1. SUMMARY INFORMATION

THE SUMMARY INFORMATION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE GROUP AND INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN THE SHARES OF THE COMPANY. THE SUMMARY INFORMATION SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.

1.1 HISTORY AND BUSINESS

CSB was incorporated in Malaysia under the Act on 10 November 2003 as a public limited company under the name of Classic Scenic Berhad. CSB is a company formed for the purpose of carrying out the restructuring undertaken pursuant to the listing exercise. It is principally an investment holding company, with its subsidiaries principally engaged in the manufacturing of wooden picture frame moulding.

The principal activities of the subsidiaries of CSB are as follows: -

Corporation	Date/Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
Subsidiary of CSB				
SM	26 January 1999/ Malaysia	710,000	100	Manufacture of wooden picture frame moulding
CFM	8 March 1991/ Malaysia	100,000	100	Property holding and rental of properties
LKLR	14 June 1990/ Malaysia	750,000	100	Property holding and rental of properties
LKLT	9 March 1983/ Malaysia	100,004	100	Manufacture of timber products
LKLM	25 April 1997/ Malaysia	10,000	100	Marketing of timber-related products

CSB is principally an investment holding company and with 5 wholly-owned subsidiaries, SM, CFM, LKLR, LKLT and LKLM. The subsidiary companies are involved in the manufacturing and sale of wooden picture frame moulding as well as property holding and rental of properties.

The wooden picture frame moulding business originated from a humble beginning as a wooden pallet, top plank and wooden strip manufacturer through the establishment of LKLT in Kepong, Kuala Lumpur. In 1991, Mr. Lim Chee Keong founded CFM together with his brother Mr. Lim Chee Khoon. With each of them having approximately 30 years of experience in the wood related business, they have been instrumental in the success and development of the CSB Group.

In 1994, CFM commenced operations in manufacturing of basic wooden picture frame moulding after extensive feasibility studies being carried out in Taiwan and Italy with an aim to acquire the technology, know-how and information on the manufacturing of wooden picture frame moulding. During the initial years, CFM began manufacturing for overseas distributors in various countries particularly USA. To cater for its manufacturing operations, the Group via LKLR acquired a parcel of industrial land in Rawang Industrial Estate (now known as Taman Rawang Perdana) to set up manufacturing activities in 1994. With the continual growth in the business, CFM commenced manufacturing activity in a second factory which is adjacent to the maiden factory in 1997.

1. SUMMARY INFORMATION *(Cont'd)*

In response to the ever changing and sophisticated demand of its customers, SM was established in 1999 to primarily focus on the manufacture of high quality wooden picture frame moulding in line with the CSB Group's objective to produce high-end wooden picture frame moulding by focusing more on design and quality and distinguish itself from other basic products.

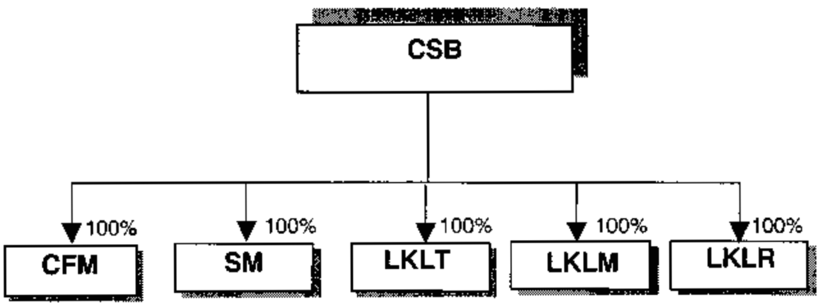
Today, SM has been accredited with the ISO 9001:2000 certification by international certification body Lloyds Register Quality Assurance in December 2001. This endorsement signifies the commitment of CSB Group towards quality and reflects the Group's continuous efforts to deliver high quality and competitive products to its customers. The Group invests in R&D and mostly European-made machineries to develop unique and captivating new products designs and finishes. SM produces frame moulding of distinction, backed by quality management and creative innovation. The Group's products are acknowledged by its overseas customers for its consistency of product quality and flawless finishing.

As at 31 December 2003, the Group's products are distributed to 117 customers in 13 countries including Malaysia. Approximately 94% of the Group's revenue for the financial year ended 31 December 2003 were contributed by overseas customers. The overseas customers include but not limited to United States of America, Canada, Sweden, Netherlands, Norway, Germany, Australia, Japan, China, Hong Kong, Singapore and Sri Lanka.

The CSB Group intends to focus on the production and marketing of quality products and will continue to improve its efficiency and production capacity. The CSB Group plans to widen the range of finishing of wooden picture frame moulding to include conventional or 'country' look and 3-D Holographic or 3-D depth effects to enlarge its existing customers base. The Group also plans to increase production in its factories, and optimise utilisation of capacities.

CSB Group has grown to become the largest manufacture of wooden picture frame moulding in Malaysia based on revenue in 2003. *(Source: Assessment of the Wood Moulding Industry Focusing on Picture Frame Moulding prepared by Vital Factor Consulting Sdn Bhd)*

An overview of the CSB Group's corporate structure is set out as below:-



Further details on the history and business of the Group are set out in Section 4 of this Prospectus.

1. SUMMARY INFORMATION *(Cont'd)*

1.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF CSB GROUP

The direct and indirect shareholdings of the Promoters, substantial shareholders, Directors, key management of the Group are as follows: -

		No. of Shares Held in CSB After the IPO			
Name	**Designation**	**Direct**	**(%)**	**Indirect**	**(%)**
Promoters					
Lim Chee Keong	Executive Chairman	-	-	(1) 54,999,941	55.00
Lim Chee Khoon	Executive Director	-	-	(1) 54,999,941	55.00
Substantial Shareholders					
LKLH		54,999,941	55.00	-	-
Lim Chee Keong	Executive Chairman	-	-	(1) 54,999,941	55.00
Lim Chee Khoon	Executive Director	-	-	(1) 54,999,941	55.00
Directors					
Lim Chee Keong	Executive Chairman	-	-	(1) 54,999,941	55.00
Lim Chee Beng	Managing Director	-	-	-	-
Lim Chee Khoon	Executive Director	-	-	(1) 54,999,941	55.00
Lim Chee Hwa	Executive Director	-	-	-	-
Tang Kam Chee	Independent Non - Executive Director	(2) 50,000	0.05	-	-
Tee Sze Ping	Independent Non - Executive Director	(2) 20,000	0.02	-	-
Key Management					
Lim Chee Keong	Executive Chairman	-	-	(1) 54,999,941	55.00
Lim Chee Beng	Managing Director	-	-	-	-
Lim Chee Khoon	Executive Director	-	-	(1) 54,999,941	55.00
Lim Chee Hwa	Executive Director	-	-	-	-
Lim Chee Tak	Sales Manager	(2) 100,000	0.10	-	-
Lim Kwee Huay	Senior Marketing Manager	(2) 250,000	0.25	-	-
Lee Kong Weng	Financial Controller	(2) 180,000	0.18	-	-
Yee Soh Chun	Finance and Human Resource Manager	(2) 77,000	0.08	-	-
Lee Kok Onn	Production Manager	(2) 85,000	0.09	-	-

1. SUMMARY INFORMATION *(Cont'd)*

		No. of Shares Held in CSB After the IPO			
Name	**Designation**	**Direct**	**(%)**	**Indirect**	**(%)**
Lim Boon Bing	Planning and Operations Manager	(2) 71,000	0.07	-	-
Lim Sei Wei	Export Marketing Manager	(2) 71,000	0.07	-	-
Yap Yoke Thin	Procurement Manager	(2) 30,000	0.03	-	-

Notes: -

(1) Deemed interested by virtue of his shareholdings in LKLH, pursuant to Section 6A of the Act.

(2) Including their respective entitlements for the pink form share allocation pursuant to the IPO.

