



CYMAO HOLDINGS BERHAD
445931-U

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Mission Statement

Our Vision

To be a world class supplier of construction materials, through sound business practises, that is profitable, sustainable and socially responsible to all our stakeholder.

Our Mission

Sustainable profitability through vertical intergration, capacity expansion and product offerings.

Corporate Information

BOARD OF DIRECTORS

Datuk Mohd. Zain Bin Omar
Chairman /Independent Non-Executive Director

Lin, Tsai-Rong
Managing Director

Lin, Kai-Min
Executive Director

Lin, Kai-Hsuan
Executive Director

Lin Hsu, Li-Chu
Non-Independent Non-Executive Director

Hiew Seng
Independent Non-Executive Director

AUDIT COMMITTEE

Hiew Seng
Chairman, Independent Non-Executive Director

Datuk Mohd. Zain Bin Omar
Member, Independent Non-Executive Director

Lin Hsu, Li-Chu
Member, Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Datuk Mohd. Zain Bin Omar
Chairman, Independent Non-Executive Director

Hiew Seng
Member, Independent Non-Executive Director

Lin Hsu, Li-Chu
Member, Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Datuk Mohd. Zain Bin Omar
Chairman, Independent Non-Executive Director

Hiew Seng
Member, Independent Non-Executive Director

Lin Hsu, Li-Chu
Member, Non-Independent Non- Executive Director

COMPANY SECRETARY

Katherine Chung Mei Ling (MAICSA 7007310)

REGISTERED OFFICE

MPT 4604, 3rd Floor
Lot 15-16, Block B, Bandaran Baru
Jalan Baru, 91000 Tawau
Sabah, Malaysia
Tel : +06(89) 767-600
Fax : +06(89) 766-100

CORPORATE OFFICE

9.1 KM, Jalan Batu Sapi
Locked Bag No. 13
90009 Sandakan, Sabah
Tel : +06(89) 612-233
Fax : +06(89) 612-607

AUDITORS

Ernst & Young
Chartered Accountants
MPT 4604, 3rd Floor
Lot 17-28, Block B, Bandaran Baru, Jalan Baru
91000 Tawau, Sabah, Malaysia

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square, No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : +06(03) 2721-2222
Fax : +06(03) 2721-2530

STOCK EXCHANGE LISTING

Main Board of the Bursa Malaysia Securities Berhad
Stock Short Name : CYMAO
Stock Code : 5082

Group Structure



Directors' Profile

DATUK MOHD. ZAIN BIN OMAR (Chairman/Independent Non-Executive Director)

*Chairman of Nomination Committee and Remuneration Committee
Member of Audit Committee*

Malaysian, aged 66, was appointed to the Board of Cymao Holdings Berhad ("Cymao") on 13 November 2003. He graduated from Maktab Latihan Harian, Pulau Pinang and began his career as a teacher from 1963 to 1982. Subsequently, he entered politics and became a Member of State Assembly for the Constituency of Bayan Lepas and State Executive Committee as well as Chairman of Cultural, Youth and Sport Committee from 1982 to 1986. From 1986 to 1990, he became a Member of State Assembly for the Constituency of Teluk Kumbar and State Executive Committee as well as Chairman of Infrastructure Committee. From 1990 to 1995, he served as a Member of State Assembly for the Constituency of Teluk Kumbar for the second term as well as Chairman of Audit Committee of State of Pulau Pinang. He was a Member of Parliament for the Constituency of Balik Pulau until 2004.

He is an Executive Chairman of Seal Incorporated Berhad which listed on Bursa Malaysia Securities Berhad. He also sits on the Board of Lembaga Tabung Haji and several private limited companies.

LIN, TSAI-RONG (Managing Director)

Taiwanese, aged 72, was appointed to the Board of Cymao on 13 November 2003. He obtained a Bachelor of Science majoring in Plant Pathology from National Chong Hsien University, Taiwan, in 1958. He started his career in wood-based industries with Cyma Plywood and Lumber Co. Ltd, Taiwan ("CPLC") in 1962 and worked his way up from being the Production Line Foreman, Supervisor, Section Chief, Production Manager, Factory Manager, Director of R&D to Vice President of CPLC. He has in-depth and comprehensive knowledge of running an efficient and innovative wood-based company. In 1991, He founded Cymao Plywood Sdn Bhd ("CPSB") and built the company into what it is today. Being the Managing Director of CPSB, he commands very strong and loyal support from the production workforce necessary to ensure the success of the business.

LIN, KAI-MIN (Executive Director)

Taiwanese, aged 38, was appointed to the Board of Cymao on 13 November 2003. He graduated from Fu-Jen University, Taiwan, with a Bachelor of Science majoring in Accounting in 1993. He joined CPSB in 1994 as a Production Line Foreman and was given extensive production training. He became the Log Purchasing Manager from 1997 to 1998 in CPSB and subsequently headed its Finance Department. Armed with extensive training and experience from all aspects of production, raw materials and accounting, he is now heading the Finance and Marketing Department.

LIN, KAI-HSUAN (Executive Director)

Taiwanese, aged 40, was appointed to the Board of Cymao on 13 November 2003. He graduated from University of California Los Angeles, USA, with a Bachelor of Science in Applied Mathematics and a minor in economics in 1991. He subsequently obtained a Master of Science in Forest Science with emphasis in Expert System from A & M University, Texas, USA 1993. He joined CPSB in 1994 as the Quality Controller, then took on the job of R&D Coordinator in 1997 and was involved in setting up the Technical Support Department, Material Handling Vehicle Management System, Operator Selection and Training System and Process Improvement Committee in 1999. He was promoted to Factory Manager of CPSB in 2000 and to Vice President in 2001.

LIN HSU, LI-CHU (Non-Independent Non-Executive Director)

Member of Audit Committee, Nomination Committee and Remuneration Committee

Taiwanese, aged 65, was appointed to the Board of Cymao on 13 November 2003. She was a teacher at Hsi-Chih Primary School from 1960 to 1981 after earning her Diploma in Education from National Taipei Teachers' College in 1961.

HIEW SENG (Independent Non-Executive Director)

*Chairman of Audit Committee
Member of Remuneration and Nomination Committee*

Malaysian, aged 57, was appointed to the Board of Cymao on 25 February 2004. He is Chartered Accountant by training. He is a member of the Institute of Chartered Accountants in England & Wales and the Malaysian Institute of Accountants. He began his accountancy training as an articled clerk in 1974 with a firm of Chartered Accountants in London, United Kingdom. Upon his qualification as a Chartered Accountant, he joined The New Straits Times Press (Malaysia) Berhad as Internal Auditor heading the Internal Audit Department for five and a half years (5 1/2) and was promoted to Manager, Organisation & Method, a department created to conduct efficiency and productivity study during the economic crisis in 1986. He held the position for three (3) years. Thereafter, he joined an advertisement production house as a finance consultant for four (4) years before he joined Messrs. SK Hiew & Associate in 1996, where he became the Principal-In-Charged of the Kajang Branch of the firm.

Directors' Profile *(cont'd)*

OTHER INFORMATION OF DIRECTORS

Family Relationship of Directors

Save as disclosed for Lin, Tsai-Rong is the father of Lin, Kai-Hsuan and Lin, Kai-Min and Lin Hsu, Li-Chu is the wife of Lin, Tsai-Rong, none of the other Directors has any family relationship with any Directors and/or substantial shareholders of the Company.

Conflict of Interest

None of the Directors has any conflict of interest with the Company.

Conviction of Offence

None of the Directors has been convicted of any offence within the past ten (10) years.

Shareholdings

The particulars of the Directors' shareholdings are set out on page 60 of this Annual Report.

Attendance of the Board

There were a total of four (4) Board of Directors' Meetings held during the financial year ended 31 December 2007.

Name of Directors	Attendance
Datuk Mohd Zain Bin Omar	4/4
Lin, Tsai-Rong	4/4
Lin, Kai-Min	4/4
Lin, Kai- Hsuan	4/4
Lin Hsu, Li-Chu	4/4
Hiew Seng	4/4

Directors' Training

The seminars attended by each Director during the financial year ended 31 December 2007 are shown below:-

Name of Directors	Title of Seminars	Number of Days
Datuk Mohd Zain Bin Omar	(i) Tax Incentive for Malaysian Companies.	1
	(ii) Updates on Listing Requirements Issues and Challenges.	1
Lin, Tsai-Rong	(i) Understanding and Interpretation of Financial Statements.	½
	(ii) Financial Statements Analysis and Corporate Disclosure.	½
Lin, Kai-Min	(i) Understanding and Interpretation of Financial Statements.	½
	(ii) Financial Statements Analysis and Corporate Disclosure.	½
Lin, Kai-Hsuan	(iii) Tax Incentive for Malaysian Companies.	1
	(i) Understanding and Interpretation of Financial Statements	½
	(ii) Financial Statements Analysis and Corporate Disclosure	½
Lin Hsu, Li-Chu	(i) Understanding and Interpretation of Financial Statements	½
	(ii) Financial Statements Analysis and Corporate Disclosure	½
Hiew Seng	(i) Understanding and Interpretation of Financial Statements	½
	(ii) Financial Statements Analysis and Corporate Disclosure	½

Chairman's Statement

It is my pleasure to present to you the financial statements of **Cymao Holdings Berhad** (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2007.

Performance Review

For the financial year ended 2007, the Group recorded a turnover of RM179.0 million and a loss before taxation of RM8.1 million compared to the previous year's financial results of RM266.0 million in turnover and a profit before taxation of RM23.7 million.

Generally, the overstocked plywood position and lower housing starts in Japan coupled with the further softening of the U.S. real estate market impacted the Malaysian plywood prices and the Group's export volume. The log cost decline that was less than proportional to plywood selling price decreases also affected the group's margin. The weakening of the US Dollar also further trimmed the Group's revenue and operating margins.

Corporate Development

On 5 April 2007, the Group acquired a 100% equity interest in Kupiano Forest Products (PNG) Limited, a company incorporated in Papua New Guinea and would engage logging activities.

On 19 April 2007, the Group acquired a 60% equity interest in Syabas Mujur Sdn. Bhd., a company incorporated in Malaysia and would engage logging activities.

Dividend

The Board of Directors has declared and shareholders approved a final tax-exempt dividend of 5 sen per share in respect of financial year ended 31 December 2006 amounted to RM3.75 million and this was paid on 28 May 2007.

In view of the financial results, the Board of Directors does not recommend any dividend for the financial year ended 31 December 2007.

Outlook and Prospects

Plywood prices have stabilized by 2007 year's end. The plywood industry can expect a gradual pick-up in plywood prices in the coming year.

Any further weakening of the US Dollar against Ringgit Malaysia will impact upon the Group's margin from export sales, unless US Dollar prices of our products increase in tandem. Furthermore, a sharp sustained rise of crude oil price, which touched the historic high point in recent months, will also exert an upward pressure on the operating costs of the Group.

To mitigate effects of possible US recession, we will further work on consolidating our marketing position in the Middle East, UK and Europe regions to reduce reliance on the US market. We are continuing our efforts to look out for opportunities for vertical integration into our business with the primary objective of bringing value to our shareholders.

In view of this, the Group will continue to monitor its plans to increase productivity, minimize cost and erosion of margins.

Appreciation

On behalf of the Board, I wish to convey my sincere appreciation to the directors, management and employees of the Group for continued diligence and commitment.

I also wish to express my gratitude to valued customers, suppliers and business associates for their support and confidence in us.

Lastly, to our shareholders, I wish to express my heartfelt appreciation for placing your confidence in the future of the Group.

Corporate Governance Statement

The Board of Directors of **Cymao Holdings Berhad** ("the Board") recognises the importance in achieving high standard of corporate governance and observes the Principles and Best Practices as set out in the Malaysian Code on Corporate Governance ("the Code"). The Code is observed throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and financial performance of the Group.

It is a continuing task of the Board to evaluate the Group's corporate governance practices and procedures with a view to adopt and implement the Best Practices of the Code in their operation towards achieving the optimal governance framework.

As at the date of this Annual Report, the Board has adopted the revised terms of reference of the Audit Committee to be in line with the revised Code that came into effect on 1 October 2007.

The statements below set out the manner in which the Company has applied the Principles and the extend of compliance with the Best Practices as set in Part 1 and Part 2 of the Code during the financial year ended 31 December 2007 unless otherwise stated.

BOARD OF DIRECTORS

Board Composition and Balance

The Group is led by an effective and experienced Board comprising of members drawn from a wide spectrum of experience in relevant fields such as production, engineering, economics, accounting, finance, marketing, management and business administration. Together they bring a broad range of skills, experience and knowledge required to successfully direct, supervise and manage the Group's business, which are vital to the success of the Group and enhancement of long term shareholders' value.

The Board currently has six (6) Directors, comprises of one (1) Independent Non-Executive Chairman, one (1) Managing Director, two (2) Executive Directors, and two (2) Non-Executive Directors, one (1) of whom is an independent director. The Board composition complies with Paragraph 15.02 of the Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") which requires that at least two (2) or one-third (1/3) of the Board Members, whichever is higher, to be Independent Directors.

The profiles of the members of the Board are set out on pages 5 and 6 of the Annual Report.

The Board of Directors' Meetings are presided by the Chairman whose role is clearly separated from the role of the Managing Director to ensure a balance of power and authority.

The Executive Directors are responsible for implementing policies and decisions of the Board, overseeing operations as well as managing development and implementation of business and corporate strategies. The Non-Executive Directors are independent of management and free from any business relationship which could materially interfere

with the exercise of their independent judgement and play an important role in ensuring that the strategies proposed by the management are objectively evaluated, thus provide a capable check and balance for the Executive Directors.

Board Meetings

The Board meets at least four (4) times a year which is scheduled at quarterly basis with additional meetings convened as necessary.

The Board held four (4) meetings during the financial year ended 31 December 2007. Details of the attendance of the Directors are disclosed on page 6 of the Annual Report.

Board Committees

The Board is assisted by the Audit Committee, the Nomination Committee and the Remuneration Committee in discharging its responsibilities and duties,. Each Committee is operated within defined terms of reference which have been approved by the Board. These Committees will address issues and risks that will affect the operation of the Group and to recommend measures to the Board on mitigate such risks.

(i) Audit Committee

The composition, terms of reference and activities of the Audit Committee are presented on pages 10 to 12 of the Annual Report.

(ii) Nomination Committee

The Nomination Committee as present is comprised of three (3) Non-Executive Directors, majority of whom are independent.

The Nomination Committee held one (1) meeting during the financial year ended 31 December 2007 to propose to the Board on re-election and re-appointment of retiring Directors, to review the mix of skills of the Board, to assess the effectiveness of the Board as a whole, its committees and the contribution of each individual Director.

(iii) Remuneration Committee

The Remuneration Committee is currently made up of three (3) Non-Executive Directors, a majority of whom are independent.

The primary duty of the Remuneration Committee is to review and recommend the remuneration packages of Executive Directors are sufficiently attractive to retain such persons of high caliber, drawing from outside advice, if necessary. The Board as a whole determines the remuneration of Non-Executive Directors, and each Director is not allow to participate in discussion of his/her own remuneration.

The Remuneration Committee held one (1) meeting during the financial year ended 31 December 2007 to review the remuneration packages for Executive Directors and Non-Executive Directors.

Supply of Information

Notice of meetings, setting out the agenda and accompanied by the Board papers are given to all Directors prior to each Board Meeting to enable the Directors to peruse, obtain further information and/or seek further clarification on the matters to be deliberated.

All information within the Group is accessible to the Directors in furtherance of their duties and every Director has unhindered access to the advice and services of the Company Secretary. They are also entitled to seek independent professional advice, where necessary and in appropriate circumstances at the Group's expense.

Directors' Training

The Group acknowledges that continuous education is vital for the Board member to gain insight into the state of economy, technological advances, regulatory updates and management strategies. As at todate, all the Directors completed the Mandatory Accreditation Programme (MAP) conducted by Research Institute of Investment Analyst Malaysia (RIIAM) in compliance with the Listing Requirements.

