

10. MORATORIUM

Pursuant to the moratorium condition imposed by the SC in accordance with the SC Guidelines in approving the Listing, the shareholders/promoters of CBB listed below will not be allowed to sell, transfer or assign their respective proportion of CBB shares as set out below, amounting to 45% of the enlarged issued and paid-up share capital of CBB for one (1) year from the date of admission of CBB to the Official List of the Second Board of KLSE ("Moratorium Period").

The following shareholders have agreed for the following number of CBB shares held by them to be placed under moratorium:-

Shareholders	No. of CBB shares held after the IPO		No. of CBB shares under moratorium	
	No. of ordinary shares	% of enlarged share capital	No. of ordinary shares	% of enlarged share capital
Tan Siew Kim#	*7,612,568	19.03	6,228,523	15.57
Loi Tuan Ee#	2,736,211	6.84	2,473,257	6.18
Tan Boon Leng#	^2,712,462	6.78	2,238,739	5.60
Tan Sui Moi#	3,022,842	7.56	2,219,308	5.55
Tan Seok Kim#	1,627,478	4.07	1,331,585	3.33
Kuan Hai Ngon#	1,265,816	3.16	1,035,677	2.59
Lau Sie Kai	^556,489	1.39	455,313	1.14
Lua Wa Kho @ Lua Chong Koh#	1,079,587	2.70	883,306	2.21
Yeng See Kim#	683,378	1.71	559,133	1.40
Loi Tuan Kin	388,110	0.97	317,548	0.79
E Chong Chiang @ Er Chong Chiang	314,855	0.79	257,611	0.64
	21,999,796	55.00	18,000,000	45.00

Notes:-

- * Including 4,263,641 and 2,955,143 CBB shares held via Tan Boon Leng and Lau Sie Kai respectively, as bare trustees for Tan Siew Kim.
- ^ Excluding 4,263,641 and 2,955,143 CBB shares held by Tan Boon Leng and Lau Sie Kai respectively, as bare trustees for Tan Siew Kim.

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10. MORATORIUM (continued)

Upon completion of the Proposed IPO but prior to the Listing, the following shareholders/promoters will transfer their respective CBB shares, representing approximately 50.03% of the enlarged paid-up share capital of CBB, into CBE as follows:-

Promoters/ Substantial shareholders	No. of CBB shares held pursuant to Listing	No. of CBB shares to be transferred to CBE	< -- CBB shares held by CBE -- >		CBB shares held by individual UNDER moratorium
			No. of CBB shares UNDER moratorium	No. of CBB shares NOT UNDER moratorium	
Tan Siew Kim	7,612,568	7,612,568	6,228,523	1,384,045	-
Loi Tuan Ee	2,736,211	2,005,869	2,005,869	-	467,388
Tan Boon Leng	2,712,462	2,712,462	2,238,739	473,723	-
Tan Sui Moi	3,022,842	3,022,842	2,219,308	803,534	-
Tan Seok Kim	1,627,478	1,627,478	1,331,585	295,893	-
Kuan Hai Ngon	1,265,816	1,265,816	1,035,677	230,139	-
Lua Wa Kho @ Lua Chong Koh	1,079,587	1,079,587	883,306	196,281	-
Yeng See Kim	683,378	683,378	559,133	124,245	-
Lau Sie Kai	556,489	-	-	-	455,313
Loi Tuan Kin	388,110	-	-	-	317,548
E Chong Chiang @ Er Chong Chiang	314,855	-	-	-	257,611
	21,999,796	20,010,000	16,502,140	3,507,860	1,497,860

As a result of the transfer, 16,502,140 CBB shares which are required to be placed under moratorium upon Listing will be held by CBE whilst the balance of the shares required to be placed under moratorium will continue to be held by the shareholders/promoters as set out above. Accordingly, all the shareholders (all being individual) of CBE had on 8 September 2003 given their respective written undertakings to the SC that they will not sell, transfer or assign their shareholdings in CBE during the Moratorium Period

In addition, the restriction will be endorsed in the share certificate representing CBE's shareholding that is under moratorium to ensure that CBB's registrar do not register any transfer not in compliance with the restriction imposed by the SC.

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11. APPROVALS AND CONDITIONS

The SC approved the Public Issue and/or Offer for Sale on 16 April 2003, 17 September 2003 and 29 September 2003, whilst the approvals for the same were received from FIC and MITI on 18 November 2002 and 8 November 2002 respectively. The conditions imposed by all the authorities and the status of compliance are as follows:-