Details of the Promoters, substantial shareholders, Directors and Key Management of CSB Group are set out in Section 5 of this Prospectus.

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1.3 FINANCIAL STATISTICS FOR THE PAST FIVE (5) FINANCIAL YEARS

The following table has been extracted from the Accountants' Report in Section 10 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

A summary of the proforma consolidated results of the CSB Group based on the audited financial statements for the past five (5) financial years ended 31 December 2003 and 6 months period ended 30 June 2004 on the assumption that the current group structure has been in existence throughout the years under review and after making such adjustments considered necessary, is provided for illustrative purposes only.

	<------------ Financial Year ended 31 December				--------->	6 months period ended 30 June
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Proforma Group						
Revenue	24,982	32,986	29,637	36,007	41,571	23,838
Profit before depreciation and interest	9,566	13,413	10,195	13,923	14,911	8,312
Depreciation	(1,194)	(1,455)	(1,619)	(1,681)	(1,482)	(916)
Interest expense	(106)	(65)	(31)	(9)	-	-
Interest income	8	-	7	6	2	2
Profit before taxation	8,274	11,893	8,552	12,239	13,431	7,398
Taxation	(345)	(2,508)	(1,710)	(1,110)	(1,365)	(694)
Profit after taxation	7,929	9,385	6,842	11,129	12,066	6,704
Number of ordinary shares of RM0.50 each assumed in issue(1) ('000)	80,000	80,000	80,000	80,000	80,000	80,000
Earnings Per Share (sen)						
Gross	10.3	14.9	10.7	15.3	16.8	18.5*
Net	9.9	11.7	8.6	13.9	15.1	16.8*

* Annualised

Notes: -

(1) Based on the issued share capital of RM40,000,000 comprising 80,000,000 ordinary shares of RM0.50 each in CSB after the incorporation of the Acquisitions.

(2) The above proforma consolidated financial results have been prepared based on the audited financial statements of CSB, SM, CFM, LKLR, LKLT and LKLM.

(3) As the financial year end of SM was not coterminous with CSB prior to the financial year ended 31 December 2000, the financial results of SM was prorated in the proforma consolidated results for the year ended 31 December 1999 and 2000.

(4) Revenue of the Group comprises mainly of sale of high quality and design-driven picture frame for the distributors and framers for mostly the overseas markets, in particular the US market and wooden pallets and stillages.

Over the 5 years under review, the Group has been establishing itself as a high quality and design-driven picture frame moulding manufacturer among the overseas distributors and framers especially in the US market. This was done with the set-up of SM in 1999 which is used to market these products whilst CFM continued to cater for its existing customers until its cessation in the manufacturing business in 2002. This has resulted in double digit growth for all the years under review save for 2001.

In 2001, revenue declined due mainly to decrease in sales to US by 10.2% as a result of stiff competition from low cost producing countries like Brazil and China and the global economic slowdown.

In 2001 onwards, the Group concentrated fully in manufacturing high quality and design-driven frame moulding so as to enable them to maintain their niche and profit margins. The management took the opportunity to introduce new profile designs and high quality products to its customers. As a result the Group took measures to wind down their operations in CFM and concentrate on SM.

Revenue in 2003 increased as with the improvement of the US economy and also the increased marketing efforts by the management have resulted in them obtaining new customers in SM.

(5) The increased in pretax margin in 2000 was due mainly to increase in production efficiency as production wastage declined. However the pre-tax margin decreased in 2001 mainly due to a reduction in selling price in order to maintain its competitiveness against low cost producing countries like Brazil and China. The pretax margin in 2002 improved with the implementation of ISO 9001 that had resulted in less wastages and lower rejections and hence improved efficiency.

(6) The low effective tax rate in 1999 is due to no taxation charge for CFM as the Company was fully exempted from income taxation under its pioneer status granted with effect from 1 October 1994 for the period of 5 years. In addition, no provision for taxation is required on the rest of the subsidiaries as tax payable on the chargeable income for the year has been waived under Income Tax (Amendment) Act, 1999.

SM was granted pioneer status since 1 October 1999 for a period of 5 years under the Promotion of Investment Act 1986. As it is one of the major profit contributor to the Group since year of assessment 2002, the effective tax rate of the Group is lower than the statutory tax rate for the year under review.

(7) There were no extraordinary or exceptional items for the financial period under review other than an impairment of property in LKLR amounting to RM290,000 in 2003.

The financial statements of the CSB Group for the years under review were not subjected to any audit qualification.

1.4 PROFORMA CONSOLIDATED BALANCE SHEETS OF CSB GROUP AS AT 30 JUNE 2004

The Proforma Consolidated Balance Sheets as at 30 June 2004 set out below has been prepared for illustrative purposes only to show the effects on the audited balance sheet of CSB, had the Listing Scheme been effected on that date.

	As at 30 June 2004 RM'000	(1) Proforma 1 RM'000	(2) Proforma 2 RM'000	(3) Proforma 3 RM'000	(4) Proforma 4 RM'000
PROPERTY, PLANT AND EQUIPMENT	-	46,581	46,581	48,081	48,081
CURRENT ASSETS					
Inventories	-	13,882	13,882	13,882	13,882
Trade and other receivables	-	8,203	8,203	7,672	7,672
Tax recoverable	-	1,202	1,202	1,202	1,202
Cash and bank balances	*	2,300	9,300	14,431	33,181
	*	25,587	32,587	37,187	55,937
CURRENT LIABILITIES					
Trade and other creditors	9	3,427	3,427	3,427	3,427
Amount due to shareholders	-	18,860	18,860	18,860	18,860
Provision for taxation	-	13	13	13	13
	9	22,300	22,300	22,300	22,300
NET CURRENT (LIABILITIES)/ ASSETS	(9)	3,287	10,287	14,887	33,637
	(9)	49,868	56,868	62,968	81,718
(REPRESENTED)/ FINANCED BY:					
SHARE CAPITAL	*	40,000	47,000	50,000	57,500
SHARE PREMIUM	-	-	-	3,100	14,350
ACCUMULATED LOSSES	(9)	(9)	(9)	(9)	(9)
(DEFICIT)/SURPLUS IN SHAREHOLDERS' FUND	(9)	39,991	46,991	53,091	71,841
NEGATIVE GOODWILL	-	6,705	6,705	6,705	6,705
Deferred taxation	-	3,172	3,172	3,172	3,172
	(9)	49,868	56,868	62,968	81,718
Number of shares in issue ('000)	**	80,000	94,000	100,000	115,000
NET TANGIBLE (LIABILITIES)/ASSETS PER ORDINARY SHARE (RM)	(2,250)	0.58	0.57	0.60	0.68

Notes: -

* Being RM2
** 4 ordinary Shares of RM0.50 each
Proforma 1 – After the Acquisitions
Proforma 2 – Incorporates Proforma 1 and Rights Issue;
Proforma 3 – Incorporates Proforma 2, Public Issue, utilisation of proceeds and after adjusting for estimated share issue expenses of RM1.4 million against the Share Premium Account.
Proforma 4 – Incorporates Proforma 3 and ESOS.

Detailed Proforma Consolidated Balance Sheets as at 30 June 2004 and the Reporting Accountants' letter thereon are set out in Sections 9.10 and 9.11 of this Prospectus respectively.

1.5 SUMMARY OF MATERIAL RISK FACTORS

An investment in the shares listed/to be listed on the Bursa Securities involves a number of risks, some of which, including market, industry, liquidity, credit, operational, legal and regulatory risks could be substantial and inherent in the business of the Group.