During the financial year, the Directors attended seminars and training programmes accredited by Bursa Securities as part of their obligation to constantly stay update with current issues and changes which will assist them to discharge their duties effectively. Details of the seminars and training programmes attended by the Board members are disclosed on page 6 of the Annual Report.

The Board will continue to evaluate and determine the training needed by the Directors from time to time to enhance their skills and knowledge, where relevant, and to keep abreast with the new regulatory development and Listing Requirements of the Bursa Securities.

Re-election of Directors

In accordance with the Company's Articles of Association, at least one-third (1/3) or nearest to one-third (1/3) of the Directors, shall retire by rotation at each annual general meeting provided that all Directors shall retire from office once in every three (3) years. The retiring Directors shall be eligible to offer themselves for re-election. Directors who are appointed to the Board during the financial year are subject to re-election by shareholders at the annual general meeting following their appointment.

A director who is over seventy (70) years of age is required to submit himself for re-appointment and re-election annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Remuneration

The Directors' remuneration is determined at level which enables the Company to attract and retain Directors with the relevant experience and expertise to assist in managing the Group effectively. The aggregate of remuneration received by the Directors from the Company and its subsidiaries for the financial year ended 31 December 2007, are categorized into appropriate components as disclosed under Note 9 of the Financial Statements on page 40 of the Annual Report.

SHAREHOLDERS AND INVESTORS

The Group always recognises the importance of communications with shareholders and investors. In this respect, the Group disseminates information to its shareholders and investors through its Annual Report, timely public announcement and the quarterly financial results released by the Company to the Bursa Securities will provide the shareholders and investors with an overview of the Group's performances and operations.

The Board recognises the use of the Annual General Meeting as a principal forum for dialogue and to communicate with shareholders. Extraordinary General Meetings are held as and when required.

The Company provides an e-mail address for access by the shareholders and the public. Investors and members of the public who wish to contact the Group on matters relating to the Group may channel their queries through e-mail to info@cymao.com.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group. The Directors consider the presentation of the financial statements and that the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Audit Committee assists the Board by scrutinizing the information to be disclosed, to ensure accuracy and adequacy. The Group's financial statements are presented on pages 16 to 59 of the Annual Report and the Directors' Responsibilities Statement pursuant to Paragraph 15.27(a) of the Listing Requirements of the Bursa Securities is set out on page 13 of the Annual Report.

Internal Control

The Board acknowledges their responsibility for the Group's system of internal controls which cover not only financial controls but also controls in relation to operations, compliance and risk management. A Statement on Internal Control of the Company is set out on page 13 of the Annual Report.

Relationships with Auditors

The external auditors, on completion of their annual audit, express an opinion on the annual financial statements. The Board and the Audit Committee have established a formal and transparent relationship with the external auditors. The external auditors may from time to time throughout the financial year highlight to the Audit Committee and the Board on matters that require the Board's attention.

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

Committee Chairman	:	Hiew Seng <i>(Independent Non-Executive Director)</i>
Committee Members	:	Datuk Mohd Zain Bin Omar <i>(Independent Non-Executive Director)</i>
	:	Lin Hsu, Li-Chu <i>(Non-Independent Non-Executive Director)</i>

TERMS OF REFERENCE

1. Composition Of The Audit Committee

1.1 The Audit Committee shall be appointed by the Board of Directors from amongst its members who fulfill the following requirements:

- (a) the Audit Committee Members shall be non-executive directors and no fewer than three (3) members;
- (b) a majority of the Audit Committee shall be Independent Non-Executive Directors of the Company or its related corporation;
- (c) all Audit Committee Members should be financially literate with at least a member of the Audit Committee
 - must be a member of Malaysian Institute of Accountants; or
 - if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience, and
 - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (ii) he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967;
 - fulfils such other requirements as prescribed by Bursa Securities that,
 - (a) he has a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
 - (b) he has at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management for the financial affairs of a corporation; or

- fulfils such other requirements as approved by Bursa Securities relating to the financial-related qualifications and experience.

(d) no alternate director shall be appointed as a member of the Audit Committee.

1.2 The members of the Audit Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director.

1.3 In the event of any vacancy in the Audit Committee resulting in the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

1.4 The Board of Directors shall review the terms of office of Committee members at least once every three (3) years.

2. Objectives

The main objectives of the Audit Committee are to:

- 2.1 Provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities, particularly in relation to the accounting and management controls and financial reporting of the Company and the Group; and
- 2.2 Provide greater emphasis to audit functions performed by internal and external auditors by serving as a focal point of communication between Board of Directors, the external auditor, the internal auditor and the management by means of a forum for discussion that is independent of the management.

3. Authority Of The Audit Committee

The Audit Committee shall have the authority to:

- 3.1 investigate any matter within its terms of reference;
- 3.2 have the resources which are reasonable required to enable to perform its duties;

Audit Committee Report *(cont'd)*

- 3.3 have full and unrestricted access to any information pertaining to the Company and the Group;
- 3.4 have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- 3.5 obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise where necessary; and
- 3.6 convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

4. **Functions**

The functions of the Audit Committee should be to review and report to the Board on the following matters:-

- 4.1 the nomination, appointment and re-appointment of external auditor, the audit fee and any questions of resignation and dismissal.
- 4.2 the external auditors' audit plan, the nature and scope of audit, the evaluation of the system of internal controls of the Company and the Group, the external auditors' management letter and management's response.
- 4.3 the external auditors' audit reports, areas of concern arising from the audit and any other matters the external auditors may wish to discuss (in the absence of management if necessary).
- 4.4 the extent of co-operation and assistance given by the employees to the external auditors.
- 4.5 in relation to the internal audit function,
 - review the adequacy of the scope, functions, competency and resources of the internal audit functions and the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function.
 - review any appraisal or assessment of the performance of members of the internal audit function;

- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

- 4.6 any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- 4.7 the Group's quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - o changes in or implementation of major accounting policy changes;
 - o significant adjustment arising from audit and unusual events;
 - o the going concern assumption; and
 - o compliance with accounting standards and other legal requirements;
- 4.8 any additional duties as may from time to time prescribed by the Board.

5. **Reporting of breaches to Bursa Securities**

The Audit Committee shall report promptly to the Bursa Securities on any matters reported by it to the Board of Directors which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

6. **Meetings And Reporting Procedures**

- 6.1 The Audit Committee may regulate its own procedures and in particular, the calling of the meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such minutes.
- 6.2 A quorum for meeting of the Audit Committee meeting shall be two (2) members and the majority of members present must be Independent Non-Executive Directors.
- 6.3 The Audit Committee shall meet as often as the Chairman deems necessary but not less than four (4) times a year. The finance director, the head of internal audit and a representative of the external auditors should normally attend the meeting of Audit Committee.

Audit Committee Report *(cont'd)*

- 6.4 The Audit Committee should meet with the external auditors without executive directors present at least twice a year. The Chairman shall also convene a meeting if requested by the external auditors to consider any matter within the scope and responsibilities of the Audit Committee.
- 6.5 Other directors and employees shall attend any particular audit committee's meeting only at the invitation of the Audit Committee, whenever deemed necessary.
- 6.6 The Company Secretary shall be the secretary of the Audit Committee.
- 6.7 The Secretary shall circulate the minutes of the meeting of the Committee to all members of the Board.

MEETINGS ATTENDANCE

There were five (5) Audit Committee meetings held during the financial year ended 31 December 2007 (9 February 2007, 27 April 2007; 25 May 2007, 24 August 2007 and 23 November 2007). The numbers of meetings attended by the Committee Members are as follow:-

Audit Committee Members	Number of Meetings Attended
Hiew Seng	5/5
Datuk Mohd Zain Bin Omar	5/5
Lin, Kai-Min	5/5

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

During the financial year, the main activities carried out by Audit Committee are as follows:-

- Reviewed the Group's quarterly financial results with the management and recommended to the Board of Directors for approval prior to release to the Bursa Securities.
- Reviewed the audited financial statements of the Group prior to submission to the Board for their consideration and approval. The review was to ensure that these financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Approved Accounting Standards.

- Reviewed the Audit Committee Report and the Statement on Internal Control and recommended to the Board for inclusion in the Annual Report.
- Evaluated the performance of the External Auditors and made recommendations to the Board of Directors on their re-appointment and audit fees.
- Reviewed the Internal Audit Reports to ensure that all risk areas were covered and corrective actions were taken by the management on audit findings.
- Reviewed and approved Internal Audit Palm Memorandum.
- Reviewed and discussed the scope of audit plan with the external auditors.

INTERNAL AUDIT FUNCTION

An In-house Group's Internal Audit Department had been set up during the financial year who reports to the Audit Committee, assists in monitoring and updating risks and adequacy of the internal control system. Its role is to undertake independent regular and systematic reviews of internal controls, so as to provide the Audit Committee with independent and objective feedback and reports that the internal controls continue to operate satisfactorily and effectively.

The Internal Auditor had adopted a risk-based approach towards the planning and conduct of audits that are consistent with the Group's established framework in designing, implementing and monitoring of its control systems.

The activities carried out by the Internal Auditor during the financial year ended 31 December 2007 are as follows:-

- Conducted internal audit reviews according to the approved internal audit plan and presented the results of the audit reviews to the Audit Committee at their quarterly meetings; and
- Followed up on the implementation of audit recommendations and management action plans, and reported to the Audit Committee the status of their implementation at the quarterly meetings of the Audit Committee.

Statement on Internal Control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness whilst the role of management is to implement the Board's policies on risk and control.

A set of policies and procedures is in place to ensure that assets are adequately protected against unauthorized use or disposal and that the interests of shareholders are safeguarded. The systems in place are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The process of identification, evaluation and management of significant risks faced by the Group is carried out as part of the Group's normal business operation and management activities. These processes are led by the Executive Directors and supported by the senior management. Within the Group management team, the management organization structure and approval authority are defined outlining the respective management areas of responsibility and authority limits.

The Executive Directors and senior management team conduct meeting every week. These weekly meetings serve as monitoring and communication procedures for reporting and feedback to all level of management, whereby, changes in business environment and operations are reviewed while operation performance is assessed with detailed corrective actions being identified, discussed and aligned to the corporate plan.

The Board established the Internal Audit Department during the year to provide independent assurance on the adequacy of internal control and governance systems. The Internal Audit Department reports to the Audit Committee. Regular reviews are carried out on the business processes to monitor compliance with the Group's procedures, assess the effectiveness of internal controls and recommend corrective changes.

Effective monitoring and review are the essential components of a sound system of internal control. The Board's review of the system of internal control of the Group is currently addressed by the Audit Committee with the assistance of the Internal Auditors. In addition, the Audit Committee reviews the financial results and statements with the assistance of the management. These reviews complement the Audit Committee assessment on the management's system of internal control and understanding of the financial performance of the Group. Matters reviewed at the Audit Committee meetings are communicated at the Board meeting to ensure all Board members are kept abreast of the state of the internal control and financial performance of the Group.

The Audit Committee, together with Internal Auditors and senior management, reviews the effectiveness of the internal financial and operating control environment of the Group. The Audit Committee holds regular meetings and reviews reports from internal and external auditors covering such matters. Significant issues are brought to the attention of the Board.

Directors' Responsibilities Statement

In compliance to Paragraph 15.27(a) of the Bursa Securities' Listing Requirements, the Directors are to issue a statement explaining their responsibility for preparing the annual audited financial statements.

It is required by law that the Directors to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the Group and of the Company as at the financial year end and of the results and cash flow of the Group and of the Company for the financial year then ended.

While the financial statements of Cymao Holdings Berhad were prepared for the financial year ended 31 December 2007 on pages 16 to 59 of the printed version of this Annual Report, the Directors believe the Company has applied appropriate accounting policies consistently and supported by reasonable and prudent judgements and estimates. The Directors also believe that all applicable approved accounting standards in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

It is the Directors' responsibility to ensure the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which enable that the financial statements comply with the provisions of the Companies Act, 1965.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The auditors' responsibilities are stated in their report to the shareholders.

Additional Compliance Information

(a) Utilisation of Proceeds

The Company did not implement any fund raising exercise during the financial year.

(b) Share Buy-Back

The shareholders of the Company, by an ordinary resolution in the last Annual General Meeting held on 27 April 2007 approved the Company's Proposed Renewal Share Buy-Back Scheme ("Share Buy-Back") to purchase up to 10% of its own issued and paid-up ordinary share capital of RM1.00 each.

The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy-Back is in the best interest of the Company and its shareholders.

During the financial year, the Company bought back a total of 10,000 of its ordinary shares of RM1.00 each ("Shares") which were listed and quoted on the Main Board of Bursa Malaysia Securities Berhad from the open market. The details of the Shares bought back during the financial year are as follows:-

Monthly Breakdown	No. of Ordinary Shares Bought Back and Retained as Treasury Shares	Buy Back Price Per Share (RM)	Total Cost (RM) (excluding Commission and Brokerage Paid)
February	10,000	1.68	16,800

The total 20,000 Shares bought back are held as treasury shares as at 31 December 2007. None of the treasury shares held were resold or cancelled during the financial year.

(c) Options, Warrants or Convertible Securities

No options, warrants or convertible securities in the Company were issued or exercised during the financial year.

(d) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programmes during the financial year.

(e) Sanctions and/or Penalties

There were no sanctions or penalties imposed by any regulatory bodies on the Company or its subsidiaries, or on the Directors or management of the Company or its subsidiaries during the financial year.

(f) Non-Audit Fees

The non-audit fees of RM18,450.00 were paid by the Group to the external auditors during the financial year.

(g) Variation in Results

There was no material variance between the audited results for the financial year ended 31 December 2007 and the unaudited results released for the quarter ended 31 December 2007 for the Group.

(h) Profit Guarantee

During the financial year, there was no profit guarantee given by the Company and its subsidiaries.

(i) Material Contracts

There were no material contracts, including contract relating to loan, entered into by the Company and/or its subsidiaries involving Directors and major shareholders that are still subsisting at the end of the financial year or since the end of the previous financial year.

(j) Revaluation Policy on Landed Properties

The Company did not adopt any revaluation policy on landed properties.

(k) Recurrent Related Party Transactions

There were no related party transactions of a revenue or trading nature entered into between the Company and its subsidiaries with the Directors, major shareholders or persons connected with such Directors or major shareholders during the financial year.

Corporate Social Responsibility Statement

The Board recognizes the importance of playing its role as a socially responsible corporate citizen on the workplace, community, environment and marketplace. The good corporate governance through practising accountability, honesty, transparency coupled with effective adoption of corporate social responsibility will ensure sustainability in the competitive corporate world and positive influence on the Group's business strategy and performance in the short-term and long-term. The Corporate Social Responsibility accentuated by Cymao Group is broadly divided into four (4) focal areas as follows:

1. *The Workplace*

Cymao Group places an importance to its human capital as the most valuable asset. The Group has conducted various in-house training programmes which are job-related in nature for the required skills, knowledge and experience. Cymao also provides a safe and healthy conducive working condition for its employees and factory workers. Preventive actions and risk mitigation measures such as fire drills, factory safety site briefings are conducted from time to time. The Board believes in continuous learning and human capital development will produce effective performance, high commitment in all levels of employees and ultimately contributes an added value to Group as a whole.

2. *The Community*

The Group plays its role actively in creating employment and job opportunities for fresh graduates and other skill workers which help the government in reducing the unemployment.

3. *The Environment*

The Group identifies the importance in preserving environment and has taken efforts on waste recycle. Cymao reuses its wood waste and combined with resin turn into composite material suitable for use disposables in construction, temporary flooring and packing material.

4. *The Marketplace*

At the marketplace, Cymao Group operates in tandem with its vision through sound business practices, good corporate governance and effective management with the aim to enhance the stakeholders' value.