Details of Conditions Imposed	Status of Compliance
<p>SC</p> <p>(i) The utilisation of proceeds raised from the Public Issue is subject to the following:-</p> <p>(a) Approval from the SC is required for any change to the utilisation of proceeds other than for the core business of CBB.</p> <p>(b) Shareholders' approval is required for any deviation by twenty five percent (25%) or more from the utilisation as determined. If the deviation is less than twenty five percent (25%), appropriate disclosure should be made to the shareholders of CBB.</p> <p>(c) CBB shall disclose in its listing prospectus the purpose and time frame for utilisation of proceeds. Any extension of time from the time frame set by CBB requires approval from the Board of Directors of CBB through a clear resolution and to be disclosed in full to the KLSE.</p> <p>(d) Appropriate disclosure on the status of utilisation is required to be made in the quarterly and annual report of CBB until the total proceeds have been fully utilised.</p> <p>(ii) The Promoters, Directors and substantial shareholders of CBB shall not undertake any other businesses which may give rise to a conflict of interest situation either, directly or indirectly, with the businesses of the CBB Group in the future. In relation to this, the Promoters, Directors and the substantial shareholders of CBB are required to provide written declaration that they shall not involve in any business which is similar/competing with the existing businesses of the CBB Group. However, they are allowed to maintain their equity holdings in KYM Holdings Bhd ("KYM"), subject to them not involving in the management of KYM and its subsidiaries.</p> <p>(iii) Moratorium conditions as summarised under Section 10 of this Prospectus.</p>	<p>To be complied, if applicable.</p> <p>To be complied, if applicable.</p> <p>The purpose and time frame for utilisation of proceeds are disclosed in Section 5.6.1 of this Prospectus.</p> <p>To be complied, if applicable.</p> <p>Complied. Declaration letters from the Promoters, Directors and substantial shareholders of CBB have been furnished to the SC on 16 September 2003.</p> <p>To be complied.</p>

11. APPROVALS AND CONDITIONS (continued)

Details of Conditions Imposed	Status of Compliance
(iv) CBB is required to comply with the following conditions relating to the properties of the CBB Group prior to the issue of the listing prospectus of CBB:-	
(a) Property Lot No P.T. 898, Mukim Sidam Kanan, Daerah Kulim, Kedah Darul Aman.	
Condition Approval from the relevant authorities must be obtained for the extensions made to the factory building in the form of a canteen and prayer room.	A waiver from having to comply with this condition was sought from the SC on the ground that the canteen and prayer room have been dismantled.
(b) Property PLO 96, Jalan Cyber 7, Kawasan Perindustrian Senai III, Senai, Johor Darul Takzim	
Condition Approval for building plan and a certificate of fitness for occupancy for both factory buildings must be obtained from the relevant authorities; and	A waiver from having to obtain certificate of fitness prior to the listing of CBB was sought from the SC on the ground that the building plan has been approved by Majlis Daerah Kulai on 29 May 2003 and the application for certificate of fitness is at an advanced stage.
The 30-year lease for PLO 96 must be registered under the name of IHSB.	Complied. The lease for PLO 96 has been registered under the name of IHSB as per the date of the issue document of title of 21 July 2003.
SC's approval in respect of the waivers referred to in paragraphs (iv)(a) and (b) above was received on 17 September 2003, subject to the following conditions:-	
- CBB is required to furnish SC with written undertaking that it shall exercise its best endeavour to procure all requisite approvals from the relevant authorities within six months from 17 September 2003; and	Complied. Written undertaking from CBB have been furnished to the SC on 22 September 2003.
- CBB to update SC on a monthly basis the status of application made to the said relevant authorities.	To be complied.

11. APPROVALS AND CONDITIONS (continued)

Details of Conditions Imposed	Status of Compliance
<p>(c) <u>Property</u> PLO 97, 98, 99, Jalan Cyber 5, Kawasan Perindustrian Senai III, Senai, Johor Darul Takzim</p> <p><u>Condition</u> Approval from the relevant authority must be obtained for the extension to the side and back of the 3 factory buildings; and</p> <p>The 30-year lease for PLO 97, 98 & 99 must be registered under the name of IDSB (for PLO 97 and 98) and Eversynergy (for PLO 99) respectively.</p>	<p>Complied. The conditional approval from Majlis Daerah Kulai was obtained on 18 August 2003.</p> <p>Complied. The lease for PLO 96 and 98 have been registered under the name of IDSB as per the date of the issue document of titles of 26 August 2003 and 20 August 2003 respectively. The lease title of PLO 99 has been registered under the name of Eversynergy as per the date of the issue document of titles of 9 August 2003.</p>
<p>(v) CBB is required to fully comply with the relevant requirements of the SC Guidelines relating to initial public offerings as stipulated in the SC Guidelines, including the requirement where CBB is not permitted to involve in other businesses not related to its existing core business activities for a period of three (3) years from its listing on the Second Board of the KLSE.</p>	<p>To be complied with.</p>
<p>In addition to the aforesaid approval terms and conditions imposed by the SC, the SC had via its letter dated 29 September 2003 approved the Company's proposal to declare and pay an interim dividend for the financial year ended 31 March 2003 of 52.33% (less tax at 28%) amounting to RM4,000,000 based on CBB's then issued and paid-up share capital of RM10,615,978, to the existing shareholders of CBB, prior to the Listing.</p>	
<p>MITI (i) To obtain SC's approval</p>	<p>Approval of the SC was obtained on 16 April 2003, 17 September 2003 and 29 September 2003.</p>
<p>(ii) To obtain FIC's approval</p>	<p>Approval of the FIC was obtained on 18 November 2002.</p>
<p>(iii) The allocation of 12,000,000 shares representing 30.0% of the enlarged issued and paid-up share capital of the company is subject to MITI's approval after receipt of the approval of the SC.</p>	<p>To be complied upon listing and quotation of CBB shares on the Second Board of the KLSE.</p>

12. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

12.1 Related Party Transactions/Conflict of Interests

- (a) Lau Sie Kai, a shareholder and Promoter of CBB and the husband of Tan Seok Kim, an Executive Director of CBB, is a Director of Flexo Process Sdn Bhd ("Flexo Process"). Flexo Process, an artwork designing company for printing blocks, is currently supplying printing blocks to Prestige, Polyplus and PPPSB.