Prospective investors should rely on their own evaluations and to carefully consider the investment considerations before buying any of the Public Issue/Offer Shares, which are the subject of this Prospectus. The investment consideration that should be considered includes, but not limited to, the following: -

(i) Business Risks
(ii) Investment Activities Risk
(iii) Financial Risks
(iv) Changing Economic Conditions
(v) Timber Certification
(vi) Availability of Raw Materials
(vii) Dependency on Raw Materials
(viii) Dependency on Suppliers
(ix) Foreign Currency Risk
(x) Dependence on Key Personnel
(xi) Systems disruption
(xii) Breakout of fire, energy crisis and other emergencies
(xiii) Insurance Coverage on Assets
(xiv) Rapid or over expansion or rapid development of technological change
(xv) Competitive Risks
(xvi) Dependency on Major Customers and Geographical Locations
(xvii) Control by Promoters or some shareholders
(xviii) Political, Economic and Government Control or Regulation Considerations
(xix) Material Litigation
(xx) Technology Used / to be Used
(xxi) Environmental Concerns
(xxii) Achievability of Profit Forecast
(xxiii) Disclosure Regarding Forward-Looking Statements
(xxiv) Related Party Transactions and Conflict of Interest
(xxv) No Prior Market for CSB's Shares
(xxvi) Failure or Delay In The Listing

Further details of the material risk factors are set out in Section 3 of this Prospectus.

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1.6 PROFIT AND DIVIDEND RECORD

PROFORMA CONSOLIDATED PROFIT FORECAST FOR FINANCIAL YEAR ENDING 31 DECEMBER 2004

Financial Year Ending 31 December		**Forecast 2004 (RM'000)**
Consolidated PBT		14,369
Taxation		(1,687)
Consolidated PAT		12,682
Less: Pre-acquisition profits		(7,774)
Consolidated PAT after pre-acquisition profits		4,908
Enlarged issued share capital ('000)		100,000
Based on enlarged number of shares in issue		
- Gross EPS	(sen)	14.37
- Net EPS *(1)*	(sen)	12.68
- Net EPS *(2)*	(sen)	4.91
- Gross PE Multiple *(3)*	(times)	8.70
- Net PE Multiple *(1 & 3)*	(times)	9.86

Notes: -
(1) Based on Consolidated PAT.
(2) Based on Consolidated PAT after pre-acquisition profit.
(3) Based on the IPO price of RM1.25 per Share.

The consolidated profit forecast of the CSB Group together with the Reporting Accountants' Letter thereon are set in Section 9.5 and Section 9.6 of the Prospectus.

DIVIDEND FORECAST

Financial Year Ending 31 December	**Forecast 2004**
Tax-exempt dividend per share (sen)	2.0
Tax-exempt dividend yield (%) (Note 1)	1.6
Net dividend cover (times) (Note 2)	6.3

Note: -
(1) Based on the IPO price of RM1.25 per Share.
(2) Based on consolidated PAT.

Further information on the dividend forecast of the CSB Group is set out in Section 9.8 of the Prospectus.

1.7 PROFORMA GROUP NTA AS AT 30 JUNE 2004

	(Note 1) Proforma Group NTA (RM'000)	NTA per ordinary Share (RM)
After adjusting for the IPO	59,796	0.60

Note: -
(1) After deducting the estimated share issue expenses of RM1.4 million. Please refer to Section 2.7 for details on the estimated share issue expenses.

The above proforma consolidated NTA is based on the enlarged issued and paid-up share capital of 100,000,000 Shares in CSB before ESOS. Detailed calculations of the proforma consolidated NTA are set out in Section 9.10 of this Prospectus.

1.8 PRINCIPAL STATISTICS RELATING TO THE IPO

1.8.1 Share Capital

The following statistics relating to the IPO are derived from the full text of the Prospectus and should be read in conjunction with the text.

	Number of Share	Share capital (RM)
AUTHORISED SHARE CAPITAL	200,000,000	100,000,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL:		
• **Existing ordinary shares**	94,000,000	47,000,000
• **New ordinary shares to be issued pursuant to Public Issue**	6,000,000	3,000,000
ENLARGED SHARE CAPITAL	100,000,000	50,000,000
• **Existing ordinary shares to be offered pursuant to the Offer For Sale**	24,076,100	12,038,050

The IPO Price is RM1.25 per Share payable in full upon application, subject to the terms and conditions of this Prospectus.

1.8.2 Class of Shares

There is only one class of shares in the Company namely ordinary shares of RM0.50 each, all of which rank pari passu with one another. The IPO Shares rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

1.9 PROPOSED UTILISATION OF PROCEEDS

The total gross proceeds arising from the Rights Issue and Public Issue will be utilised by the CSB Group in the following manner: -

	Timeframe for utilisation	Amount (RM'000)
(i) Repayment of borrowings	Within 6 months from IPO date	11,000
(ii) Acquisition of machineries	Within 1 ½ years from IPO date	1,000
(iii) Construction of additional factory*	Within 1 ½ years from IPO date	500
(iv) Working capital	Immediate	600
(v) Estimated shares issue expenses *	Within 6 months from IPO date	1,400
Total proceeds		**14,500**

Note:-
* Any unutilised amount shall be used for working capital

Further details of the utilisation are set out in Section 2.7 of this Prospectus.

1.10 MATERIAL LITIGATION, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

(I) Material Litigation

As at 31 August 2004 being the latest practicable date prior to the printing of this Prospectus, neither the Company nor its subsidiaries are engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of CSB or its subsidiaries and the Directors do not know of any proceeding pending or threatened or of any facts likely to give rise to any proceeding which might materially and adversely affect the position or business of CSB or its subsidiaries.

(II) Borrowings

As at 31 August 2004 being the latest practicable date prior to the printing of this Prospectus, the Group has no bank borrowings.

(iii) Material Contingent Liabilities

As at 31 August 2004 being the latest practicable date prior to the printing of this Prospectus, the Group has no material contingent liabilities save for a corporate guarantee of RM2,700,000 from CFM in favour of Hong Leong Bank Berhad in respect of the banking facility of RM4,500,000 granted to SM and the details of the banking facility are as disclosed in Section 15.5(i) of this Prospectus.

(iv) Material Commitments

Save as disclosed below and in Section 9.4(iv) of this Prospectus, as at 31 August 2004 being the latest practicable date prior to the printing of this Prospectus, there are no material contingent commitment for capital expenditure incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group: -

Material Commitments	Amount (RM'000)
Approved and contracted for property, plant and equipment	2,352

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2. PARTICULARS OF THE PUBLIC ISSUE

This Prospectus is dated 30 September 2004.

A copy of this Prospectus has been registered with the SC and lodged with the ROC who takes no responsibility for its contents.

The approvals of the SC and Bursa Securities obtained vide its letter dated 19 July 2004 and 28 April 2004 shall not be taken to indicate that the SC recommends the IPO and that investors should rely on their own evaluation to assess the merits and risks of the IPO.

Approvals have been obtained from SC and Bursa Securities on the listing of CSB. Approval have been obtained from Bursa Securities on admission to the Official List and for the listing of and quotation for the issued and fully paid-up share capital of CSB on the Second Board of the Bursa Securities. These Shares will be admitted to the Official List on the Second Board of the Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of Applications for the IPO Shares will be conditional upon permission being granted by the Bursa Securities to deal in and for the quotation of the entire enlarged issued and fully paid-up Shares of CSB on the Second Board of the Bursa Securities. Accordingly, monies paid in respect of any Application accepted from the IPO will be returned without interest if the aforesaid permission is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that the Company is notified by or on behalf of the Bursa Securities within the aforesaid timeframe.

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

Applicants of the IPO Shares must have a CDS account. In the case of an applicant by way of Application Form, an applicant should state his/her CDS account number in the space provided in the Application Form. In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish his/her CDS account number to the Participating Financial Institution by way of keying his/her CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Applicant requires him/her to do so. A corporation or institution cannot apply for the IPO Shares by way of Electronic Shares Application.