As a socially responsible corporate citizen, the Group's efforts are evident in its products certificates accorded such as the Chain-of-Custody Certificate issued by SGS South Africa (Pty) Ltd, an independent certification body from South Africa for the products compliance with the rules of Forest Stewardship Council, and the CE Certificate of Factory Production Control issued by BM Trada Certification Ltd, an independent UK certification body certifies on the structural plywood manufactured by Cymao Group are in compliance with the European Norm Standards.

Recently, Cymao has obtained the Japanese Agriculture Standard (JAS) certified by the Registered Overseas Certifying Bodies under the PT MutuAgung Lestari, an independent certification body from Indonesia. With this certification, the Cymao Group will have a more competitive edge to market its products in Japan.

Financial Statements

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Directors' Report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are manufacturing and sale of veneer, plywood, decorative plywood, engineering wood flooring, layon and wooden musical component and provision of barge hiring services.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
(Loss)/Profit for the year	(5,655,537)	21,514,673
Attributable to:		
Equity holders of the Company	(5,655,737)	21,514,673
Minority interests	200	-
	(5,655,537)	21,514,673

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2006 were as follows:

	RM
In respect of the financial year ended 31 December 2006 as reported in the directors' report of that year:	
Final tax exempt dividend of 5%, on 74,980,000 ordinary shares, declared on 4 April 2007 and paid on 28 May 2007	3,749,000

SIGNIFICANT EVENTS

Significant events are disclosed in Note 28 to the financial statements.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Datuk Mohd Zain Bin Omar
Lin, Tsai-Rong
Lin, Kai-Min
Lin, Kai-Hsuan
Lin Hsu, Li-Chu
Hiew Seng

Directors' Report (cont'd)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 25 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

The Company	Number of Ordinary Shares of RM 1 Each			31 December 2007
	1 January 2007	Acquired	Sold	
Direct Interest:				
Datuk Mohd Zain Bin Omar	250,000	–	–	250,000
Lin, Tsai-Rong	21,100,000	–	–	21,100,000
Lin, Kai-Min	1,286,250	487,500	–	1,773,750
Lin, Kai-Hsuan	847,500	–	–	847,500
Lin Hsu, Li-Chu	222,500	–	–	222,500
Hiew Seng	62,500	–	–	62,500
Indirect Interest:				
Lin, Tsai-Rong	–	50,000	–	50,000
Lin Hsu, Li-Chu	–	50,000	–	50,000

Lin, Tsai-Rong by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

TREASURY SHARES

During the financial year, the Company repurchased 10,000 of its issued ordinary shares from the open market at an average price of RM1.68 per share. The total consideration paid for the repurchase including transaction costs was RM16,924. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2007, the Company held as treasury shares a total of 20,000 of its 75,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM30,625 and further relevant details are disclosed in Note 22 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Directors' Report *(cont'd)*

OTHER STATUTORY INFORMATION *(cont'd)*

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 March 2008.

LIN, TSAI-RONG

LIN, KAI-MIN

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

We, LIN, TSAI-RONG and LIN, KAI-MIN, being two of the directors of CYMAO HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 22 to 59 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 March 2008.

LIN, TSAI-RONG

LIN, KAI-MIN

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, LIN, KAI-MIN, being the director primarily responsible for the financial management of CYMAO HOLDINGS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 22 to 59 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed LIN, KAI-MIN
at Sandakan in the State of Sabah
on 5 March 2008

LIN, KAI-MIN

Before me,

Ramsah Binti Hj. Mohd. Taha
Persuruhanjaya Sumpah
No. S-029

Report of the Auditors

to the Members of CYMAO HOLDINGS BERHAD (Incorporated in Malaysia)

We have audited the financial statements set out on pages 22 to 59. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial positions of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report thereon of a subsidiary of which we have not acted as auditors, as indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Tawau, Sabah
Malaysia

5 March 2008

Pang Pak Lok
1228/03/09 (J)
Partner

Income Statements

for the year ended 31 December 2007

	Note	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
Revenue	3	179,033,409	265,992,414	22,740,000	12,500,000
Cost of sales	4	(161,990,287)	(209,225,662)	–	–
Gross profit		17,043,122	56,766,752	22,740,000	12,500,000
Other income	5	2,546,967	2,595,710	653,629	707,800
Administrative expenses		(9,054,749)	(9,166,608)	(1,309,837)	(1,137,611)
Selling and marketing expenses		(17,551,651)	(25,080,559)	–	–
Other expenses		(11,884)	–	–	–
Operating (loss)/profit		(7,028,195)	25,115,295	22,083,792	12,070,189
Finance costs	6	(1,095,209)	(1,385,103)	(579,757)	(691,975)
(Loss)/Profit before tax	7	(8,123,404)	23,730,192	21,504,035	11,378,214
Income tax	10	2,467,867	(2,135,194)	10,638	(11,000)
(Loss)/Profit for the year		(5,655,537)	21,594,998	21,514,673	11,367,214
Attributable to:					
Equity holders of the Company		(5,655,737)	21,594,998	21,514,673	11,367,214
Minority interests		200	–	–	–
		(5,655,537)	21,594,998	21,514,673	11,367,214
(Loss)/Earnings per share attributable to equity holders of the Company (sen):					
Basic, for (loss)/profit for the year	11	(7.5)	28.8		
Diluted, for (loss)/profit for the year	11	–	–		

The accompanying notes form an integral part of the financial statements.

Balance Sheets

as at 31 December 2007

	Note	2007 RM	Group 2006 RM (Restated)	2007 RM	Company 2006 RM (Restated)
ASSETS					
Non-current assets					
Property, plant and equipment	13	76,908,293	84,254,060	258,704	327,122
Prepaid land lease payments	14	13,566,291	13,699,857	–	–
Investments in subsidiaries	15	–	–	95,016,190	95,010,186
Deferred tax assets	21	6,262,629	3,530,606	–	–
		96,737,213	101,484,523	95,274,894	95,337,308
Current assets					
Inventories	16	54,132,199	65,591,740	–	–
Trade and other receivables	17	20,081,152	38,257,227	28,181,158	13,199,815
Tax refundable		256,665	164,298	275	8,401
Cash and bank balances	18	8,930,305	11,406,036	363,709	270,767
		83,400,321	115,419,301	28,545,142	13,478,983
TOTAL ASSETS		180,137,534	216,903,824	123,820,036	108,816,291
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	22	75,000,000	75,000,000	75,000,000	75,000,000
Share premium	22	17,374,387	17,374,387	17,374,387	17,374,387
Treasury shares	22	(30,625)	(13,701)	(30,625)	(13,701)
Foreign currency translation reserve	23	(92,398)	(71,796)	–	–
Retained earnings	24	61,254,983	70,659,720	23,289,238	5,523,565
Total equity		153,506,347	162,948,610	115,633,000	97,884,251

Balance Sheets *(cont'd)*

as at 31 December 2007

	Note	2007 RM	Group 2006 RM (Restated)	2007 RM	Company 2006 RM (Restated)
Non-current liabilities					
Borrowings	19	4,856,357	8,978,948	4,856,357	8,206,879
Deferred tax liabilities	21	6,077,802	5,804,589	–	–
		10,934,159	14,783,537	4,856,357	8,206,879
Current liabilities					
Borrowings	19	3,835,693	17,964,758	2,315,110	2,063,164
Trade and other payables	20	11,861,335	21,206,919	1,015,569	661,997
		15,697,028	39,171,677	3,330,679	2,725,161
Total liabilities		26,631,187	53,955,214	8,187,036	10,932,040
TOTAL EQUITY AND LIABILITIES		180,137,534	216,903,824	123,820,036	108,816,291

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2007

	Note	Attributable to Equity Holders of the Company					Total RM
		Share Capital RM	Share Premium RM	Treasury Shares RM	Foreign Currency Translation Reserve RM	Retained Earnings RM	
At 1 January 2006		60,000,000	32,417,894	-	-	31,004,053	123,421,947
Effect of adopting FRS 3		-	-	-	-	24,810,169	24,810,169
Issue of ordinary shares pursuant to Bonus Issue	22	15,000,000	(15,000,000)	-	-	-	-
Purchase of treasury shares	22	-	-	(13,600)	-	-	(13,600)
Transaction costs		-	(43,507)	(101)	-	-	(43,608)
Foreign currency translation	23	-	-	-	(71,796)	-	(71,796)
Profit for the year		-	-	-	-	21,594,998	21,594,998
Dividends paid	12	-	-	-	-	(6,749,500)	(6,749,500)
At 31 December 2006		75,000,000	17,374,387	(13,701)	(71,796)	70,659,720	162,948,610

	Note	Attributable to Equity Holders of the Company					Total RM	Minority Interests RM	Total Equity RM
		Share Capital RM	Share Premium RM	Treasury Shares RM	Foreign Currency Translation Reserve RM	Retained Earnings RM			
At 1 January 2007		75,000,000	17,374,387	(13,701)	(71,796)	70,659,720	162,948,610	-	162,948,610
Purchase of treasury shares	22	-	-	(16,800)	-	-	(16,800)	-	(16,800)
Transaction costs		-	-	(124)	-	-	(124)	-	(124)
Foreign currency translation	23	-	-	-	(20,602)	-	(20,602)	-	(20,602)
Minority interests on subsidiary acquired		-	-	-	-	-	-	(200)	(200)
Loss for the year		-	-	-	-	(5,655,737)	(5,655,737)	200	(5,655,537)
Dividends paid	12	-	-	-	-	(3,749,000)	(3,749,000)	-	(3,749,000)
At 31 December 2007		75,000,000	17,374,387	(30,625)	(92,398)	61,254,983	153,506,347	-	153,506,347

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Equity

for the year ended 31 December 2007

		-----Non-Distributable -----			Distributable	
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Retained Earnings RM	Total RM
At 1 January 2006		60,000,000	32,417,894	–	905,851	93,323,745
Issue of ordinary shares pursuant to Bonus Issue	22	15,000,000	(15,000,000)	–	–	–
Purchase of treasury shares	22	–	–	(13,600)	–	(13,600)
Transaction costs		–	(43,507)	(101)	–	(43,608)
Profit for the year		–	–	–	11,367,214	11,367,214
Dividends paid	12	–	–	–	(6,749,500)	(6,749,500)
At 31 December 2006		75,000,000	17,374,387	(13,701)	5,523,565	97,884,251
At 1 January 2007		75,000,000	17,374,387	(13,701)	5,523,565	97,884,251
Purchase of treasury shares	22	–	–	(16,800)	–	(16,800)
Transaction costs		–	–	(124)	–	(124)
Profit for the year		–	–	–	21,514,673	21,514,673
Dividends paid	12	–	–	–	(3,749,000)	(3,749,000)
At 31 December 2007		75,000,000	17,374,387	(30,625)	23,289,238	115,633,000

Cash Flow Statements

for the year ended 31 December 2007

	Note	Group		Company	
		2007 RM	2006 RM (Restated)	2007 RM	2006 RM (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before tax		(8,123,404)	23,730,192	21,504,035	11,378,214
Adjustments for:					
Interest income	5	(87,582)	(235,023)	(95,171)	(1,387)
Dividend income		–	–	(22,740,000)	(12,500,000)
Finance costs	6	1,095,209	1,385,103	579,757	691,975
Goodwill written off		6,300	–	–	–
Negative goodwill recognised		–	(1,125,770)	–	–
Property, plant and equipment written off		60,335	–	–	–
Depreciation of property, plant and equipment		12,341,775	11,732,953	80,064	78,053
Amortisation of prepaid land lease payments		133,566	112,637	–	–
Net unrealised foreign exchange gain		(591,933)	(428,254)	(300,245)	(679,733)
Bad debts written off		–	764,863	–	–
Operating profit/(loss) before working capital changes		4,834,266	35,936,701	(971,560)	(1,032,878)
Decrease/(increase) in inventories		11,459,541	(23,545,067)	–	–
Decrease/(increase) in trade and other receivables		18,176,075	36,073,199	(14,681,098)	5,184,739
(Decrease)/increase in trade and other payables		(8,759,633)	(9,881,901)	353,572	409,213
Cash generated from/(used in) operations		25,710,249	38,582,932	(15,299,086)	4,561,074
Interest paid		(1,095,209)	(1,385,103)	(579,757)	(691,975)
Income tax paid		(253,617)	(379,804)	(275)	(7,328)
Income tax refund		170,307	–	19,039	–
Net cash generated from/(used in) operating activities		24,531,730	36,818,025	(15,860,079)	3,861,771
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(5,086,941)	(22,827,840)	(11,646)	(104,907)
Purchase of prepaid land lease payments		–	(1,454,100)	–	–
Proceeds from disposal of property, plant and equipment		30,598	7,372	–	7,371
Acquisition of subsidiaries	15	(6,000)	(15,327,618)	(6,002)	(21,144,500)
Additional investment in subsidiary		–	–	(2)	(999,998)
Placement of fixed deposits under pledge		(57,327)	(470,219)	–	–
Interest received		89,406	235,023	95,171	1,387
Dividends received		–	–	22,740,000	12,500,000
Net cash (used in)/generated from investing activities		(5,030,264)	(39,837,382)	22,817,521	(9,740,647)

Cash Flow Statements *(cont'd)*

as at 31 December 2007

	Note	Group		Company	
		2007 RM	2006 RM (Restated)	2007 RM	2006 RM (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of treasury shares		(16,924)	(13,701)	(16,924)	(13,701)
Drawdown of term loans		–	11,184,723	–	11,184,723
Repayment of term loans		(3,943,461)	(16,904,414)	(3,098,576)	(233,015)
Drawdown of bankers' acceptances		15,392,043	3,616,000	–	–
Repayment of bankers' acceptance		(16,149,043)	(2,116,000)	–	–
Drawdown of export credit refinancing		4,644,340	12,222,646	–	–
Repayment of export credit refinancing		(16,866,986)	–	–	–
Drawdown of foreign currency trade finance		8,233,344	19,011,525	–	–
Repayment of foreign currency trade finance		(9,561,893)	(17,637,644)	–	–
Share issue transaction costs		–	(43,507)	–	(43,507)
Dividends paid		(3,749,000)	(6,749,500)	(3,749,000)	(6,749,500)
Net cash (used in)/generated from financing activities		(22,017,580)	2,570,128	(6,864,500)	4,145,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,516,114)	(449,229)	92,942	(1,733,876)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		(16,944)	(20,098)	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		9,573,699	10,043,026	270,767	2,004,643
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	7,040,641	9,573,699	363,709	270,767

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2007

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at MPT 4604, 3rd Floor, Lot 15 – 16, Block B, Bandaran Baru, Jalan Baru, 91000 Tawau, Sabah. The principal place of business of the Company is located at 9.1 KM, Jalan Batu Sapi, 90000 Sandakan, Sabah.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are manufacturing and sale of veneer, plywood, decorative plywood, engineering wood flooring, layon and wooden musical component and provision of barge hiring services. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 5 March 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRS and Amendment to FRS which are mandatory for financial period beginning on or after 1 January 2007 as described fully in Note 2.3.

The financial statements of the Company have also been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Notes to the Financial Statements *(cont'd)*

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

(b) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Constructions-in-progress are not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant and machinery	10% - 20%
Motor vehicles	20%
Furniture, fixtures and equipment	10% - 20%
Renovations	20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The differences between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(c) Impairment of Non-financial Assets

The carrying amounts of assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Notes to the Financial Statements *(cont'd)*

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

(c) Impairment of Non-financial Assets *(cont'd)*

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(d) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the weighted average method. The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress comprises costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(e) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Trade Payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements *(cont'd)*

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

(e) Financial Instruments *(cont'd)*

(v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(f) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases – the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(b).

Notes to the Financial Statements *(cont'd)*

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

(f) Leases *(cont'd)*

(iii) Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(g) Borrowing Costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(h) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(i) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Notes to the Financial Statements *(cont'd)*

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

(j) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(k) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

Notes to the Financial Statements *(cont'd)*

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

(k) Foreign Currencies *(cont'd)*

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(l) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised net of sales taxes and upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(iv) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 January 2007, the Group and the Company adopted the following revised FRSs:

FRS 117: Leases

FRS 124: Related Party Disclosures

The MASB has also issued FRS 6: Exploration for and Evaluation of Mineral Resources and Amendment to FRS 1192004: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures which will be effective for annual periods beginning on or after 1 January 2007. These FRSs are, however, not applicable to the Group or the Company.