For the financial year ended 31 March 2003, the business transactions between the CBB Group and the Flexo Process group, are as follows:-

- (i) Sales of printing block by Flexo Process to Prestige, Polyplus, PPPSB and MPSB of RM396,906, RM310,542, RM24,891 and RM5,660 respectively.
- (ii) Sales of printing block by Flexo Process (Penang) Sdn Bhd, a subsidiary of Flexo Process, to PPPSB of RM7,405.
- (iii) Purchase of adhesive tapes by Flexo Process from MPSB of RM4,355.
- (iv) Rental of a factory building (of 282 square metres) at No. 22, Jalan Batu Belah 27/96, HICOM Industrial Estate, Section 27, Shah Alam, Selangor Darul Ehsan by Flexo Process (KL) Sdn Bhd, a subsidiary of Flexo Process, from Multiview for RM2,500 per month or RM8.87 per square metre. The factory building is rented to Flexo Process (KL) Sdn Bhd for a term of one (1) year commencing from 1 September 2002 and expired on 31 August 2003 with an option to renew for a further term of one (1) year subject to Flexo Process (KL) Sdn Bhd complying with its obligations under the tenancy agreement. The option has been exercised and the tenancy has been accordingly renewed for another one year.

The persons connected to Lau Sie Kai are set out in Section 8.11 of this Prospectus.

- (b) Tan Boon Leng and Loi Tuan Ee both hold one (1) share each in Southern, which in total represent less than 1% of the issued and paid-up share capital of Southern.
- (c) Loi Tuan Ee has 1.67% equity interest in ReadyChem.
- (d) Tan Boon Leng and Loi Tuan Ee both hold one (1) share each in Gemilang, which in total represent less than 1% of the issued and paid-up share capital of Gemilang.
- (e) Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas has a 5% equity interest in Gemilang.
- (f) Loi Tuan Ee and Tan Boon Leng both hold one (1) share each in Creative, which in total represent less than 1% of the issued and paid-up share capital of Creative.

The Directors of CBB are of opinion that there is no material conflict of interest arising from the shareholdings referred to in sections 12.1(b) to (f) above in view that such shareholdings are viewed as insignificant or non-dominant, as the case may be, percentages of the issued and paid-up share capital of the companies concerned.

12. RELATED PARTY TRANSACTIONS/CONFLICT OF INTEREST (continued)

12.2 Declaration by Advisers

To the best of its opinion, knowledge and belief, MIMB is not aware of any conflict of interest which we would deem material in our role as merchant bank adviser in relation to the Listing Scheme.

Messrs Shearn Delamore & Co confirms that there is no conflict of interest in its capacity as Solicitors for the Company in relation to the Listing Scheme.

Messrs KPMG confirms that there is no conflict of interest in its capacity as Auditors and Reporting Accountants respectively in relation to the Listing Scheme.

Vital Factor Consulting Sdn Bhd confirms that there is no conflict of interest in its capacity as Independent Business and Industry Consultant in relation to the Listing Scheme.

Messrs Jones Lang Wootton confirms that there is no conflict of interest in its capacity as Valuers in relation to the Listing Scheme.

12.3 Tan Siew Kim's interest in KYM Holdings Bhd

Tan Siew Kim was one of the promoters, directors and substantial shareholders of KYM when it was then known as Polypulp Paper Industries Bhd. Tan Siew Kim (5.9%) and his brother, Tan Sew Kee (8.0%) together with his brother-in-law, Lua Wa Kho @ Lua Chong Koh (4.9%) ("collectively, Tan Family") jointly held an 18.8% equity interest in KYM upon its listing on the Second Board of the KLSE in 1991.

As at 17 September 2003, Tan Siew Kim, a promoter, Director and major shareholder of CBB, holds 0.63% direct and indirect equity interest in KYM, a company involved principally in the manufacture and sale of corrugated fibre boxes and boxes, industrial woven bags and multi-wall industrial paper bags. The Board of Directors of CBB is of the view that the said equity interest held by Tan Siew Kim does not give rise to a conflict of interest situation in view of the following:-

- (a) the direct and indirect equity interest in KYM presently held by Tan Siew Kim is less than 1%; and
- (b) none of the Directors or major shareholders of CBB presently sits on the Board of KYM Holdings Bhd or is involved in the management of KYM or any of its subsidiaries.

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