Pursuant to the Listing Requirements, the Company must have at least 25% of the total number of Shares for which listing is sought in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of listing. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with its listing on the Second Board of the Bursa Securities.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the Second Board of the Bursa Securities is not to be taken as an indication of the merits of the Company or of its shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by CSB. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of CSB since the date hereof.

2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the IPO Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional advisers.

2.1 SHARE CAPITAL

	Number of Share	Share capital (RM)
AUTHORISED SHARE CAPITAL	200,000,000	100,000,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL:		
• **Existing ordinary shares**	94,000,000	47,000,000
• **New ordinary shares to be issued pursuant to Public Issue**	6,000,000	3,000,000
ENLARGED SHARE CAPITAL	100,000,000	50,000,000
• **Existing ordinary shares to be offered pursuant to the Offer For Sale**	24,076,100	12,038,050

The IPO Price is RM1.25 per Share payable in full upon application, subject to the terms and conditions of this Prospectus.

There is only one class of shares in the Company, namely, ordinary shares of RM0.50 each, all of which rank pari passu with one another. The IPO Shares will rank pari passu in all respects with the other existing issued ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

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

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

2.2 OPENING AND CLOSING OF APPLICATION LISTS

The Application Lists for the IPO will open at 10.00 a.m. on 30 September 2004 and will remain open until 5.00 p.m. on 14 October 2004 or for such further period or periods as the Directors and/or Promoters of CSB together with the Managing Underwriter in their absolute discretion may decide. Late applications will not be accepted.

2.3 CRITICAL DATES OF THE IPO

Events	Tentative Date
Opening Date of the IPO	30 September 2004
Closing Date of the IPO *	14 October 2004
Tentative Balloting Date	18 October 2004
Tentative Listing Date	26 October 2004

Note:-
* The Closing Date of the IPO may be extended for further period or periods as the Directors and/or Promoters together with the Managing Underwriter in their absolute discretion may decide.

Should the closing date of the aforesaid application be extended, the dates for the balloting and listing of CSB's entire issued and paid up capital on the Second Board of Bursa Securities might be extended accordingly. Any changes to the application period for the Public Issue will be notified to the public via an advertisement in a daily Bahasa Malaysia and English newspaper.

2.4 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price of RM1.25 per Share was determined and agreed upon by the CSB, the Offeror and AmMerchant Bank as Adviser and Managing Underwriter and Placement Agent based on various factors including the following:-

(i) the Group's financial operating history and conditions and financial position as outlined in Section 4 of this Prospectus;

(ii) the proforma consolidated NTA per Share of the CSB Group as at 30 June 2004 of RM0.60. The IPO price of RM1.25 per Share represents a premium of RM0.65 or 108% to the proforma consolidated NTA per Shares;

(iii) the forecast net PE Multiple of approximately 9.86 times is based on the consolidated forecast net EPS of approximately 12.68 sen for the financial year ending 31 December 2004 and the IPO price of RM1.25 per Shares;

(iv) the forecast dividend yield of 1.6% based on the enlarged issued and paid-up share capital of 100,000,000 Shares in CSB; and

(v) the future plans and prospects of the CSB as outlined in Section 4.8 of this Prospectus.

However, shareholders should also note that the market price of CSB Share upon listing on Bursa Securities are subject to the vagaries of the market forces and other uncertainties which may affect the price of CSB Shares being traded.

2.5 DETAILS OF THE IPO

Public Issue

The Public Issue of 6,000,000 Shares at an IPO Price of RM1.25 are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

(a) Malaysian Public

2,000,000 Public Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

(b) Eligible Employees, Directors and business associates of the Group

4,000,000 Public Issue Shares will be reserved for the eligible employees, Directors and business associates (which include the suppliers, sales agents and customers) of the Group.

The shares have been allocated to the eligible employees and Directors of the Group based on the following criteria as approved by the Company's Board of Directors:-

(a) At least eighteen (18) years old;
(b) Job position;
(c) Length of service; and
(d) Non- Malaysian citizens are not eligible.

Details of the Pink Form Shares allocation to the eligible Directors and employees of the CSB Group are as follows: -

Directors

Name of Directors	Designation	Pink Form Allocation
Tang Kam Chee	Independent Non Executive Director	50,000
Tee Sze Ping	Independent Non Executive Director	20,000
Total		**70,000**

Eligible Employees

Category	No of eligible employees	Pink Form Allocation
Senior Managers	2	430,000
Managers/Assistant Managers	6	434,000
Supervisors	11	852,000
Assistant Supervisors/Officers/Executives	19	380,000
Coordinator/Assistant Officers/Lorry Drivers	12	124,000
Junior Supervisors/General Clerks	39	225,000
General Workers/Guards	138	396,000
Total	**227**	**2,841,000**

Offer For Sale

The Offer For Sale of 24,076,100 Shares at an IPO Price of RM1.25 are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner: -

(a) **Malaysian Public**

4,000,000 Offer Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

(b) Placees

5,000,000 Offer Shares representing approximately 5.0% of the enlarge paid up share capital by way of private placement to potential investors (who are deemed public).

(c) Bumiputera Investors

15,076,100 Offer Shares will be reserved for approved Bumiputera investors by the MITI.

In summary, the IPO Shares will be allocated and allotted in the following manner: -

	Public Issue Shares	Offer Shares	Total IPO Shares
Malaysian public	2,000,000	4,000,000	6,000,000
Eligible Employees, Directors and/or Business Associates of the Group	4,000,000	-	4,000,000
Placees	-	5,000,000	5,000,000
Bumiputera investors	-	15,076,100	15,076,100
Total	**6,000,000**	**24,076,100**	**30,076,100**

All the IPO Shares available for application by the Malaysian public and the eligible employees, Directors and/or business associates of the Group have been fully underwritten. The IPO Shares available for application by identified placees and Bumiputera investors are not underwritten. The Placement Agent has received irrevocable undertakings from the identified placees to take up the IPO Shares available for application under the private placement.

Any IPO Shares which are not taken up by eligible employees, Directors and/or the business associates of the Group will be made available for application by Malaysian Public and/or identified placees via private placement. Any IPO Shares by Malaysian Public which are not taken up will be made available to identified placees via private placement if the private placement is oversubscribed and vice versa. Any further IPO Shares not subscribed for will be made available for subscription by the Underwriters in the proportion specified in the Underwriting Agreement dated 20 September 2004.

2.6 PURPOSES OF THE IPO

The purposes of the IPO are as follows: -

(i) to further enhance CSB's corporate reputation and assist the CSB Group in expanding both its local and overseas customer base;

(ii) to comply with National Development Policy ("NDP") requirements in respect of Bumiputera equity participation of CSB;

(iii) to provide an opportunity for Malaysian investors and institutions and the eligible employees, directors and business associates of the CSB Group to participate in the equity and continuing growth of the Group;

(iv) to enable CSB to gain access to the capital markets for funds for its future expansion and growth; and

(v) to facilitate the listing of and quotation for the entire issued and paid-up share capital of on the Second Board of the Bursa Securities.

2.7 UTILISATION OF PROCEEDS

The Rights Issue and Public Issue are expected to raise gross proceeds of RM14,500,000 which shall accrue to the Company.

The Company intends to utilise the proceeds raised in the following manner: -

	Timeframe for utilisation	Amount (RM'000)
(i) Repayment of borrowings	Within 6 months from IPO date	11,000
(ii) Acquisition of machineries	Within 1 ½ years from IPO date	1,000
(iii) Construction of additional factory*	Within 1 ½ years from IPO date	500
(iv) Working capital	Immediate	600
(v) Estimated share issue expenses*	Within 6 months from IPO date	1,400
Total proceeds		**14,500**

Note:-
* Any unutilised amount shall be used for working capital

The Company will bear all expenses and fees incidental to the share issue for the entire issued and paid-up share capital of CSB on the Second Board of the Bursa Securities, which include underwriting commission, brokerage, professional fees, authorities fees, advertising and other fees the aggregate is estimated to be RM1.4 million.