Notes to the Financial Statements *(cont'd)*

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs *(cont'd)*

The adoption of the revised FRS 124 give rise to additional disclosures but did not result in significant changes in accounting policies of the Group and of the Company. The principal changes in accounting policies and their effects resulting from the adoption of the revised FRS 117 are discussed below:

(a) Leasehold land held for own use

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment relating to the land element represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortized amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The effects on the consolidated balance sheet as at 31 December 2007 are set out below:

	2007 RM
Decrease in property, plant and equipment	(13,566,291)
Increase in prepaid land lease payments	13,566,291

There were no effects on the consolidated income statement for the year ended 31 December 2007 and the Company's separate financial statements.

The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as such, certain comparatives have been restated.

	Previously Stated RM	Adjustment RM	Restated RM
Group			
Property, plant and equipment	97,953,917	(13,699,857)	84,254,060
Prepaid land lease payments	–	13,699,857	13,699,857

(b) Initial direct costs

Prior to 1 January 2007, the Group, as a lessor in operating lease arrangements, had recognised initial direct costs incurred in negotiating and arranging leases as an expense in the profit or loss in the period in which they were incurred. The revised FRS 117 requires such costs to be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. According to the revised FRS 117, this change in accounting policy should be applied retrospectively. In general, the Group does not incur significant initial cost direct costs on negotiating and arranging leases and as a result, this change in accounting policy did not materially affect the financial statements of the Group and the Company.

Notes to the Financial Statements *(cont'd)*

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new and revised FRS, amendment to FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS, Amendment to FRS and Interpretations	Effective for financial periods beginning on or after
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007
FRS 118: Revenue	1 July 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134: Interim Financial Reporting	1 July 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
Amendment to FRS 121: The Effect of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 ₂₀₀₄ – Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The above new and revised FRS, amendment to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the following:

(a) **Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation**

This amendment requires that where an entity has a monetary item that forms part of its net investment in a foreign operation, the exchange differences arising from such monetary items should always be recognised in equity in the consolidated financial statements and should not be dependent on the currency of the monetary item. Prior to this amendment, exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation are recognised in equity in the consolidated financial statements only when that monetary item is denominated either in the functional currency of the reporting entity or the foreign operation. The Group will apply this amendment from financial periods beginning 1 January 2008. As it is not possible to reasonably estimate the exchange rate applicable to such monetary items for future periods, the directors are therefore unable to determine if the initial adoption of this amendment will have a material impact on the consolidated financial statements for the financial year ending 31 December 2008.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

Notes to the Financial Statements *(cont'd)*

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.5 Significant Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of wood products is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 10 years. These are common life expectancies applied in the timber industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group was RM41,058,652 (2006: RM26,702,336) and they were no unrecognised tax losses and capital allowances of the Group.

3. REVENUE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Sale of decorative plywood	24,258,896	48,155,376	–	–
Sale of plywood	154,678,902	217,222,393	–	–
Sale of veneer	–	296,658	–	–
Barge hiring income	95,611	317,987	–	–
Dividend income from a subsidiary	–	–	22,740,000	12,500,000
	179,033,409	265,992,414	22,740,000	12,500,000

4. COST OF SALES

Cost of inventories sold	161,644,256	209,010,072	–	–
Cost of services rendered	346,031	215,590	–	–
	161,990,287	209,225,662	–	–

Notes to the Financial Statements (cont'd)

31 December 2007

5. OTHER INCOME

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest income from:				
Fixed deposits	68,375	82,717	1,562	1,387
Currency accounts	11,428	124,106	-	-
Overdue accounts	-	74	93,609	-
Repos	7,779	28,126	-	-
	87,582	235,023	95,171	1,387
Gain on foreign exchange				
- Realised	1,449,949	92,136	258,213	26,680
- Unrealised	591,933	679,733	300,245	679,733
Insurance claim received	337,026	430,244	-	-
Negative goodwill recognised	-	1,125,770	-	-
Sale of wood waste	16,780	15,330	-	-
Miscellaneous	63,697	17,474	-	-
	2,546,967	2,595,710	653,629	707,800

6. FINANCE COSTS

Interest expense on:				
Bankers' acceptances	127,147	18,388	-	-
Bank overdraft	12,385	228	-	-
Export credit refinancing	113,480	5,142	-	-
Overdue accounts	69	74	-	-
Term loans	842,128	1,361,271	579,757	691,975
	1,095,209	1,385,103	579,757	691,975

7. (LOSS)/PROFIT BEFORE TAX

The following amounts have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Employee benefits expense (Note 8)	16,590,046	18,427,938	434,235	371,530
Non-executive directors' remuneration (Note 9)	96,000	96,000	96,000	96,000
Auditors' remuneration:				
- Statutory audits	61,000	61,000	20,000	20,000
- Other services	18,450	19,200	3,000	3,000
Bad debts written off	-	764,863	-	-
Goodwill written off	6,300	-	-	-
Depreciation of property, plant and equipment (Note 13)	12,341,775	11,732,953	80,064	78,053
Amortisation of prepaid land lease payments (Note 14)	133,566	112,637	-	-
Property, plant and equipment written off	60,335	-	-	-
Hire of machinery	-	20,750	-	-
Rental of premises	155,035	139,087	138,235	118,487
Rental of warehouse	276,000	276,000	-	-
Rental of logyard	184,000	67,000	-	-
Rental of factory facilities	102,700	76,000	-	-
Barge hiring charges	17,050	18,400	-	-
Loss on foreign exchange				
- Realised	1,316,548	614,271	-	-
- Unrealised	-	323,275	-	-

Notes to the Financial Statements *(cont'd)*

31 December 2007

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Salaries, wages and allowances	16,383,108	18,242,035	385,802	330,072
Contributions to defined contribution plan	179,969	162,181	45,635	39,053
Social security contributions	26,969	23,722	2,798	2,405
	16,590,046	18,427,938	434,235	371,530

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM966,000 (2006: RM966,000) and RM84,000 (2006: RM84,000) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive directors' remuneration (Note 8):				
Fees	84,000	84,000	84,000	84,000
Salaries and other emoluments	882,000	882,000	–	–
	966,000	966,000	84,000	84,000
Non-executive directors' remuneration (Note 7):				
Fees	96,000	96,000	96,000	96,000
Total directors' remuneration	1,062,000	1,062,000	180,000	180,000
Estimated money value of benefits-in-kind	–	9,188	–	–
Total directors' remuneration including benefits-in-kind	1,062,000	1,071,188	180,000	180,000

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2007	2006
Executive directors:		
RM100,001 – RM150,000	1	1
RM150,001 – RM200,000	1	1
RM400,001 – RM450,000	1	1
Non-executive directors:		
Below RM50,000	3	3

Notes to the Financial Statements (cont'd)

31 December 2007

10. INCOME TAX

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current income tax:				
Provision for the year	–	238,895	–	11,000
Overprovided in prior years	(9,057)	–	(10,638)	–
	(9,057)	238,895	(10,638)	11,000
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	(2,406,815)	1,813,906	–	–
Relating to changes in tax rates	(36,511)	(71,297)	–	–
(Over)/underprovided in prior years	(15,484)	153,690	–	–
	(2,458,810)	1,896,299	–	–
	(2,467,867)	2,135,194	(10,638)	11,000

Domestic current income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% effective year of assessment 2009. The computation of deferred tax as at 31 December 2007 has reflected these changes.

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2007 RM	2006 RM
Group		
(Loss)/profit before tax	(8,123,404)	23,730,192
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	(2,193,319)	6,644,454
Effect of changes in tax rates	(36,511)	(71,297)
Effect of income subject to tax rate of 20% *	–	(40,881)
Effect of income not subject to tax	–	(315,216)
Effect of expenses not deductible for tax purposes	2,898,998	1,854,503
Expenses eligible for double deduction	(2,723,509)	(5,610,979)
Utilisation of unrecognised deferred tax assets on reinvestment allowances	(388,985)	(479,080)
Overprovision of tax expense in prior years	(9,057)	–
(Over)/underprovision of deferred tax in prior years	(15,484)	153,690
	(2,467,867)	2,135,194
Company		
Profit before tax	21,504,035	11,378,214
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	5,806,089	3,185,900
Effect of income not subject to tax	(5,806,089)	(3,174,900)
Overprovision of tax expense in prior years	(10,638)	–
	(10,638)	11,000

* Pursuant to Paragraph 2A, Schedule 1, Part 1 of the Income Tax Act, 1967, the income tax rate applicable to the first RM500,000 of the chargeable income of a subsidiary is 20% as this subsidiary is a small and medium scale company.

Notes to the Financial Statements *(cont'd)*

31 December 2007

11. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing (loss)/profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	2007	2006
(Loss)/profit attributable to ordinary equity holders of the Company (RM)	(5,655,737)	21,594,998
Weighted average number of ordinary shares in issue	74,981,260	74,996,575
Basic (loss)/earnings per share (Sen)	(7.5)	28.8

(b) Diluted

The Group has no potential ordinary shares in issue as at balance sheet date and therefore diluted (loss)/earnings per share has not been presented.

12. DIVIDENDS

	Dividends in Respect of Year		Dividends Recognised in Year	
	2006 RM	2005 RM	2007 RM	2006 RM
Recognised during the year:				
Final tax exempt dividend for 2006: 5% on 74,980,000 ordinary shares (5 sen per ordinary share)	3,749,000	–	3,749,000	–
Interim tax exempt dividend for 2006: 5% on 74,990,000 ordinary shares (5 sen per ordinary share)	3,749,500	–	–	3,749,500
Final tax exempt dividend for 2005: 5% on 60,000,000 ordinary shares (5 sen per ordinary share)	–	3,000,000	–	3,000,000
	7,498,500	3,000,000	3,749,000	6,749,500

Notes to the Financial Statements (cont'd)

31 December 2007

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings * RM	Plant and Machinery RM	Motor Vehicles RM	Furniture, Fixtures and Equipment RM	Construction- In-Progress RM	Total RM
Group						
At 31 December 2007						
Cost						
At 1 January 2007	17,475,434	131,775,898	6,074,029	1,499,141	730,352	157,554,854
Additions	-	3,680,517	381,203	69,170	956,051	5,086,941
Disposals/written off	(51,726)	(174,357)	(70,523)	(157,521)	(5,178)	(459,305)
Reclassifications	1,252,790	71,225	-	-	(1,324,015)	-
At 31 December 2007	18,676,498	135,353,283	6,384,709	1,410,790	357,210	162,182,490
Accumulated depreciation						
At 1 January 2007	7,046,127	61,190,272	4,180,026	884,369	-	73,300,794
Depreciation charge for the year (Note 7)	910,142	10,594,377	624,158	213,098	-	12,341,775
Disposals	-	(143,760)	(70,514)	(154,098)	-	(368,372)
At 31 December 2007	7,956,269	71,640,889	4,733,670	943,369	-	85,274,197
Net carrying amount						
At 31 December 2007	10,720,229	63,712,394	1,651,039	467,421	357,210	76,908,293
At 31 December 2006						
Cost						
At 1 January 2006	9,973,557	82,631,764	4,958,338	1,358,854	-	98,922,513
Additions	1,775,493	19,327,561	907,866	85,254	731,666	22,827,840
Disposals	-	-	(67,400)	(11,925)	-	(79,325)
Acquisition of subsidiaries	5,411,024	29,812,027	275,225	66,958	318,592	35,883,826
Reclassification	315,360	4,546	-	-	(319,906)	-
At 31 December 2006	17,475,434	131,775,898	6,074,029	1,499,141	730,352	157,554,854
Accumulated depreciation						
At 1 January 2006	5,734,877	49,320,710	3,619,963	690,815	-	59,366,365
Depreciation charge for the year (Note 7)	825,146	10,128,019	591,873	187,915	-	11,732,953
Disposals	-	-	(67,399)	(4,554)	-	(71,953)
Acquisition of subsidiaries	486,104	1,741,543	35,589	10,193	-	2,273,429
At 31 December 2006	7,046,127	61,190,272	4,180,026	884,369	-	73,300,794
Net carrying amount						
At 31 December 2006	10,429,307	70,585,626	1,894,003	614,772	730,352	84,254,060

Notes to the Financial Statements *(cont'd)*

31 December 2007

13. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Buildings of the Group comprises:

At 31 December 2007	Buildings RM	Renovation RM	Total RM
Cost			
At 1 January 2007	17,153,788	321,646	17,475,434
Disposals/written off	–	(51,726)	(51,726)
Reclassification	1,252,790	–	1,252,790
At 31 December 2007	18,406,578	269,920	18,676,498
Accumulated depreciation			
At 1 January 2007	6,977,382	68,745	7,046,127
Depreciation charge for the year	877,138	33,004	910,142
At 31 December 2007	7,854,520	101,749	7,956,269
Net carrying amount			
At 31 December 2007	10,552,058	168,171	10,720,229
At 31 December 2006			
Cost			
At 1 January 2006	9,808,544	165,013	9,973,557
Additions	1,618,860	156,633	1,775,493
Reclassification	315,360	–	315,360
Acquisition of subsidiaries	5,411,024	–	5,411,024
At 31 December 2006	17,153,788	321,646	17,475,434
Accumulated depreciation			
At 1 January 2006	5,699,133	35,744	5,734,877
Depreciation charge for the year	792,145	33,001	825,146
Acquisition of subsidiaries	486,104	–	486,104
At 31 December 2006	6,977,382	68,745	7,046,127
Net carrying amount			
At 31 December 2006	10,176,406	252,901	10,429,307

Notes to the Financial Statements *(cont'd)*

31 December 2007

13. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Company	Furniture, Fixtures and Equipment RM	Renovation RM	Total RM
At 31 December 2007			
Cost			
At 1 January 2007	220,394	269,920	490,314
Additions	11,646	–	11,646
At 31 December 2007	232,040	269,920	501,960
Accumulated depreciation			
At 1 January 2007	94,447	68,745	163,192
Depreciation charge for the year (Note 7)	47,060	33,004	80,064
At 31 December 2007	141,507	101,749	243,256
Net carrying amount			
At 31 December 2007	90,533	168,171	258,704
At 31 December 2006			
Cost			
At 1 January 2006	232,319	165,013	397,332
Additions	–	104,907	104,907
Disposals	(11,925)	–	(11,925)
At 31 December 2006	220,394	269,920	490,314
Accumulated depreciation			
At 1 January 2006	53,949	35,744	89,693
Depreciation charge for the year (Note 7)	45,052	33,001	78,053
Disposals	(4,554)	–	(4,554)
At 31 December 2006	94,447	68,745	163,192
Net carrying amount			
At 31 December 2006	125,947	201,175	327,122

Notes to the Financial Statements *(cont'd)*

31 December 2007

13. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

The net carrying amount of property, plant and equipment pledged as securities for borrowings (Note 19) are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Buildings	10,720,229	10,429,307	-	-
Plant and machinery	63,712,394	70,585,626	-	-
Motor vehicles	1,651,039	1,894,003	-	-
Furniture, fixtures and equipment	467,421	614,772	-	-
Construction-in-progress	357,210	730,352	-	-
	76,908,293	84,254,060	-	-

14. PREPAID LAND LEASE PAYMENTS

	Group	
	2007 RM	2006 RM
At 1 January	13,699,857	6,260,544
Additions	-	1,454,100
Amortisation for the year (Note 7)	(133,566)	(112,637)
Acquisition of subsidiaries	-	6,097,850
At 31 December	13,566,291	13,699,857

Analysed as:

Long term leasehold land	13,566,291	13,699,857
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Leasehold land with an aggregate carrying value of RM13,566,291 (2006: RM13,699,857) are pledged as securities for borrowings (Note 19).

