 General Conditions For Application

The Applications shall be made in relation with and subject to the terms of this Prospectus and the Articles of Association of Ekowood.

Persons submitting Applications by way of Application Forms **MUST HAVE A CDS ACCOUNT.**

ALL APPLICANTS MUST GIVE THEIR:

- (A) EXACT FULL NAME (AS PER THE IDENTITY CARD OR PASSPORT OR "RESIT PENGENALAN SEMENTARA (JPN 1/9)") IN THE CASE OF INDIVIDUALS, OR AS PER THE CERTIFICATE OF INCORPORATION IN THE CASE OF CORPORATE AND INSTITUTIONAL APPLICANTS; AND
- (B) CDS ACCOUNT NUMBER AS PER BURSA DEPOSITORY'S RECORDS.

No acknowledgement of receipt of Applications or Application monies will be made by Ekowood, the Placement Agents or Share Registrar.

15.5 CDS Accounts

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed Ekowood as a Prescribed Security. In consequence thereof, the OFS Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with the aforesaid Acts and Rules.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Following the above, in accordance to Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in the Ekowood Shares including the OFS Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

Each Nominated Person of a shareholder and/or warrant holder of TSH MUST have a CDS account. The Nominated Person shall furnish his/her CDS account number in the space provided in the Application Form and he/she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to the Share Registrar, TSH or Ekowood.

Failure to comply with any specific instructions as the Application Form requires or inaccuracy in the CDS account number may result in the Application being rejected. If a successful applicant fails to state his/her CDS account number, the Share Registrar under the instruction of the Company will reject the application.

The Directors of the Company reserve the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the applicants' particulars provided in the Application Forms differ from those in Bursa Depository's records such as the identity card number, names and nationalities.

15.6 Notice Of Allotment

OFS Shares allotted to all successful applicants will be credited to their respective CDS accounts. A notice of allotment will be despatched to the successful applicants at their addresses last maintained with Bursa Depository at the applicant's own risk within 15 Market Days from the closing date for the application for the OFS Shares. This is the only acknowledgement of acceptance of the application.

If the Applicant's address as stated in the Application Form is different from the address registered with Bursa Depository, the Applicant must inform Bursa Depository of his/her updated address promptly by adhering to the certain rules and regulation of the Bursa Depository, failing which the notification letter on successful allotment shall be sent to the Applicant's address last registered with Bursa Depository.

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