The Offer for Sale will raise gross proceeds of approximately RM30.095 million. This amount shall accrue entirely to the Offeror and no part of the proceeds will be receivable by the Company. The Offeror shall bear all expenses such as underwriting commission, placement fees, brokerage, stamp duty, registration and share transfer fees relating to the Offer Shares.

There is no minimum subscription to be raised from the IPO as the IPO Shares are fully underwritten.

Notes: -

(i) Repayment of Borrowings

As at 31 August 2004, the Group does not have any bank borrowings. However, LKLR has secured RM17.0 million credit facility from Bangkok Bank Berhad to refinance its investment in properties. The CSB Group plans to utilise approximately RM11.0 million of the proceeds of the Rights Issue and Public Issue for part repayment of the aforesaid loans. The details of the credit facility are as follows:

Facility	Purpose	Facility Amount (RM'000)	* Amount outstanding @ 31 August 2004
Term Loan 1	To refinance the purchase of property	10,000	Nil
Term Loan 2	To refinance the purchase of property	7,000	Nil
Total		**17,000**	**Nil**

Note: * The above credit facility will be drawn down in September 2004.

Based on the prevailing average interest rate of approximately 7.25%, the CSB Group is expected to have interest savings of approximately RM787,000 per annum.

(ii) Acquisition of machineries

The CSB Group proposes to invest a total of RM1.0 million in new machineries and equipment for its business operations. With these additional facilities, CSB Group is expected to increase the production capacity by approximately 23% from the existing capacity.

(iii) Construction of additional factory

In line with CSB expansionary plans, approximately RM0.5 million of the proceeds from Rights Issue and Public Issue will be used to part finance the construction of an additional factory with total built-up area of 48,500 sq ft at Lot 11, Taman Rawang Perdana. The estimated total construction costs of the additional factory is RM3.6 million. The premises are intended to be used for the manufacturing of wooden picture frame moulding. With the new factory the manufacturing capacity is expected to increase the production capacity by approximately 23% from the existing capacity.

2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

(iv) Working Capital

Of the total proceeds, RM0.6 million will be used as general working capital for the Group including the payment of trade creditors, salaries, purchase of raw materials/inventories and operating expenses.

(v) Estimated Share Issue Expenses

The estimated share issue expenses for the listing of and quotation for the enlarged share capital of 100,000,000 Shares in CSB on the Second Board of the Bursa Securities are as follows: -

Estimated Share Issue Expenses	Amount (RM)
Fees to authorities	77,000
Professional fees #	600,000
Underwriting and brokerage fees	225,000
Printing, advertising and other miscellaneous expenses @	498,000
Total	**1,400,000**

Notes: -

Include fees for the Adviser, Reporting Accountants, Solicitors and other professional advisors.

@ Any unutilised amount shall be used for working capital purposes of the Group

2.8 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

The utilisation of the Rights Issue and Public Issue proceeds by the CSB Group is expected to have a financial impact on the CSB Group as follows: -

(i) Interest savings

The repayment of borrowings will reduce the CSB Group's gearing level. Based on the prevailing average interest rate of approximately 7.25%, the CSB Group is expected to have interest savings of approximately RM787,000 per annum.

(ii) Increase production capacity

RM1.5 million of the proceeds is expected to go towards the expansionary plans which in turn would increase production capacity by approximately 23% from the existing capacity. This would enable the CSB Group to capitalise on the economies of scale and reduction in cost per unit of products produced.

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2.9 UNDERWRITING COMMISSION AND BROKERAGE

AmMerchant Bank and AmSecurities Sdn Bhd, as the Underwriters, have agreed to underwrite the 6,000,000 IPO Shares to be issued to the Malaysian public. Underwriting commission is payable by the Company in respect of the Public Issue and by the Offeror in respect of the Offer for Sale at the rate of 2% of the total underwritten shares of 6,000,000 at the IPO Price of RM1.25 per Share to the respective Underwriters. The Offeror shall bear the underwriting fees relating to the Offer Shares. The underwriting arrangements in respect of the allocation for eligible employees, Directors and/or business associates of the CSB Group are set out in the underwriting agreement.

Brokerage is payable by the Company in respect of the Public Issue made available for application by the Malaysian public at the rate of 1.0% of the IPO Price of RM1.25 per Share in respect of successful applications which bear the stamp of AmMerchant Bank, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

2.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

Note: Unless stated, all capitalised terms shall bear the same meanings as prescribed in the Underwriting Agreement.

The following are some of the Clauses of the Underwriting Agreement dated 20 September 2004 ("Agreement"), including escape clauses, which may allow the underwriters to withdraw from obligations under the agreement after the opening of the offer: -

4.0 Conditions

4.1 Details

The obligations of the Underwriters to underwrite the Underwritten Shares under this Agreement are conditional on the performance by the Company of its obligations under this Agreement and on:

4.1.1 The Managing Underwriter receiving the reports or confirmation, stating and confirming that:

4.1.1.1 there has been no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group taken as a whole from that provided in the Prospectus to the satisfaction of the Managing Underwriter at the Closing Date; or

4.1.1.2 there has not occurred any event or the discovery of any facts or circumstances which would render any representation, warranty or undertaking in Clause 9 (Representations, Warranties and Undertakings) untrue or inaccurate or result in a material breach of this Agreement by the Company to the satisfaction of the Managing Underwriter at the Closing Date;

4.1.2 The Managing Underwriter receiving a certificate in the form contained in Schedule 2 (Certificate) of this Agreement dated the Issue Date signed by all the Directors of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 9 (Representations, Warranties and Undertakings) of this Agreement;

4.1.3 The issue of the Prospectus not later than six (6) months from the date of this Agreement or such later date as the Underwriters and the Company may from time to time agree;

4.1.4 The registration of the Prospectus and such other documents as may be required in accordance with the SCA in relation to the Public Issue and Offer for Sale with the SC and its lodgement with the ROC by the Issue Date;

4.1.5 The approval of Bursa Securities to the admission of the Company to the Official List and the listing of and quotation for its entire issued and paid up share capital being obtained on terms acceptable to the Underwriters remaining in full force and effect and that all conditions precedent to the approvals (except for any which can only be complied with after the Public Issue and Offer for Sale has been completed) have been complied with;

4.1.6 The Managing Underwriter being satisfied that the Company will, following completion of the Public Issue and Offer for Sale be admitted to the Official List and its share capital be listed and quoted on the Second Board of Bursa Securities within three (3) months from the date of the Prospectus;

4.1.7 The Managing Underwriter receiving a copy certified by a director or secretary of the Company to be a true and accurate copy and in full force and effect of a resolution of the Directors in form and substance acceptable to the Managing Underwriter:

4.1.7.1 approving the Issue Documents, this Agreement and the transactions contemplated by it;

4.1.7.2 authorising a person to sign and deliver this Agreement on behalf of the Company;

4.1.7.3 authorising the issuance of the Issue Documents;

4.1.8 This Agreement being signed by all parties and stamped;

4.1.9 The Public Issue and Offer for Sale not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Public Issue and Offer for Sale and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the Public Issue and Offer for Sale and/or listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of Bursa Securities have been obtained and are in force on the Closing Date or the Managing Underwriter being reasonably satisfied that the same will be in force on the Closing Date;

4.1.10 The Managing Underwriter being satisfied that the Company has complied with and that the Public Issue and Offer for Sale is in compliance with the policies, guidelines and requirements of the SC and all revisions, amendments and/or supplements thereto; and

4.1.11 The Public Issue and Offer for Sale being approved by the shareholders of the Company in an extraordinary general meeting.