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2007 RM	2006 RM
Unquoted shares, at cost	95,016,190	95,010,186

Notes to the Financial Statements *(cont'd)*

31 December 2007

15. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2007 %	2006 %
Held by the Company:				
Cymao Plywood Sdn. Bhd. *	Malaysia	Manufacturing and sale of veneer, plywood, decorative plywood, engineering wood flooring, layon and wooden musical component	100	100
Billion Apex Sdn. Bhd. *	Malaysia	Provision of barge hiring services	100	100
Inovwood Sdn. Bhd. *	Malaysia	Manufacturing and sale of veneer, plywood and decorative plywood	100	100
Xuzhou Richwood Co. Ltd. **	People's Republic of China	Manufacturing and sale of plywood	100	100
Kupiano Forest Products (PNG) Limited *	Papua New Guinea	Timber logging contractor	100	–
Syabas Mujur Sdn. Bhd.*	Malaysia	Timber logging contractor	60	–

* Audited by Ernst & Young, Malaysia

** Audited by firms other than Ernst & Young

Acquisitions of subsidiaries:

Acquisition in 2007

- (i) On 5 April 2007, the Group acquired 100% equity interest in Kupiano Forest Products (PNG) Limited, a company incorporated in Papua New Guinea, for a total cash consideration of PGK2.
- (ii) On 19 April 2007, the Group acquired 60% equity interest in Syabas Mujur Sdn. Bhd., a company incorporated in Malaysia for a total cash consideration of RM6,000.

Acquisition in 2006

- (i) On 10 February 2006, the Group acquired 100% equity interest in Inovwood Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM16,000,000.
- (ii) On 31 July 2006, the Company incorporated a wholly-owned subsidiary, Xuzhou Richwood Co. Ltd. in the People's Republic of China.

Notes to the Financial Statements *(cont'd)*

31 December 2007

15. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

The cost of acquisition comprised of the following:

	2007 RM	2006 RM
Purchase consideration satisfied by cash	6,002	21,144,500

The acquired subsidiaries have contributed the following results to the Group:

	2007 RM	2006 RM
Revenue	–	79,216,829
(Loss)/profit for the year	(121,789)	8,131,897

If the acquisition had occurred on 1 January 2007, the Group's revenue and profit for the year would have been (decreased)/increased by Nil (2006: RM9,749,764) and (RM6,120) (2006: RM1,000,849) respectively.

The assets and liabilities arising from the acquisition are as follows:

	Fair value recognised on acquisition	Acquiree's carrying amount
Acquisition in 2007		
Cash on hand	2	2
Other payables	(500)	(500)
	(498)	(498)
Fair value of net liabilities	(498)	
Less: Minority interests	200	
Group's share of net liabilities	(298)	
Goodwill on acquisition	6,300	
Total cost of acquisition	6,002	

Notes to the Financial Statements (cont'd)

31 December 2007

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

	Fair value recognised on acquisition	Acquiree's carrying amount
Acquisition in 2006	RM	RM
Property, plant and equipment (Note 13)	43,002,644	36,904,794
Inventories	6,147,075	6,147,075
Trade and other receivables	438,371	438,371
Cash and bank balances	5,816,882	5,816,882
	55,404,972	49,307,122
Trade and other payables	(22,644,167)	(22,644,167)
Borrowings	(7,429,152)	(7,429,152)
Deferred tax liabilities (Note 21)	(3,061,383)	(1,353,985)
	(33,134,702)	(31,427,304)
Fair value of net assets	22,270,270	
Less: Minority interests	-	
Group's share of net assets	22,270,270	
Negative goodwill on acquisition	(1,125,770)	
Total cost of acquisition	21,144,500	

The cash outflow on acquisition is as follows:

	2007 RM	2006 RM
Purchase consideration satisfied by cash	6,002	21,144,500
Cash and cash equivalents of subsidiaries acquired	(2)	(5,816,882)
Net cash outflow of the Group	6,000	15,327,618

16. INVENTORIES

	2007 RM	Group 2006 RM
Cost		
Raw materials	5,332,843	10,831,607
Work-in-progress	8,380,711	9,702,737
Finished goods	37,105,816	41,796,850
Materials and supplies	3,312,829	3,260,546
	54,132,199	65,591,740

There were no inventories stated at net realisable value at 31 December 2007 (2006: Nil).

Notes to the Financial Statements *(cont'd)*

31 December 2007

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current				
Trade receivables				
Third parties	9,480,500	26,012,985	-	-
Other receivables				
Amounts due from subsidiaries	-	-	27,970,555	13,022,874
Deposits for acquisition of machineries	3,472,376	3,697,089	-	-
Deposits for log supplies	855,465	7,103,806	-	-
Prepayments	578,816	408,949	91,367	94,150
Staff advances	127,282	52,965	-	-
Sundry deposits	276,206	377,751	90,855	79,584
Sundry receivables	5,290,507	603,682	28,381	3,207
	10,600,652	12,244,242	28,181,158	13,199,815
	20,081,152	38,257,227	28,181,158	13,199,815

(a) Trade receivables

The Group's primary exposure to credit risk arises through its trade receivables. The Group's normal trade credit term ranges from 45 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

(b) Deposit for supplies

Deposits for supplies represent advances paid to log suppliers for logs to be purchased.

(c) Sundry receivables

Included in sundry receivables is an amount of RM3,799,000 represent deposits and incidental expenses paid by a subsidiary company to secure a timber concession rights.

(d) Amounts due from subsidiaries

Amounts due from subsidiaries are non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled in cash.

Other information on financial risks of receivables is disclosed in Note 26.

Notes to the Financial Statements *(cont'd)*

31 December 2007

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash on hand and at banks	2,790,641	9,573,699	363,709	270,767
Deposits with a licensed bank	6,139,664	1,832,337	-	-
Cash and bank balances	8,930,305	11,406,036	363,709	270,767
Less: Deposits with a licensed bank pledged for bank guarantees	(1,889,664)	(1,832,337)	-	-
Cash and cash equivalents	7,040,641	9,573,699	363,709	270,767

Included in deposits with a licensed bank of the Group are deposits amounting to RM1,889,664 (2006: RM1,832,337) pledged to a bank to secure bank guarantees granted to a subsidiary.

Other information on financial risks of cash and cash equivalents are disclosed in Note 26.

19. BORROWINGS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Short term borrowings				
Secured:				
Bankers' acceptances	743,000	1,500,000	-	-
Export credit refinancing	-	12,222,646	-	-
Foreign currency trade finance	-	1,328,549	-	-
Term loan	3,092,693	2,913,563	-	-
US Dollar loan	-	-	2,315,110	2,063,164
	3,835,693	17,964,758	2,315,110	2,063,164
Long term borrowings				
Secured:				
Term loans	4,856,357	8,978,948	-	-
US Dollar loan	-	-	4,856,357	8,206,879
Total borrowings				
Bankers' acceptances	743,000	1,500,000	-	-
Export credit refinancing	-	12,222,646	-	-
Foreign currency trade finance	-	1,328,549	-	-
Term loans	7,949,050	11,892,511	-	-
US Dollar loan	-	-	7,171,467	10,270,043
	8,692,050	26,943,706	7,171,467	10,270,043

Notes to the Financial Statements *(cont'd)*

31 December 2007

19. BORROWINGS *(cont'd)*

The bankers' acceptances, export credit refinancing and foreign currency trade finance facilities of the Group are secured by a first party fixed charge over the leasehold land, buildings and plant and machinery of a subsidiary; and a debenture creating fixed and floating charge over all present and future assets of a subsidiary.

The term loans are secured by the following:

- (a) First party and third party second fixed legal charge over the leasehold land, buildings and plant and machinery of the subsidiaries;
- (b) Charge over 9,500,000 ordinary shares of a subsidiary;
- (c) Negative pledged over all the present and future assets of a subsidiary; and
- (d) Debenture incorporating a second fixed and floating charge over certain assets of a subsidiary.

Other information on financial risks of borrowings is disclosed in Note 26.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current				
Trade payables				
Third parties	6,427,351	9,331,484	-	-
Other payables				
Amount due to a subsidiary	-	-	769,457	400,899
Advances received from plywood customers	-	627,656	-	-
Accruals	3,956,068	3,521,808	34,255	52,622
Deposits received	944,522	887,554	-	-
Other payables	533,394	6,838,417	211,857	208,476
	5,433,984	11,875,435	1,015,569	661,997
	11,861,335	21,206,919	1,015,569	661,997

(a) Trade Payables

The payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 60 days.

(b) Amount due to a subsidiary

Amount due to a subsidiary is non-interest bearing and is repayable on demand. This amount is unsecured and is to be settled in cash.

Other information on financial risks of payables is disclosed in Note 26.

Notes to the Financial Statements *(cont'd)*

31 December 2007

21. DEFERRED TAX

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At 1 January	2,273,983	(2,683,699)	-	-
Recognised in income statement (Note 10)	(2,458,810)	1,896,299	-	-
Acquisition of subsidiary	-	3,061,383	-	-
At 31 December	(184,827)	2,273,983	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(6,262,629)	(3,530,606)	-	-
Deferred tax liabilities	6,077,802	5,804,589	-	-
	(184,827)	2,273,983	-	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Property, Plant and Equipment RM
At 1 January 2007	9,750,637
Recognised in income statement	329,199
At 31 December 2007	10,079,836
At 1 January 2006	3,140,801
Recognised in income statement	3,548,453
Acquisition of subsidiary	3,061,383
At 31 December 2006	9,750,637

Deferred Tax Assets of the Group:

	Tax Losses and Unabsorbed Capital Allowances RM
At 1 January 2007	(7,476,654)
Recognised in income statement	(2,788,009)
At 31 December 2007	(10,264,663)
At 1 January 2006	(5,824,500)
Recognised in income statement	(1,652,154)
At 31 December 2006	(7,476,654)

Notes to the Financial Statements *(cont'd)*

31 December 2007

22. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of Ordinary Shares of RM 1 Each		Amount			
	Share Capital (Issued and Fully Paid)	Treasury Shares	Share Capital (Issued and Fully Paid) RM	Share Premium RM	Total Share Capital and Share Premium RM	Treasury Shares RM
At 1 January 2006	60,000,000	-	60,000,000	32,417,894	92,417,894	-
Ordinary shares issued during the year:						
Pursuant to Bonus Issue	15,000,000	-	15,000,000	(15,000,000)	-	-
Transaction costs	-	-	-	(43,507)	(43,507)	(101)
Purchase of treasury shares	-	(10,000)	-	-	-	(13,600)
At 31 December 2006 and 1 January 2007	75,000,000	(10,000)	75,000,000	17,374,387	92,374,387	(13,701)
Transaction costs	-	-	-	-	-	(124)
Purchase of treasury shares	-	(10,000)	-	-	-	(16,800)
At 31 December 2007	75,000,000	(20,000)	75,000,000	17,374,387	92,374,387	(30,625)

	Number of Ordinary Shares of RM1 Each		Amount	
	2007	2006	2007 RM	2006 RM
Authorised share capital				
At 1 January and 31 December	100,000,000	100,000,000	100,000,000	100,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Treasury shares

This amount relates to the acquisition cost of treasury shares.

During the financial year, the Company repurchased 10,000 of its issued ordinary shares from the open market at an average price of RM1.68 per share. The total consideration paid for the repurchase was RM16,924, comprising of consideration paid amounting to RM16,800 and transaction costs of RM124. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 75,000,000 (2006: 75,000,000) issued and fully paid ordinary shares as at 31 December 2007, 20,000 (2006: 10,000) are held as treasury shares by the Company. As at 31 December 2007, the number of outstanding ordinary shares in issue after the setoff is therefore 74,980,000 (2006: 74,990,000) ordinary shares of RM1 each.

Notes to the Financial Statements *(cont'd)*

31 December 2007

23. FOREIGN CURRENCY TRANSLATION RESERVE

	Group	
	2007 RM	2006 RM
At 1 January	(71,796)	–
Foreign currency translation	(20,602)	(71,796)
At 31 December	(92,398)	(71,796)

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

24. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("Single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As 31 December 2007, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

25. RELATED PARTY DISCLOSURES

	2007 RM	2006 RM
Group		
Salaries and bonus paid to the daughter of Managing Director, Lin, Tsai-Rong	63,000	49,000
Company		
Gross dividends from a subsidiary	22,740,000	12,500,000
Advances to subsidiaries	40,076,899	15,251,790
Advances from subsidiaries	25,503,302	12,406,500

The directors are of the opinion that the transaction above has been entered into in the normal course of business and has been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Notes to the Financial Statements *(cont'd)*

31 December 2007

25. RELATED PARTY DISCLOSURES *(Cont'd)*

Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Short-term employee benefits	1,945,417	1,865,654	180,000	180,000

Included in the total key management personnel are:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Directors' remuneration (Note 9)	1,062,000	1,062,000	180,000	180,000

26. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its commodity price risk, interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(b) Commodity Price Risk

The Group's earnings are affected by changes in the prices of its raw materials and its manufactured products.

(c) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Notes to the Financial Statements *(cont'd)*

31 December 2007

26. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Interest Rate Risk *(cont'd)*

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group and of the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 Year RM	1 - 2 Years RM	2 - 3 Years RM	3 - 4 Years RM	Total RM
At 31 December 2007							
Group							
Floating rate							
Deposits with a licensed bank	18	3.6	6,139,664	-	-	-	6,139,664
Bankers' acceptances	19	3.5	(743,000)	-	-	-	(743,000)
Term loans	19	5.7	(3,092,693)	(2,503,352)	(2,353,005)	-	(7,949,050)
Company							
Floating rate							
US Dollar loan	19	6.6	(2,315,110)	(2,503,352)	(2,353,005)	-	(7,171,467)
At 31 December 2006							
Group							
Floating rate							
Deposits with a licensed bank	18	3.6	1,832,337	-	-	-	1,832,337
Bankers' acceptances	19	3.5	(1,500,000)	-	-	-	(1,500,000)
Export credit refinancing	19	3.5	(13,819,445)	-	-	-	(13,819,445)
Term loans	19	5.7	(3,472,538)	(3,394,208)	(2,622,139)	(2,403,626)	(11,892,511)
Company							
Floating rate							
US Dollar loan	19	6.6	(2,622,139)	(2,622,139)	(2,622,139)	(2,403,626)	(10,270,043)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months except for term loans and floating rate loans which are repriced annually. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument. The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risks.

(d) Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars (USD) and Renminbi (RMB). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Notes to the Financial Statements *(cont'd)*

31 December 2007

26. FINANCIAL INSTRUMENTS *(cont'd)*

(d) Foreign Currency Risk *(cont'd)*

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Net Financial Assets Held in Non-Functional Currency United States Dollars RM
Functional Currency of the Group Companies	
At 31 December 2007	
Ringgit Malaysia	6,258,343
<hr/>	
At 31 December 2006	
Ringgit Malaysia	15,532,183
<hr/>	

(e) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(f) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(g) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values.

Notes to the Financial Statements *(cont'd)*

31 December 2007

27. SEGMENTAL REPORTING

No segmental information has been presented as the Group activities are predominantly in Malaysia and the overseas segment does not contribute to more than 10% of the Group's revenue and assets.

28. SIGNIFICANT EVENTS

- (a) On 5 April 2007, the Company acquired 2 ordinary shares of PGK1 each, representing 100% of the entire issued and paid-up capital of Kupiano Forest Products (PNG) Limited ("KFPL"), a company incorporated in Papua New Guinea, for a total cash consideration of PGK2.
- (b) On 11 April 2007, Kupiano Forest Products (PNG) Limited ("KFPL"), a subsidiary company of the Group entered into a Logging and Marketing Agreement with Magarida Timbers Limited whereby KFPL is appointed as the Developer with the exclusive right to extract, remove, process and market merchantable timber from the designated area in Papua New Guinea.
- (c) On 19 April 2007, the Company acquired 6,000 ordinary shares of RM1 each, representing 60% of the entire issued and paid-up capital of Syabas Mujur Sdn. Bhd. ("SMSB"), a company incorporated in Malaysia, for a total cash consideration of RM6,000.