4.2 Non Satisfaction

In the event any of the conditions set out in Clause 4.1 (Details) is not fulfilled or complied to the satisfaction of the Underwriters by the Closing Date provided that any of the Underwriters may at its discretion with respect only to its own obligation waive compliance with any of the provisions of Clause 4.1 (Details), the Managing Underwriter (as agent of the Underwriters) after consultation with the other Underwriter and the Company shall be entitled to terminate this Agreement and in such event the provisions of Clause 12 (Termination) shall apply but without prejudice to the rights of the Managing Underwriter and the Underwriter under Clause 10 (Fees and Commission).

8.0 Fees and Commission

8.3 For the avoidance of doubt, any Underwriting Commission payable to the Managing Underwriter and/or any of the Underwriters shall remain payable to such Managing Underwriter and/or the Underwriters notwithstanding that this Agreement shall be terminated, cancelled or withdrawn or the obligations of the any of Managing Underwriter and/or the Underwriters shall be cancelled or terminated or withdrawn for any reasons whatsoever or the Company fails to proceed with the listing on the Second Board of Bursa Securities for any reasons whatsoever unless such termination or cancellation or withdrawal is due to the default of any of the Underwriters in which event the Defaulting Underwriter shall not be entitled to its Underwriting Commission but the Defaulting Underwriter shall be entitled to claim reimbursement of costs and expenses incurred under Clause 10 (Costs and Expenses). The default of the Defaulting Underwriter shall not affect the obligation of the Company to pay the Underwriting Commission to the non-defaulting Underwriter. For avoidance of doubt, the Underwriting Commission shall remain payable notwithstanding the over-subscription of the Public Issue Shares and Offer for Sale Shares.

12. Termination

12.1 Notwithstanding anything contained in this Agreement, the Underwriter and/or the Managing Underwriter (as the case may be) may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel and withdraw their Underwriting Commitment if:

12.1.1 there is any breach by the Company and/or the Offeror of any of the representations, warranties or undertakings contained in Clause 9 (Representations, Warranties and Undertakings), which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company and/or the Offeror, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriters, which is required to be disclosed pursuant to this Agreement which, in the opinion of the Managing Underwriter and/or the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue and the Offer for Sale, or the distribution or sale of the Issue Shares and the Offer Shares; or

12.1.2 there is failure on the part of the Company and/or Offeror to perform any of its obligations contained in this Agreement; or

12.1.3 there is withholding of information of a material nature from the Underwriters, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company and Offeror, which, in the opinion of the Managing Underwriter and/or Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue and the Offer for Sale, or the distribution or sale of the Issue Shares and the Offer Shares; or; or

12.1.4 there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or

12.1.5 there shall have occurred, or happened any of the following circumstances:

12.1.5.1 any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

12.1.5.2 any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Managing Underwriter and/or the Underwriters (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

which, (in the reasonable opinion of the Managing Underwriter and/or the Underwriters), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Company or the Group, the success of the Public Issue and the Offer for Sale, or the distribution or sale of the Issue Shares and the Offer Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

12.2 Upon any such notice(s) being given pursuant to Clause 12.1 (Termination), the Underwriters shall be released and discharged of their obligations without prejudice to their rights under this Agreement, and where the Underwriters have terminated or withdrawn their Underwriting Commitments pursuant to Clause 12.1 (Termination), this Agreement shall be of no further force or effect and no party shall be under any liability to any other parties in respect of this Agreement, save and except that the Company and/or Offerors shall remain liable in respect of its obligations and liabilities under Clause 10 (Costs and Expenses) for the payment of costs and expenses already incurred up to the date of or in connection with such termination and under Clause 6.3.2 (Prospectus and Listing) for the payment of any taxes, duties or levies, and for any antecedent breach.

3. RISKS FACTORS

In evaluating an investment in the IPO Shares, prospective applicants should carefully consider all information contained in this Prospectus including but not limited to the general and specific risks of the following investment considerations: -

(i) Business Risks

The Group is principally involved in the manufacturing of wood-based products, specifically wooden picture frame moulding and wooden pallets and stillages. Hence, the Group is subject to certain risks inherent to the wood based industry. These risk may include but not limited to the shortage of labour, increase in cost of labour, raw materials and operating expenses, changes in general economic, business and credit conditions, changes in government policies and fluctuation on foreign exchange rates, interest rates, change in consumer demands, changes in technology, product substitution and changes in quality conditions.

The Group has taken steps to mitigate the risks through continuous effort to deliver quality products and services to its customers such as establishing a large pool of reliable customers with long term relationships, developing new products, increasing the use of automation to improve the efficiency of its operation and diversifying the pools of suppliers. However, no assurance can be given that any changes to these factors will not have a material adverse effect on the Group's business.

(ii) Investment Activities Risk

The Group may, if appropriate opportunities present themselves, invest in new ventures, acquire businesses or enter into synergistic joint ventures that the Group believes will be in the interest of its shareholders. As such, there are potential risks that investments may have longer than expected gestation periods or may not be entirely successful. In this event, the Group may take time to recover or be unable to recover its initial investments.

The Group will mitigate this risk, together with other possible venture risks in the future by exercising due care in the evaluation of such ventures and consider related risks prior to undertaking any acquisition and joint ventures. Nevertheless, there can be no assurance that such acquisitions and ventures, if any, will yield positive returns to the Group.

(iii) Financial Risks

Borrowings and interest risks

As at 31 August 2004, the Group does not have any bank borrowings even though the Group has available trade and credit facilities.

Company	Lender	Type of Facility	Amount RM'000
SM	Bangkok Bank Berhad	• Combined Letter of Credit, Trust Receipt, Banker's Acceptance, Shipping Guarantee and Letter of Guarantee	4,000
		• Bills Discounting	1,500
		• Foreign Exchange Forward Contract	2,000
		• Overdraft	500
			8,000
	Hong Leong Bank Berhad	• Combined Letter of Credit, Trust Receipt & Bank Guarantee	1,000
		• Combined Foreign Bill of Exchange of Purchase/Foreign Bill of Exchange of Purchase (authority to purchase)	1,500
		• Foreign Exchange Contract	2,000
			4,500

3. RISKS FACTORS *(Cont'd)*

Company	Lender	Type of Facility	Amount RM'000
LKLR	Bangkok Bank Berhad	• Term Loan 1	10,000
		• Letter of Guarantee	600
		• Term Loan 2	7,000
			17,600

As at 31 August 2004, the Group's working capital requirements are met from internally generated funds. Given that the Group may incur borrowings in the form of credit or trade facilities and the payment of the facilities' interests is dependent on interest rates, future fluctuations of the interest rate may have material effects on the Group's ability to meet interest and principal repayment. To mitigate this risk, the management of the Group ensures that gearing is kept at a reasonable level. The Group will continue to support its working capital requirements and certain of its capital expenditure through internally generated funds, where possible. Pursuant to the listing, certain portion of the proceeds from the Rights Issue and Public Issue will be utilised to partly finance its future working capital requirements and repay its borrowings, if any.

Restrictive Covenants

Pursuant to credit facility agreements entered into by the Group with the bank or financiers, it is bound by certain positive and negative covenants, which may limit the Group's operating and financial flexibility. These covenants are of nature, which are commonly contained in credit facility agreements in Malaysia. Any breach by the Group of these covenants may give rise to a right by the banks or financier to terminate the relevant credit facility and/or enforce any security granted in relation to that credit facility. The Board of Directors is aware of such covenants and shall take all precautions necessary to prevent any such breach. As at 31 August 2004, there is no unresolved event of default pursuant to these credit facilities.

Capital Commitment

Save as disclosed in Section 9.4(iv) of this Prospectus, the Group does not have any material commitment, which may have a substantial impact on the result or the financial position of the Group.

(iv) Changing Economic Conditions

The Group may be affected by cyclical variation as dictated by the level of economic activities. The demand of the Group's product is closely associated with general economic climate as well as the degree of business activity of the Group's customer base. A general slowdown in the business environment may result in a decrease in demand for the Group's products.

However, the Group will continue to review its development strategies in response to the ever-changing economic conditions and market demands. This can be evidenced by the steps taken by the management to commence high-end picture frame moulding business in 1999 to meet the new challenges posed by the lower cost producing countries. Furthermore the steps taken have enabled the Group to remain profitable even during the recent economic downturn.

Nonetheless, no assurance could be given that any change to these factors would not have any material adverse impact on the Group's business.

(v) Timber Certification

Certification of timber products is becoming increasingly important in Europe and North America. It may be possible that wood-based producing markets that do not provide a credible certification system may face bans on export of timber products into Europe and North American markets in the future. This situation will have a direct impact on wooden picture frame moulding manufacturers that export its products to the markets concerned.

In mitigation, to-date the management has not experience situations where timber certification is a prerequisite for the purchase of its products. In addition, the amount of timber used for wooden picture frame moulding is relatively less than for other timber products like furniture or plywood. As such, timber certification may not be a major issue for wooden picture frame moulding manufacturers.

Malaysia and other tropical timber countries will need to implement their own viable certification systems in line with the International Tropical Timber Organisation Criteria and Indicators to provide a credible alternative to the Forest Stewardship Council system and to counter the effects of the system in Europe and North America. There are a number of Malaysian wood-based manufacturers that have the necessary certification. However, the overall numbers are low. Malaysia itself has come up with its own certification. The Timber Certification Council Malaysia was incorporated in October 1998 for the development and implementation of a timber certification scheme in Malaysia.

However no assurance can be given that the enforcement of timber certifications will not impact on the Group's export to Europe and North American markets in the future.

(vi) Availability of Raw Materials

Malaysia is currently facing a situation whereby log supplies from natural forests have been declining. In 2003, the production of sawlogs is estimated at 20.1 million cubic metres (compared to 1999 whereby production of sawlogs reached 21.8 million cubic metres). It is expected that log supply will continue to decline further as state governments adhere to the National Forest Policy and implement the annual coupe for logging from the Permanent Forest Estate and state land forests.

In addition to declining log supplies, forests have to compete with agriculture and other land uses for achieving optimum land utilisation in the form of high yield plantations. These phenomena are not only limiting the availability of wood resource from natural forests. These are the cause factors of frequent fluctuations in prices of timber products.

Malaysia may lose its comparative advantage to other countries with lower production cost and stable wood supply, and may gradually lose its ground as a net exporter of tropical wood and wood products. In ensuring long-term and stable supply of wood and wood products, forest plantations have been established and are likely to increase in the future. However, slow wood recovery rate from forest plantations will be a constraint for short-term wood supply.

In mitigation, the Group is exploring the use of alternative raw materials such as plantation wood or reconstituted wood-based panel board for example radiata pine and MDF as part of its future plans to reduce the usage of tropical wood.

However no assurance can be given that the decline in the production of sawlogs will not impact on the Group's operations.

(vii) Dependency on Raw Materials

The major raw materials for the manufacture of wooden picture frame moulding is sawntimber. For the financial year ended 31 December 2003, sawntimber purchases accounted for 76.0% of the Group's total purchases. Currently, the Group sources approximately 98.0% of its supply of sawntimber from local suppliers. The Group stocks approximately 5 to 8 months' supply of sawntimber. However, the Group is of the view that it is able to source its supply of sawntimber from other alternative suppliers.

Other important raw materials for the production of wooden picture frame moulding are varnish and lacquer. For the financial year ended 31 December 2003, purchases of varnish and lacquer accounted for 10.7% of total Group purchases. Currently, the Group sources approximately 73.0% of its supply of varnish and lacquer from imports. However, the Group is of the view that it is possible to find an alternative foreign supplier if the need arises without much disruption to its manufacturing operations.

However no assurance can be given that there would not be any shortages in the supply of these raw materials in the future, which may impact on the Group's manufacturing operations.

(viii) Dependency on Suppliers

As mentioned in Section 4.7 of this Prospectus, the Group is not solely dependent on any major suppliers, as the Group has established a wide network of suppliers. Such network is established through long-term relationships with most of its suppliers over the past ten (10) years. The Group consistently undertakes to maintain good relationships with all its existing suppliers and to increase its supplier base to lessen the Group dependence on any one supplier.

(ix) Foreign Currency Risk

The Group's revenues are mainly denominated in foreign currencies, as tabled below:-

Revenue (%)	***1999***	***2000***	***2001***	***2002***	***2003***
Foreign	91.4	90.8	91.2	93.6	94.0
Local	8.6	9.2	8.8	6.4	6.0

Any adverse fluctuations to foreign exchange rates therefore, would have implication on the Group's profitability. A large proportion of the Group's revenue are derived from transactions denominated in USD and currently, the pegging of the RM against USD by the Malaysian Government has helped to minimise the risk of the foreign exchange exposure.

Nevertheless, while the Group does not presently experience any adverse effects arising from foreign exchange exposure, there can be no assurance that there will not be any materials effect on the Group's business in the future. Neither can there be certainty that the present pegging of RM against USD will be maintained by the Malaysian Government.

(x) Dependence on Key Personnel

The Group believes that its continued success will depend to a significant extent upon the abilities and continued efforts of its Directors and key management. The loss of any key members of the Directors or key management could affect the Group's continuous ability to maintain and improve its performance. However, the Group will strive to continue attracting and retaining skilled personnel to support its business operations and has made efforts to train its workforce to ensure continuity of the management team.

The Group is headed by an experienced, dedicated and dynamic management team with almost all of its key personnel having been in the industry for an average of 7 years. They are trained and possess relevant knowledge and experience, which can provide synergy and growth to the Group.

The success of the Group's business was achieved through the deliberate and careful planning of the Directors with the support of the Group's key management team.

There can be no assurance that the above measures will always be successful in retaining key personnel or ensuring a smooth transition should any change occur.

(xi) System disruption

The production of wooden picture frame moulding is semi-automated. It is noted that the production process may be interrupted by systems disruptions arising from disruptions of electricity supply or even machine breakdown. Such disruptions may cause downtime and delay in delivery of products to its customers.

The Group has not experienced any major system disruptions or any major machine breakdown for the past few years, and will continue to ensure efficiency of the production process by taking the necessary preventive maintenance measures.

(xii) Breakout of fire, energy crisis and other emergencies

Every business faces the risks of losses arising from emergencies such as breakout of fire and energy crisis. The Group has taken note of such risks and has taken various steps to reduce such risks by having proper fire-fighting systems, diverse storage locations of materials as well as having preventive measures by the Occupational Safety and Health Committee. Further, there are 2 units of back up power generators on standby which are meant for emergency. The Group has also taken fire insurance coverage to mitigate the financial losses from such happenings where possible.

(xiii) Insurance Coverage on Assets

The Group is aware of the adverse consequences arising from inadequate insurance coverage that could potentially jeopardise its business operations. In ensuring such risks are maintained to the minimum, the Group reviews and ensures adequate fire insurance coverage for its core assets on a continuous basis.

For the Group's operations, the core assets such as office and factory buildings, plant, machineries and inventories are adequately insured under fire insurance policies. Although the Group has taken the necessary measures to ensure that all its core assets are covered by fire insurance, there can be no assurance that the insurance coverage would be adequate to compensate for the replacement cost of the core assets or any consequential loss arising therefrom.

(xiv) **Rapid or over expansion or rapid development of technological change**

The Group's potential expansion may strain its financial and operational resources. In the past few years, the Group has achieved growth in sales and business development with the development of new designs, products and customers. The management of the Group will strive towards achieving the Group's growth for the coming years. However, no assurance can be given that the Group will be successful in managing any of its growth which has been achieved in the past few years or whether the growth will be sustained.