Analysis of Shareholdings

as at 29 February 2008

Authorised share capital	:	RM100,000,000
Issued and paid-up capital	:	RM75,000,000 inclusive of 20,000 treasury shares
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights : On show of hands	:	One vote for very member present
: On poll	:	One vote for each ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares Held	%
1 to 99	51	1.49	2,425	0.00
100 to 1,000	935	27.24	395,300	0.53
1,001 to 10,000	1866	54.37	8,481,725	11.31
10,001 to 100,000	519	15.12	14,775,675	19.71
100,001 to less than 5% of issued shares	58	1.69	21,474,875	28.64
5% and above of issued shares	3	0.09	29,850,000	39.81
Total	3,432	100.00	74,980,000	100.00

Note:

Excluding 20,000 Cymao shares bought back by the Company and retained as treasury shares as at 29 February 2008.

SUBSTANTIAL SHAREHOLDER AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest	%	Deemed Interest	%
1. Lin, Tsai-Rong	21,100,000	28.14	-	-
2. Tsay, Chung-Wen	5,000,000	6.67	-	-
3. Lembaga Tabung Haji	3,750,000	5.00	-	-

Note:

Excluding 20,000 Cymao shares bought back by the Company and retained as treasury shares as at 29 February 2008.

DIRECTOR'S SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Shareholders	Direct Interest	%	Deemed Interest	%
1. Datuk Mohd Zain Bin Omar	250,000	0.33	-	-
2. Lin, Tsai-Rong	21,100,000	28.14	50,000 *	0.07
3. Lin, Kai-Min	1,773,750	2.37	-	-
4. Lin, Kai-Hsuan	847,500	1.13	-	-
5. Lin Hsu, Li-Chu	222,500	0.30	50,000 *	0.07
6. Hiew Seng	62,500	0.08	-	-

Note:

* Indirect interest by virtue of the shares held by his/her daughter.

Excluding 20,000 Cymao shares bought back by the Company and retained as treasury shares as at 29 February 2008.

Analysis of Shareholdings *(cont'd)*

as at 29 February 2008

TOP 30 SHAREHOLDERS

No.	Name of Shareholders	No. of shares	%
1.	Lin, Tsai-Rong	21,100,000	28.14
2.	Tsay, Chung-Wen	5,000,000	6.67
3.	Lembaga Tabung Haji	3,750,000	5.00
4.	Addeen Equity Sdn Bhd	2,000,000	2.67
5.	Hsu, How-Tong	1,854,000	2.47
6.	Lin, Kai-Min	1,773,750	2.37
7.	Mayban Nominees (Tempatan) Sdn Bhd <i>[Malaysian Trustees Berhad for Amb Smallcap Trust Fund]</i>	1,069,775	1.43
8.	Citigroup Nominees (Asing) Sdn Bhd <i>[Citigroup GM Inc for SC Fundamental Value Fund Lp]</i>	965,712	1.29
9.	Lin, Kai- Hsuan	847,500	1.13
10.	Zulkifli Bin Hussain	800,000	1.07
11.	Zulkifli Bin Hussain	800,000	1.07
12.	Public Invest Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Lee Sai Lim (M)]</i>	755,000	1.01
13.	Hsu, Hao-Huang	608,000	0.81
14.	Citigroup Nominees (Asing) Sdn Bhd <i>[Citigroup GM Inc for SC Fundamental Value BVI Ltd]</i>	591,888	0.79
15.	Ecm Libra Avenue Nominees (Tempatan) Sdn Bhd <i>[Kestrel Capital Partners (M) Sdn Bhd for Lau Chee Thong]</i>	452,000	0.60
16.	Public Nominees (Asing) Sdn Bhd <i>[Pledged Securities Account for Chen Huang, Kuei-Liang]</i>	351,500	0.47
17.	Cheong Chee Hong	337,600	0.45
18.	Kenaga Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Ling Chuo Hua]</i>	334,100	0.45
19.	Su Ming Yaw	328,000	0.44
20.	Henry Liang	310,000	0.41
21.	Citigroup Nominees (Asing) Sdn Bhd <i>[Citigroup GM Inc for SC Asian Opportunity Fund Lp]</i>	306,900	0.41
22.	Goh Beng Choo	269,500	0.36
23.	Chan Kai Lum	269,000	0.36
24.	Tay Ying Lim @ Tay Eng Lim	267,900	0.36
25.	Citigroup Nominees (Asing) Sdn Bhd <i>[Merrill Lynch International]</i>	266,300	0.36
26.	Datuk Mohd Zain Bin Omar	250,000	0.33
27.	Amsec Nominees (Tempatan) Sdn Bhd <i>[Lim Huat Bee]</i>	250,000	0.33
28.	Public Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Chen Siong Ping]</i>	250,000	0.33
29.	Willy Ming Chuang	240,000	0.32
30.	Wong Chik Lim	237,500	0.32

Note:

Excluding 20,000 Cymao shares bought back by the Company and retained as treasury shares as at 29 February 2008.

List of Properties

as at 31 December 2007

Location	Land Area (acres)	Description and Existing Use	Lease Tenure from/to	Approximate Age of Building	NBV @ 31/12/2007
Properties Held by Cymao Plywood Sdn Bhd					
TL 077565434 9.1KM, Jalan Batu Sapi 90000 Sandakan Sabah	8.10	Industrial land with plywood factory and ancillary buildings	Leasehold 99 years (expiring 31.12.2068)	10 years	5,630,740
TL 077574200 9.1KM, Jalan Batu Sapi 90000 Sandakan Sabah	4.85	Industrial land with log conditioning shed and temporary labour quarters	Leasehold 99 years (expiring 31.12.2096)	Not applicable	789,206
Property Held by Xuzhou Richwood Co. Ltd.					
Zhao Dun Town, Ming Zhu Industrial Park Area Pizhou City, Xuzhou, Jiangsu 221300 People's Republic of China	Not applicable	Factory and ancillary buildings	Not applicable	5 years	1,579,171
Properties Held by Inovwood Sdn Bhd					
TL 077517081 8.4KM, Jalan Batu Sapi 90000 Sandakan Sabah	5.91	Industrial land with plywood factory and ancillary buildings	Leasehold 99 years (expiring 31.12.2073)	20 years	6,355,152
TL 077526599 8.4KM, Jalan Batu Sapi 90000 Sandakan Sabah	4.37	Industrial land with plywood factory and ancillary buildings	Leasehold 99 years (expiring 31.12.2068)	20 years	4,733,179
TL 077528039 8.4KM, Jalan Batu Sapi 90000 Sandakan Sabah	0.73	Industrial land with plywood factory and ancillary buildings	Leasehold 99 years (expiring 31.12.2068)	20 years	791,289
TL 077537841 8.4KM, Jalan Batu Sapi 90000 Sandakan Sabah	7.18	Industrial land with log conditioning shed	Leasehold 59 years (expiring 31.12.2033)	Not applicable	2,814,812

List of Properties *(cont'd)*

as at 31 December 2007

Location	Land Area (acres)	Description and Existing Use	Lease Tenure from/to	Approximate Age of Building	NBV @ 31/12/2007
TL 077521183, 077521192, 077521209, 077521218, 077521281, 077521290, 077521361, 077521370, 077521389, 077521398, 07521405, 077521414, 077521423, 077521432, 077521441, 077521450, 077521469, 077521478, 077521487, 077521496, 077521503, 077521512, 077521763, 077521772, 077521781, 077521790, 077521807, 077521816, 077521825, 077521834, 077521843, 077521852, 077521861, 077521870, 077521889, 0775218798, 077521905, 077521914, 077521923, 077521932, 077521941, 077521950, 077521969, 077521978, 077521987, 077521996, 077522000, 077522019, 077522028, 077522037, 077522046, 077522055, 077522064, 077522073, 077522082, 077522091, 077522108, 077522117, 077522126, 077522135, 077522144, 077522153, 077522162, 077522171, 077522180, 077522199, 077522206, 077522215, 077522224, 077522233, 077522242, 077522251, 077522260, 077522279, 077522288, 077522297, 077522304, 077522313 8.4KM, Jalan Batu Sapi 90000 Sandakan Sabah	10.32	Vacant	Leasehold 99 years (expiring 24.05.2034)	Not applicable	1,424,798

Notice of Tenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of the Company will be convened and held at Sanbay Hotel, Conference Room, Mile 1¼ Jalan Leila, Sandakan, Sabah on Friday, 25 April 2008 at 10.00 a.m. to transact the following business:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon.
2. To approve payment of Directors' fees in respect of the financial year ended 31 December 2007. *Resolution 1*
3. To re-elect the following Directors who retire in accordance to Article 130 of the Company's Articles of Association:
 - (a) Mr. Hiew Seng *Resolution 2*
 - (b) Mr Lin, Kai-Hsuan *Resolution 3*
4. To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:

"THAT Mr Lin, Tsai-Rong, being over the age of 70 years and retiring pursuant to Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting"

Resolution 4
5. To re-appoint Messrs Ernst & Young as the Auditors of the Company for the ensuing year and to authorize the Board of Directors to fix their remuneration. *Resolution 5*
6. As Special Business:

To consider and if thought fit, pass the following resolutions:

ORDINARY RESOLUTION

Authority to allot shares pursuant to Section 132D of the Companies Act, 1965

Resolution 6

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION

Proposed renewal of authority for purchase of own shares by the Company

Resolution 7

"THAT subject always to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provision of the Company's Articles of Association and the requirements of Bursa Malaysia Securities Berhad and any other relevant authority, the Directors of the Company be and are hereby authorized to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up share capital through Bursa Malaysia Securities Berhad subject further to the following:-

- (i) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to ten percent (10%) of the issued and paid-up share capital of the Company ("Shares") for the time being;

Notice of Tenth Annual General Meeting *(cont'd)*

- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained earnings and the share premium of the Company. As of 31st December 2007, the audited retained earnings and share premium of the Company were RM23,289,238 and RM17,374,387 respectively
- (iii) the authority conferred by this resolution will commence immediately upon passing of this resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first, but not so as to prejudice the completion of purchases(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority; and
- (iv) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorized to deal with the Shares in the following manner:
 - (a) retain the Shares so purchase as treasury shares; or
 - (b) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Malaysia Securities Berhad; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Malaysia Securities Berhad and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorized to take all such steps as are necessary or expedient to implement or the effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

SPECIAL RESOLUTION

Proposed amendments to the Articles of Association of the Company

Resolution 8

"THAT the proposed alterations, modifications, amendments or deletions to the Articles of Association of the Company as set out in Appendix 1 attached to the Annual Report 2007 be and hereby approved and adopted AND THAT the Directors of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the proposed amendments to the Articles of Association."

7. To transact any other business of which notice shall have been given.

BY ORDER OF THE BOARD

KATHERINE CHUNG MEI LING (MAICSA 7007310)
Company Secretary

Tawau
Dated: 3 April 2008

Notice of Tenth Annual General Meeting *(cont'd)*

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint one (1) proxy or two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company, and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at MPT 4604, 3rd Floor, Lot 15-16, Block B, Bandaran Baru, Jalan Baru, 91000 Tawau, Sabah not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*
5. *EXPLANATORY NOTE ON SPECIAL BUSINESS*

Resolution No. 6

The proposed Resolution No. 6 is in relation to authority to allot shares pursuant to Section 132D of the Companies Act, 1965, if passed, will give the Directors of the Company, from the date of the above general meeting, authority to issue and allot shares from the unissued capital of the Company for such purpose as the Directors may deem fit and in the interest of the Company provided it does not exceed ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked and varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Resolution No. 7

The proposed Resolution No. 7 is in relation to proposed renewal of authority for purchase of own shares by the Company, if passed, will empower the Company to purchase and /or hold up to ten percent (10%) of the issued and paid-up share capital of the Company pursuant to Section 67A of the Company Act, 1965. The authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting.

Please refer to Share Buy Back Statement dated 3 April 2008 for further information.

Resolution No. 8

The proposed Resolution No. 8 is in relation to amendments to the Company's Article of Association, if passed, will update the Company's Article of Association in line with the amendments to the Listing Requirements of Bursa Securities Malaysia Berhad and to facilitate some administration issues.

Proposed Amendments to the Articles of Association

APPENDIX I

DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

ARTICLE NO.	EXISTING DEFINITION	PROPOSED AMENDMENTS
2(c)	<p>"Approved Market Place"</p> <p>A stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption (No. 2) Order 1998</p>	Deleted
2(f)	<p>"Central Depository"</p> <p>Bursa Malaysian Depository Sdn. Bhd. (Company No. 165570-W) and its successors-in-title</p>	<p>"Depository"</p> <p>Bursa Malaysia Depository Sdn. Bhd. (Company No. 165570-W) and its successors-in-title.</p>
2(g)	<p>"Central Depositories Act"</p> <p>The Securities Industry (Central Depositories) Act 1991 and every statutory modification or re-enactment thereof for the time being in force and includes all subsidiary legislation made thereunder</p>	<p>"Depositories Act"</p> <p>The Securities Industry (Central Depositories) Act 1991 and every statutory modification or re-enactment thereof for the time being in force and includes all subsidiary legislation made thereunder</p>
2(k)	<p>"Depositor"</p> <p>A holder of a Securities Account</p>	<p>"Depositor"</p> <p>A holder of Securities Account established by the Depository</p>
2(l)	<p>"Deposited Security"</p> <p>A Security in the Company standing to the credit of a Securities Account and includes, securities in a securities Account that is in suspense subject to the provision of the <u>Central Depositories Act</u></p>	<p>"Deposited Security"</p> <p>A Security in the Company standing to the credit of a Securities Account and includes, securities in a securities Account that is in suspense subject to the provision of the Depositories Act</p>
2(n)	<p>"Foreign Register"</p> <p>Register of holders maintained by the registrar of the Company in jurisdiction of the Approved Market Place</p>	Deleted
2(r)	<p>"Member"</p> <p>Any person for the time being holding shares in the Company and whose names appear on the Register of Members <u>and unless otherwise expressed to the contrary, includes a Depositor whose names appears on the Record of Depositors who shall be treated as if he were a member pursuant to Section 35 of the Central Depositories Act but excludes Bursa Malaysia Nominees Sdn Bhd in its capacity as a bare trustee member</u></p>	<p>"Member"</p> <p>Any person for the time being holding shares in the Company and whose names appear on the Register of Members (except Bursa Malaysia Depository Nominees Sdn Bhd) includes a Depositor whose names appears on the Record of Depositors.</p>
2(v)	<p>"prescribed security"</p> <p>Has the meaning ascribed to it under the <u>Central Depository Act</u></p>	<p>"prescribed security"</p> <p>Has the meaning ascribed to it under the Depository Act</p>

Proposed Amendments to the Articles of Association (cont'd)