Nonetheless given that the Group has over 10 years of experience in the wooden picture frame moulding industry, the management are of the view that it has the necessary experience to ensure that its expansion plans are viable, sustainable and will not be a burden on the Group's immediate growth.

(xv) **Competitive Risks**

Currently, the Group faces competition from overseas manufacturers. In particular, low cost producing countries such as China increases the competitive pressure in the wooden picture frame moulding industry. As CSB Group focuses on the manufacturing of high-end quality wooden picture frame moulding with value added finishing processes, it is in a stronger position to counter the competition from low-cost producing countries. The Group is confident that the quality of its products will provide the competitive advantage required to sustain its business. However no assurance can be given that there will not be any new entrants in the market or that the Group will be able to maintain its existing market share in the future.

(xvi) **Dependency on Major Customers and Geographical Locations**

The Group's top customer accounted for 42.8% of Group's revenue for the financial year ended 31 December 2003. Although the Group is dependent on its top customer, the following are mitigating factors:-

a) The Group has been dealing with its top customer for the last 8 years, thus indicating a long-term business relationship.

b) The Group is currently supplying approximately 381 items of wooden picture frame moulding to the top customer. The ability for the Group to meet such a diverse range of products creates a dependency by the customer on the Group.

c) The Group has a total of 116 other customers spread over 13 countries including Malaysia.

The USA accounted for 73.4% of the Group's revenue for the financial year ended 31 December 2003. Although the Group is dependent on the USA market, the following are mitigating factors:-

a) In addition to the USA market, the Group also distributes its products to 12 other countries. In the event there is a downturn in the USA, the Group can always refocus its business on these 12 other countries including Malaysia. In 2001, despite the downturn in the USA, the Group continued to be profitable.

b) Five of the Group's customers from the USA that are within the top 20 customers have been dealing with the Group for 7 or more years. This implies a long-term business relationship.

c) Part of the Group's basis of operation has always been focused on nurturing and building strong and long-term business relationships with customers. This involves growing together with these customers and ensuring that the Group provides continuous support. Thus substantial revenue contribution in tandem with the long standing business relationship from these customer indicates a mutually beneficial relationship.

Notwithstanding this, there is no assurance that the loss of any one or more of these customers would not adversely impact on the Group's operating result.

(xvii) Control by Promoters or some shareholders

The Promoters and parties related to them, as set out in Section 5 of this Prospectus, via LKLH will collectively control 55.0% of CSB's enlarged issued and paid up capital upon IPO. As a result, LKLH will be able to exercise some extent of influence on the outcome of certain matters requiring the vote of the Company's shareholders unless it is required to abstain from voting by law, covenants and/or by the relevant authorities.

(xviii) Political, Economic and Government Control or Regulation Considerations

Adverse developments in political, economic, government control and regulatory in Malaysia and other countries where the Group markets its products could materially and adversely affect the financial prospects of the Group. Political and economic uncertainties include (but are not limited to) risks of war, epidemics, expropriation, nationalisation, methods of taxation and change in currency exchange controls.

The Group will continue to take effective measures such as prudent financial management, market diversification and efficient operating procedure to mitigate such risks. Nonetheless, no assurance could be given that any change to these factors would not have any material adverse impact on the Group's business.

(xix) Material Litigation

As at 31 August 2004 being the latest practicable date prior to the printing of this Prospectus, neither the Company nor its subsidiaries are engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of CSB or its subsidiaries and the Directors do not know of any proceeding pending or threatened or of any facts likely to give rise to any proceeding which might materially and adversely affect the position or business of CSB or its subsidiaries.

(xx) Technology Used / to be Used

The Group uses semi automated equipment and mechanisation to increase its production and improve its quality of its products. These include Computer Numerically Controlled machine for exact template formation of moulding profiles, kiln-drying facilities to ensure every piece of timber is sufficiently dried, dust collector and filter system to maintain a relatively dust-free environment, moulding machines to provide precision and profiling. The risks associated with such semi automated equipment are the obsolescence of technology which may impact its operations. The Group will continue to keep abreast of new developments in technology and adopting them when necessary.

(xxi) Environmental Concerns

In the manufacturing of wooden picture frame moulding, the Group ensures that the general environment surroundings of the factory are not affected. The Group has taken various steps to address the environmental concerns such as disposal of bulk waste comprising timber off-cuts and shavings, control and disposal of sawndust in working areas, disposal of waste oil from machine lubricants, disposal of chemical drums used for spray painting, staining and coating and emission of Volatile Organic Compounds (VOC) from paints and varnishes.

Although the Group has conscientiously addressed environmental concerns, the nature of the operations are such that there can be no assurance that such environmental concerns and/or and change in the current laws and/or regulations on environmental matters will not have an adverse impact on the future operations of the Group.

(xxii) Achievability of Profit Forecast

It should be noted that the profit forecast is based on various assumptions with respect to the levels and timing of revenues, customer orders, costs, interest rates, exchange rates and various other matters of an operational or financial nature, which assumptions are believed by the Directors of the Group to be reasonable. These assumptions are nevertheless subject to uncertainties and contingencies. Because of the subjective judgments and inherent uncertainties of forecast and because of the events and circumstances may not occur as expected, no assurance can be given that such assumptions and the resultant forecast results will be realised, and actual results may be materially different from that forecast. Potential investors should note carefully the bases and assumptions to the profit forecast as well as the comments by the Reporting Accountants in their letter on the consolidated profit forecast as set out in Section 9.6 of this Prospectus.

(xxiii) Disclosure Regarding Forward-Looking Statements

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results, and any forward-looking statements in nature are subject to uncertainties and contingencies. All forward-looking statements are based on forecasts and assumptions made by the Group, and although believed to be reasonable, are subject to unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance of achievements express or implied in such forward-looking statements. Such factors include, inter-alia, general economic and business conditions, competition and the impact of new laws and regulations affecting the Group. In the light of these and other uncertainties, the inclusion of any forward-looking statements in this Prospectus should not be regarded as a representation of the Group or its advisers that the plans and objectives of the Group will be achieved.

(xxiv) Related Party Transactions and Conflict of Interest

As disclosed in Section 7 of this Prospectus, there are certain related-party transactions involving the Directors and substantial shareholders and/or persons connected with the Directors or substantial shareholders of CSB Group. The Directors and substantial shareholders of CSB Group have given an undertaking that all business transactions between the Group and the Directors and substantial shareholders and parties related to them, shall be based on commercial terms that shall not be disadvantageous to the Group.

(xxv) No Prior Market for CSB's Shares

Prior to this Public Issue, there has been no public market for CSB Group's shares. There can be no assurance that an active market for CSB's shares will develop and continue to develop upon or subsequent to its listing on the Second Board of the Bursa Securities or, if developed, that such a market will be sustained. The IPO Price of RM1.25 for the Public Issue Shares and Offer Shares has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and condition, its prospects and the prospects of the industry in which the Group operates, the management of the Group and the prevailing market conditions at the time the application for listing of CSB Group was submitted to the SC. There can be no assurance that the IPO Price will correspond to the price at which CSB's shares will trade on the Second Board of the Bursa Securities upon or subsequent to its listing.

(xxvi) Failure or Delay In The Listing

The success of the listing exercise is also exposed to the risk that it may fail or be delayed should any of the following event occurs:

(i) The Bumiputera investors approved by MITI fail to subscribe/acquire the IPO Shares allocated to them;
(ii) The underwriters of the IPO fail to honour their obligations under the underwriting agreements;
(iii) The placees under the private placement fail to subscribe/acquire the IPO Shares allocated to them; and
(iv) CSB is unable to meet the public spread requirements i.e. at least 25% of the issued and paid-up capital of CSB must be held by a minimum of 1,000 public shareholders holding no less than 100 Shares in CSB each.

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