ARTICLE NO.	EXISTING DEFINITION	PROPOSED AMENDMENTS
2(w)	<p>"Record of Depositors"</p> <p>A record provided by <u>Central Depository</u> to the Company under the Rules</p>	<p>"Record of Depositors"</p> <p>A record provided by Depository to the Company under the Rules</p>
2(aa)	<p>"Rules"</p> <p>The Rules of the <u>Central Depository</u> and any modification, amendment or re-enactment thereof from time to time</p>	<p>"Rules"</p> <p>The Rules of the Depository and any modification, amendment or re-enactment thereof from time to time</p>
2(ac)	<p>"securities"</p> <p>the shares of the Company and includes any debentures, stock, shares or other form of convertible securities of the Company and includes any right or option or interest in respect thereof and any debt securities as defined in the <u>Central Depositories Act</u></p>	<p>"securities"</p> <p>the shares of the Company and includes any debentures, stock, shares or other form of convertible securities of the Company and includes any right or option or interest in respect thereof and any debt securities as defined in the Depositories Act</p>
2(ad)	<p>"Securities Account"</p> <p>An account established by <u>the Central Depository</u> for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor</p>	<p>"Securities Account"</p> <p>An account established by the Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor</p>
New 8A	–	<p>The term "Central Depository" wherever it appears in the Articles of Association, shall be replaced with the term "Depository".</p> <p>The term "Central Depositories Act" wherever it appears in the Articles of Association, shall be replaced with the term "Depositories Act".</p>
ARTICLE NO.	EXISTING PROVISIONS	PROPOSED AMENDMENTS
16	<p>Restriction on issue</p> <p>Article 15 shall be subject to the following provisions:</p> <p>(1) no shares shall be issued without the prior approval of the Members in a general meeting;</p> <p>(2) unless otherwise allowed under applicable laws and guidelines, no shares or other convertible securities shall be issued to the following persons unless the Members in general meeting have approved of the specific allotment to be made to such persons:</p> <p>(a) a Director, major shareholder or chief executive officer of the Company or the holding company of the Company (hereinafter referred to in this Article as "interested Director", "interested major shareholder" and "interested chief executive officer"); or</p>	<p>Restriction on issue</p> <p>Article 15 shall be subject to the following provisions:</p> <p>(1) no shares shall be issued without the prior approval of the Members in a general meeting;</p> <p>(2) unless otherwise allowed under applicable laws and guidelines, no shares or other convertible securities shall be issued to the following persons unless the Members in general meeting have approved of the specific allotment to be made to such persons:</p> <p>(a) a Director, major shareholder or chief executive officer of the Company or the holding company of the Company (hereinafter referred to in this Article as "interested Director", "interested major shareholder" and "interested chief executive officer"); or</p>

Proposed Amendments to the Articles of Association *(cont'd)*

ARTICLE NO.	EXISTING PROVISIONS	PROPOSED AMENDMENTS
	<p>(b) a person connected with an interested Director, interested major shareholder or interested chief executive officer (hereinafter referred to in this Articles as "interested person connected with a Director, major shareholder or chief executive officer").</p> <p>Notwithstanding any provisions to the contrary in this Article and subject to the Listing Requirements, in a meeting to obtain Members' approval in respect of the allotment referred to above in this Article 16(2):</p> <p>(a) the interested Director, interested major shareholder, interested chief executive officer or interested person connected with a Director, major shareholder or chief executive office; or</p> <p>(b) where the allotment is in favour of an interested person connected with a Director, major shareholder or chief executive officer, such Director, major shareholder or chief executive officer,</p> <p>must not vote on the resolution approving the said allotment. An interested Director, interested major shareholder, interested chief executive officer must ensure that persons connected with him abstain from voting on the resolution approving the said allotment;</p> <p>(3) no shares shall be issued at a discount except in accordance with Section 59 of the Act;</p> <p>(4) <u>the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time;</u></p> <p>(5) the rights attached to shares of a class other ordinary shares shall be expressed in the Memorandum of Association of the Company or these Articles or expressed in the resolution creating the same;</p>	<p>(b) a person connected with an interested Director, interested major shareholder or interested chief executive officer (hereinafter referred to in this Articles as "interested person connected with a Director, major shareholder or chief executive officer").</p> <p>Notwithstanding any provisions to the contrary in this Article and subject to the Listing Requirements, in a meeting to obtain Members' approval in respect of the allotment referred to above in this Article 16(2):</p> <p>(a) the interested Director, interested major shareholder, interested chief executive officer or interested person connected with a Director, major shareholder or chief executive office; or</p> <p>(b) where the allotment is in favour of an interested person connected with a Director, major shareholder or chief executive officer, such Director, major shareholder or chief executive officer,</p> <p>must not vote on the resolution approving the said allotment. An interested Director, interested major shareholder, interested chief executive officer must ensure that persons connected with him abstain from voting on the resolution approving the said allotment;</p> <p>(3) no shares shall be issued at a discount except in accordance with Section 59 of the Act;</p> <p>(4) Deleted;</p> <p>(5) the rights attached to shares of a class other ordinary shares shall be expressed in the Memorandum of Association of the Company or these Articles or expressed in the resolution creating the same;</p>

Proposed Amendments to the Articles of Association *(cont'd)*

ARTICLE NO.	EXISTING PROVISIONS	PROPOSED AMENDMENTS
	<p>(6) subject to the provisions these Articles and notwithstanding the existence of a resolution pursuant to Section 132D of the Act, the Company shall ensure that it shall not issue any shares or convertible securities if the nominal value of any such shares or convertible securities, when aggregated with the nominal value of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds 10% of the nominal value of the issued and paid-up capital of the Company, except where the shares or convertible securities are issued with the prior approval of the Members in general meeting of the precise terms and conditions of the issue; and</p> <p>(7) no Director shall participate in a share scheme for employees unless Members in general meeting have approved of the specific allotment to be made to such Director.</p>	<p>(6) subject to the provisions these Articles and notwithstanding the existence of a resolution pursuant to Section 132D of the Act, the Company shall ensure that it shall not issue any shares or convertible securities if the nominal value of any such shares or convertible securities, when aggregated with the nominal value of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds 10% of the nominal value of the issued and paid-up capital of the Company, except where the shares or convertible securities are issued with the prior approval of the Members in general meeting of the precise terms and conditions of the issue; and</p> <p>(7) no Director shall participate in a share scheme for employees unless Members in general meeting have approved of the specific allotment to be made to such Director.</p>
26	<p>Rights of preference shares</p> <p>Preference shareholders shall have:</p> <p>(1) the same rights as ordinary shareholders as regards:</p> <p>(a) receiving notices, reports and audited accounts; and</p> <p>(b) attending general meetings of the Company;</p> <p>(2) the right to vote in each of the following circumstances and in no others:</p> <p>(a) when the dividend or part of the dividend on the preference share is in arrears for more than six (6) months;</p> <p>(b) on a proposal to reduce the Company's share capital;</p> <p>(c) on a proposal for the disposal of the whole of the Company's asset, business and undertaking;</p> <p>(d) on a proposal that affects rights attached to the preference share;</p> <p>(e) on a proposal to wind up the Company; and</p> <p>(f) during the winding up of the Company; and</p> <p>(3) <u>the right to a return of capital in preference to holders of ordinary shares when the Company is wound-up.</u></p>	<p>Rights of preference shares</p> <p>Preference shareholders shall have:</p> <p>(1) the same rights as ordinary shareholders as regards:</p> <p>(a) receiving notices, reports and audited accounts; and</p> <p>(b) attending general meetings of the Company;</p> <p>(2) the right to vote in each of the following circumstances and in no others:</p> <p>(a) when the dividend or part of the dividend on the preference share is in arrears for more than six (6) months;</p> <p>(b) on a proposal to reduce the Company's share capital;</p> <p>(c) on a proposal for the disposal of the whole of the Company's asset, business and undertaking;</p> <p>(d) on a proposal that affects rights attached to the preference share;</p> <p>(e) on a proposal to wind up the Company; and</p> <p>(f) during the winding up of the Company; and</p> <p>(3) Deleted</p>

Proposed Amendments to the Articles of Association (cont'd)

ARTICLE NO.	EXISTING PROVISIONS	PROPOSED AMENDMENTS
50	<p>Closure of register</p> <p>Subject to the Rules, the Register and the register of debenture may be closed for such periods as the Directors may from time to time determine provided that such register shall not be closed for more than thirty (30) days in any year. The Company shall before it closes such register:</p> <ol style="list-style-type: none"> (1) give notice of such intended book closure (in the case of the Register) in accordance with Section 160 of the Act; and (2) give notice of its intention to fix a book closing date to BMSB which notice shall state the book closing date which shall be at least <u>twelve (12)</u> Market Days (or such other period prescribed by BMSB or any relevant governing law or guidelines) after the date of notification to BMSB, the reason for such closure and the address of the share registry at which documents will be accepted for registration; and (3) publish in a daily newspaper <u>circulating in Malaysia</u>, a notice of such intended closure including the information to be included in the notice referred to in Article 51(2); <p><u>At least three (3) clear Market Days prior notice shall be given to the Central Depository to enable the Central Depository to prepare the appropriate Record of Depositors.</u> The Company may require the <u>Central Depository</u> to suspend the trading of shares that are Deposited Securities at such time and at such period as the Directors may from time to time determine.</p>	<p>Closure of register</p> <p>Subject to the Rules, the Register and the register of debenture may be closed for such periods as the Directors may from time to time determine provided that such register shall not be closed for more than thirty (30) days in any year. The Company shall before it closes such register:</p> <ol style="list-style-type: none"> (1) give notice of such intended book closure (in the case of the Register) in accordance with Section 160 of the Act; and (2) give notice of its intention to fix a book closing date to BMSB which notice shall state the book closing date which shall be at least ten (10) Market Days (or such other period prescribed by BMSB or any relevant governing law or guidelines) after the date of notification to BMSB, the reason for such closure and the address of the share registry at which documents will be accepted for registration; and (3) publish in a nationally circulated Bahasa Malaysia or English daily newspaper, a notice of such intended closure including the information to be included in the notice referred to in Article 51(2); <p>In relation to the closure, the Company shall give notice in accordance with the Rules to Depository to prepare the appropriate Record of Depositors. The Company may require the Depository to suspend the trading of shares that are Deposited Securities at such time and at such period as the Directors may from time to time determine.</p>
56	<p><u>Transmission of Securities from Foreign Register</u></p> <ol style="list-style-type: none"> (1) Where: <ol style="list-style-type: none"> (a) the securities of the Company are listed on <u>an Approved Market Place</u>; and (b) the Company is exempted from compliance with Section 14 of the <u>Central Depositories Act</u> or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules in respect of such securities, 	<p>Transmission of Securities</p> <p>Where:</p> <ol style="list-style-type: none"> (a) the securities of the Company are listed on another stock exchange; and (b) the Company is exempted from compliance with Section 14 of the Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules in respect of such securities,

Proposed Amendments to the Articles of Association *(cont'd)*

ARTICLE NO.	EXISTING PROVISIONS	PROPOSED AMENDMENTS
	<p>the Company shall upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the <u>Foreign Register, to the register of holders maintained by the registrar of the Company in Malaysia ('Malaysian Register') subject to the following conditions:</u></p> <p>(i) there shall be no change in the ownership of such securities;</p> <p>(ii) <u>the transmission shall be executed by causing such securities to be credited directly into the Securities Account of such securities holder; and</u></p> <p>(2) <u>For the avoidance of doubt, notwithstanding the Company fulfils the requirements of paragraph (a) and (b) of Article 56(1), the Company shall not allow any transmission of securities from the Malaysian Register into the Foreign Register.</u></p>	<p>the Company shall upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa PROVIDED THAT there shall be no change in the ownership of such securities.</p> <p>(2) Deleted.</p>
60	<p>(1) <u>Where:</u></p> <p>(a) <u>the securities of the Company are listed on an Approved Market Place; and</u></p> <p>(b) <u>the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules in respect of such securities,</u></p> <p><u>the Company shall, upon request of a securities holder, permit a transmission of securities held by such holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register") to the register of holders maintained by the registrar of the company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities; and</u></p> <p>(2) <u>For the avoidance of doubt, notwithstanding the Company fulfils the requirements of Articles 60(a) and (b) above, the Company shall not allow any transmission of securities from the Malaysian Register into the Foreign Register.</u></p>	Deleted

Proposed Amendments to the Articles of Association (cont'd)

ARTICLE NO.	EXISTING PROVISIONS	PROPOSED AMENDMENTS
78	<p>Record of Depositors</p> <p>In accordance with the Rules, the Company shall inform the <u>Central Depository</u> of the dates of the general meetings and the Company shall request the <u>Central Depository</u> to issue a Record of Depositors to whom notices of general meeting shall be given by the Company. The Company shall request the <u>Central Depository</u> in accordance with the Rules, to issue a Record of Depositors as at a <u>date not less than three (3) clear Market Days</u> before the general meeting (“General Meeting Record of Depositor”). Subject to the Regulations and not withstanding any provisions in the Act, a Depositor shall not be regarded as a Member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.</p>	<p>Record of Depositors</p> <p>In accordance with the Rules, the Company shall inform the Depository of the dates of the general meetings and the Company shall request the Depository to issue a Record of Depositors to whom notices of general meeting shall be given by the Company. The Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors as at the latest date at which is reasonably practicable which shall be in any event be not less than three (3) Market Days before the general meeting (“General Meeting Record of Depositor”). Subject to the Regulations and not withstanding any provisions in the Act, a Depositor shall not be regarded as a Member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.</p>
79	<p>Specification on notice, Notice of special or ordinary resolution, Members right to appoint proxy</p> <p>(1) Subject to the Act, every notice convening meetings shall specify the place, day and hour of the meeting, and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. <u>At least fourteen (14) days’ or twenty-one (21) days’ notice in the case where special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed including the BMSB, the auditors of the Company for the time being and the Securities Commission of Malaysia (where required);</u></p> <p>(2) The notice convening a meeting to consider a special or ordinary resolution shall specify the intention to propose the resolution as a special or ordinary resolution as the case may be; and</p>	<p>Specification on notice, Notice of special or ordinary resolution, Members right to appoint proxy</p> <p>(1) Subject to the Act, every notice convening meetings shall specify the place, day and hour of the meeting, and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.</p> <p>(2) The notice convening a meeting to consider a special or ordinary resolution shall specify the intention to propose the resolution as a special or ordinary resolution as the case may be; and</p>

Proposed Amendments to the Articles of Association *(cont'd)*

ARTICLE NO.	EXISTING PROVISIONS	PROPOSED AMENDMENTS
	<p>(3) In every notice calling a meeting there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint a <u>proxy</u> to attend and vote instead of him.</p>	<p>(3) In every notice calling a meeting there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint one (1) proxy or two (2) proxies to attend and vote instead of him and where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy and a proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company.</p>
81	<p>Qualification of Proxy</p> <p><u>At any general meeting, each Member shall be entitled to vote in person or by proxy and, on a show of hands, every person who is a Member or proxy shall have one (1) vote and on a poll, every Member present in person or by proxy shall have one (1) vote for each ordinary share held.</u></p>	<p>Qualification of Proxy</p> <p>At any general meeting, each ordinary shareholder or preference shareholder shall be entitled to vote in person or by proxy or by attorney or in the case of a corporation by a duly authorised representative and, on a show of hands, such person shall have one (1) vote and on a poll, such person shall have one (1) vote for every share of which he is the holder.</p>
90	<p>No validation by error</p> <p>If the Chairman in good faith rules out of order and amendment proposed to a <u>resolution</u> under consideration by a meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.</p>	<p>No validation by error</p> <p>If the Chairman in good faith rules out of order and amendment proposed to a resolution under consideration by a meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.</p>
91	<p>Demand for a poll</p> <p>A resolution put to vote at a meeting shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands, a poll is duly demanded. Subject to the Act, a poll may be demanded:</p> <p>(a) by the Chairman;</p> <p>(b) by at least five (5) members <u>havi</u>ng the right to vote at the meeting; or</p> <p>(c) by a Member or Members representing at least one-tenth (1/10) of the total voting rights of all the Members having the right to vote at the meeting; or</p> <p>(d) by a Member or Members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to at least one-tenth (1/10) of the total sum paid on all the shares conferring that right;</p> <p>and a demand by a person as proxy for or attorney of a Member (whether individual, corporate or otherwise) or as duly authorised representative for a corporate Member shall be the same as a demand by the Member;</p>	<p>Demand for a poll</p> <p>A resolution put to vote at a meeting shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands, a poll is duly demanded. Subject to the Act, a poll may be demanded:</p> <p>(a) by the Chairman;</p> <p>(b) by at least five (5) members having the right to vote at the meeting; or</p> <p>(c) by a Member or Members representing at least one-tenth (1/10) of the total voting rights of all the Members having the right to vote at the meeting; or</p> <p>(d) by a Member or Members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to at least one-tenth (1/10) of the total sum paid on all the shares conferring that right;</p> <p>and a demand by a person as proxy for or attorney of a Member (whether individual, corporate or otherwise) or as duly authorised representative for a corporate Member shall be the same as a demand by the Member;</p>

Proposed Amendments to the Articles of Association (cont'd)

ARTICLE NO.	EXISTING PROVISIONS	PROPOSED AMENDMENTS
98	<p>Vote</p> <p>Subject to any rights or restrictions attached to any shares or class of shares, <u>every Member who:</u></p> <p>(1) <u>being an individual, is present in person or by proxy or attorney; or</u></p> <p>(2) <u>being a corporation, is present by a duly authorised representative or by proxy or attorney, shall be entitled to be present and vote at any general meeting and on a show of hands have one (1) vote and on a poll every Member shall have one (1) vote for every share of which he is the holder. On a poll votes may be given either personally or by proxy or by attorney or by a duly authorised representative of a corporate Member. A proxy shall be entitled to vote on a show of hands on any question at any general meeting.</u></p>	<p>Vote</p> <p>Subject to any rights or restrictions attached to any shares or class of shares, on a resolution to be decided by a show of hands, a holder of ordinary shares or preference shares who is present in person or by proxy or by attorney or in the case of a corporation by a duly authorised representative and entitled to vote, shall be entitled to one (1) vote and on a poll such person shall have one (1) vote for every share of which he holds. A proxy shall be entitled to vote on a show of hands on any question at any general meeting.</p>
102	<p>Appointment of Proxy</p> <p>(1) Where a Member of the Company is authorized nominee as defined under <u>The Central Depositories Act</u>, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account; and</p>	<p>Appointment of Proxy</p> <p>(1) Where a Member of the Company is authorized nominee as defined under the Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account; and</p>
103	<p>Proxy Instrument</p> <p>Notes :</p> <p>(b) Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his <u>holdings</u> to be represented by each proxy.</p>	<p>Proxy Instrument</p> <p>Notes :</p> <p>(b) Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.</p>
109	<p><u>Natural Persons</u></p> <p>All the Directors shall be natural persons and the Directors of the Company as at the date of adoption of these Articles of Association are Datuk Mohd. Zain Bin Omar, Lin, Tsai-Rong, Lin, Kai-Min, Lin, Kai-Hsuan, Lin Hsu, Li-Chu and Hiew Seng.</p>	<p>Directors</p> <p>The Directors of the Company as at the date of adoption of these Articles of Association are Datuk Mohd. Zain Bin Omar, Lin, Tsai-Rong, Lin, Kai-Min, Lin, Kai-Hsuan, Lin Hsu, Li-Chu and Hiew Seng.</p>
137	<p>Vacation of office</p> <p><u>Subject as otherwise provided in these Articles and the terms of any subsisting agreement, the office of a Director shall be vacated if he:</u></p> <p>(1) <u>becomes bankrupt or enters into any arrangement or composition with his creditors generally;</u></p>	<p>Vacation of office</p> <p>The office of a Director shall become vacant during his term of office if the Director:</p> <p>(a) becomes of unsound mind during his term of office;</p>

Proposed Amendments to the Articles of Association *(cont'd)*

ARTICLE NO.	EXISTING PROVISIONS	PROPOSED AMENDMENTS
	<p>(2) <u>ceases to be a Director by virtue of any provision of the Act or becomes prohibited by law from being a Director;</u></p> <p>(3) <u>becomes of unsound mind or lunatic in Malaysia or elsewhere or an order is made by any court or other competent authority claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a committee or other person (by whatever name called) to exercise powers with respect to his property and/or affairs;</u></p> <p>(4) <u>is removed from office by ordinary resolution of the Company;</u></p> <p>(5) <u>is convicted of any offence (whether in Malaysia or elsewhere) involving fraud or dishonesty or of an offence (whether in Malaysia or elsewhere) punishable on conviction with imprisonment for 3 months or more;</u></p> <p>(6) <u>resigns his office by notice in writing to the Company;</u></p> <p>(7) <u>is absent from more than 50% of the total board of directors' meetings held during a financial year unless exempt or waiver is obtained from the BMSB provided that this provision shall not apply to an alternate Director; or</u></p> <p>(8) <u>is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare the nature of his interest in the manner required by the Act.</u></p>	<p>(b) becomes a bankrupt during his term of office;</p> <p>(c) becomes prohibited by law from acting as a Director;</p> <p>(d) resigns his office by notice in writing to the Company; or</p> <p>(e) is removed from office by the Company in General Meeting pursuant to these Articles.</p>
138	<p>Pension Schemes</p> <p>Subject to the Act, the Directors may:</p> <p>(1) procure the establishment and maintenance of or participation in or contribution to any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance, medical, surgical, hospitalisation scheme or arrangement for the benefit of; or</p> <p>(2) pay, provide for or procure the grant of donations, gratuities, pensions, allowances, bonuses, loans, credit, benefits or emoluments to; or</p>	<p>Pension Schemes</p> <p>Subject to the Act, the Directors may:</p> <p>(1) procure the establishment and maintenance of or participation in or contribution to any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance, medical, surgical, hospitalisation scheme or arrangement for the benefit of; or</p> <p>(2) pay, provide for or procure the grant of donations, gratuities, pensions, allowances, bonuses, loans, credit, benefits or emoluments to; or</p>

Proposed Amendments to the Articles of Association (cont'd)

ARTICLE NO.	EXISTING PROVISIONS	PROPOSED AMENDMENTS
	<p>(3) procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to advance the interests and well being of or for the benefit of;</p> <p>(4) pay for <u>or towards</u> the insurance of;</p> <p>any Directors (whether or not he holds or has held any executive office or employment with the Company or any other person referred to in Articles 138(4)(a) and (b), officers and employees and former Directors, <u>officers and employees</u> of:</p> <p>(a) the Company; or</p> <p>(b) any body corporate which is or has been an associate company of the Company,</p> <p><u>and</u> any member of his family (including, a spouse and former spouse, his child and parents) or <u>any person who is or was dependant on him.</u></p> <p>Provided that any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only where the Act requires, to proper disclosure to the Members of the Company in general meeting. In this Article the expression "the associated company" shall include any company which is the holding company of the Company or a subsidiary of the Company or of any such holding company or which in the opinion of the Directors can properly be regarded as being connected with the Company or with any such company <u>a</u> aforesaid.</p>	<p>(3) procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to advance the interests and well being of or for the benefit of;</p> <p>(4) pay for the insurance,</p> <p>for the benefit of any Directors (whether or not he holds or has held any executive office or under salaried employment with the Company) or any other persons who are or have been officers and employees and former Directors of the Company or any body corporate which is or has been an associate company of the Company, or any member of his family (including, a spouse and former spouse, his child and parents) or dependants of any such persons.</p> <p>Provided that any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only where the Act requires, to make proper disclosure to the Members and the approval of the Company in general meeting.</p> <p>In this Article the expression "the associated company" shall include any company which is the holding company of the Company or a subsidiary of the Company or of any such holding company or which in the opinion of the Directors can properly be regarded as being connected with the Company or with any such company as aforesaid.</p>
143	<p>Disclosure of interest</p> <p>(1) Subject to the Act, Listing Requirements and these Articles being complied with and provided that he has disclosed to the Directors the nature and extent of any <u>material</u> interest of his, a Director notwithstanding his office:</p> <p>(a) may be a party to, or otherwise interested in , any transaction or arrangement with the Company or in which the Company is otherwise interested;</p> <p>(b) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;</p>	<p>Disclosure of interest</p> <p>(1) Subject to the Act, Listing Requirements and these Articles being complied with and provided that he has disclosed to the Directors the nature and extent of any interest of his, a Director notwithstanding his office:</p> <p>(a) may be a party to, or otherwise directly or indirectly interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;</p> <p>(b) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise directly or indirectly interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;</p>

Proposed Amendments to the Articles of Association (cont'd)

ARTICLE NO.	EXISTING PROVISIONS	PROPOSED AMENDMENTS
	<p>(c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in and such body corporate (unless the Company by ordinary resolution determines otherwise) and no transaction or arrangement shall be liable to be avoided (whether or not such ordinary resolution is passed) on the ground of any such interest or benefit; or</p> <p>(d) may act by himself or his firm in a professional capacity for the Company, and he or his firm (as the case may be) shall be entitled to remunerate for professional service but nothing in these Articles shall authorise a Director or his firm to act as auditor of the Company.</p>	<p>(c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in and such body corporate (unless the Company by ordinary resolution determines otherwise) and no transaction or arrangement shall be liable to be avoided (whether or not such ordinary resolution is passed) on the ground of any such interest or benefit; or</p> <p>(d) may act by himself or his firm in a professional capacity for the Company, and he or his firm (as the case may be) shall be entitled to remunerate for professional service but nothing in these Articles shall authorise a Director or his firm to act as auditor of the Company.</p>
	<p>(2) For the purposes of this Article:</p> <p>(a) a general notice given to the Director is to be regarded as having an interest <u>of</u> the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of person is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and</p> <p>(b) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.</p>	<p>(2) For the purposes of this Article:</p> <p>(a) a general notice given to the Director is to be regarded as having an interest whether direct or indirect, the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of person is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and</p> <p>(b) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.</p>
151	<p>Disqualification from voting</p> <p>Except as otherwise provided by these Articles, a Director shall not vote at a meeting of Directors or of a committee of Directors on any resolution concerning any contract, proposed contract, arrangement or other matter in which he has, directly or indirectly, a <u>personal</u> interest or duty <u>which is material and which conflicts</u> or may conflict with the interests of the Company and if does so, his vote shall not be counted <u>but this prohibition may be suspended or relaxed to any</u></p>	<p>Disqualification from voting</p> <p>Except as otherwise provided by these Articles, a Director shall not vote at a meeting of Directors or of a committee of Directors on any resolution concerning any contract, proposed contract, arrangement or other matter in which he has, directly or indirectly, an interest or duty that may conflict with the interests of the Company and if does so, his vote shall not be counted, but he shall be counted only to make the quorum at the meeting. He may vote where his interest or duty</p>

Proposed Amendments to the Articles of Association *(cont'd)*

ARTICLE NO.	EXISTING PROVISIONS	PROPOSED AMENDMENTS
	<p><u>extend and either generally or in respect of any particular contract, arrangement or transaction of the Company in general meeting.</u> He may vote where his interest or duty arises only because the case falls within one or more of the following paragraphs:</p> <p>(1) in a case where the contract or proposed contract relates to any loan to the Company- that he has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan; or</p> <p>(2) in the case where the contract or proposed contract has been or will be made with or for the benefit of or on behalf of a Related Corporation- that he is a Director of that corporation; or</p> <p>(3) any contract by a Director to subscribe for or underwrite shares or debentures of the Company.</p> <p><u>A Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.</u></p>	<p>arises only because the case falls within one or more of the following paragraphs:</p> <p>(1) in a case where the contract or proposed contract relates to any loan to the Company- that he has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan; or</p> <p>(2) in the case where the contract or proposed contract has been or will be made with or for the benefit of or on behalf of a Related Corporation that he is a Director of that corporation; or</p> <p>(3) any contract by a Director to subscribe for or underwrite shares or debentures of the Company.</p>
172	<p>Power to Capitalise etc</p> <p>(1) The Company in general meeting may on the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts for to the credit of the profit and loss account or otherwise available for distribution among the Members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either:</p> <p>(a) in or towards paying up any amounts for the time being unpaid on any shares held by those Members respectively; or</p> <p>(b) paying up in full unissued shares or debentures of the company to be allotted and distributed credited as fully paid up to and among the Members in the proportion aforesaid, or partly in the one way and partly in the order;</p>	<p>Power to Capitalise etc</p> <p>(1) The Company in general meeting may on the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts for to the credit of the profit and loss account or otherwise available for distribution among the Members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either:</p> <p>(a) in or towards paying up any amounts for the time being unpaid on any shares held by those Members respectively; or</p> <p>(b) paying up in full unissued shares or debentures of the company to be allotted and distributed credited as fully paid up to and among the Members in the proportion aforesaid, or partly in the one way and partly in the order;</p>

Proposed Amendments to the Articles of Association (cont'd)

ARTICLE NO.	EXISTING PROVISIONS	PROPOSED AMENDMENTS
	<p>(c) <u>to provide consideration for the purchase of the Company's own shares pursuant to Article 3 of these Articles;</u></p> <p>and the Directors shall give effect to such resolution.</p>	<p>(c) Deleted</p> <p>and the Directors shall give effect to such resolution.</p>
177	<p>Copy of reports to Members</p> <p>A copy of the reports by the Directors and auditors of the Company, the profit and loss accounts, balance sheets and group accounts (if any) (including all documents required by law to be annexed or attached to all or any of them) shall be issued not later than six (6) Months after the close of the financial year and sent at least twenty-one (21) days before the general meeting at which they are to be laid to all Members, holders of debentures and all other persons entitled to receive notices of general meetings under the Act or these Articles. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the Directors' and auditors' reports shall not exceed four (4) Months. The required number of copies of each of these documents shall at the same time be sent to BMSB.</p>	<p>Copy of reports to Members</p> <p>A copy of the reports by the Directors and auditors of the Company, the profit and loss accounts, balance sheets and group accounts (if any) (including all documents required by law to be annexed or attached to all or any of them) in printed form or CD-ROM form or in such other form of electronic media shall be issued not later than six (6) Months after the close of the financial year and sent at least twenty-one (21) days before the general meeting at which they are to be laid to all Members, holders of debentures and all other persons entitled to receive notices of general meetings under the Act or these Articles. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the Directors' and auditors' reports shall not exceed four (4) Months. The required number of copies of each of these documents shall at the same time be sent to BMSB. In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) market days from the date of receipt of the Members' request.</p>
199	<p>Alterations of Articles</p> <p><u>No deletion, amendment or addition to any of these Articles shall be made unless prior written approval has been sought and obtained from BMSB for such deletion, amendment or addition.</u></p>	<p>Alterations of Articles</p> <p>Subject to the Act and prevailing Listing Requirements, the Company may by special resolution delete, alter or add to these Articles.</p>



CYMAO HOLDINGS BERHAD

Company No. 445931-U
(Incorporated in Malaysia)

Number of shares held

PROXY FORM

I/We,
of
being a member(s) of **CYMAO HOLDINGS BERHAD** hereby appoint
of or * **THE CHAIRMAN OF THE MEETING** or
failing him/her, of
as my/our proxy(ies), to vote for me/us on my/our behalf at the Tenth Annual General Meeting of the Company to be held at Sanbay Hotel, Conference Room, Mile 1¼ Jalan Leila, Sandakan, Sabah on Friday, 25 April 2008 at 10.00 a.m. and at any adjournment thereof.

* If you wish to appoint other person(s) to be your proxy/ proxies, kindly delete the words "The Chairman of the Meeting or failing him" and insert the name(s) of the person(s) desired.

Please indicate you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.

My/Our proxy(ies) is/are to vote as indicated below:

		For	Against
Resolution 1	Payment of Directors' fees		
Resolution 2	Re-election of Mr Hiew Seng		
Resolution 3	Re-election of Mr Lin, Kai-Hsuan		
Resolution 4	Re-appointment of Mr Lin, Tsai-Rong		
Resolution 5	Re-appointment of Auditors.		
Resolution 6	Authority to allot shares pursuant to Section 132D of the Companies Act, 1965.		
Resolution 7	Proposed renewal of authority for purchase of own shares by the Company		
Resolution 8	Proposed amendments to the Articles of Association of the Company		

Dated this day of 2008

.....
[Signature(s)/ Common Seal of Shareholder(s)]

[*Delete if not applicable]

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one (1) proxy or two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company, the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of any officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at MPT 4604, 3rd Floor, Lot 15-16, Block B, Bandaran Baru, Jalan Baru, 91000 Tawau, Sabah not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.



Please fold here

Affix
Stamp

The Secretary
Cymao Holdings Berhad (445931-U)
MPT 4604, 3rd Floor, Lot 15-16
Block B, Bandaran Baru
Jalan Baru
91000 Tawau
Sabah

Please fold here