

LOG SUPPLY AGREEMENT BETWEEN BESUT TSUDA WOOD PRODUCTS SDN BHD AND GIMZAN PLYWOOD SDN BHD

Type	Reply to query
Reply to Bursa Malaysia's Query Letter - Reference ID	IJ-130117-51110
Subject	LOG SUPPLY AGREEMENT BETWEEN BESUT TSUDA WOOD PRODUCTS SDN BHD AND GIMZAN PLYWOOD SDN BHD
Description	<p>With reference to the Bursa Malaysia's Query letter, we have pleasure to furnish the following additional information:</p> <p>1) The basis for the market price of logs between RM 600 to RM 2,000 per cubic metre: The market price are the prices of the common species of logs available in the forest concession in Terengganu. The prevailing market price of the logs are shown in the table section.</p> <p>2) The highest percentage ratio pursuant to Paragraph 10.02(g) of the Bursa Malaysia Listing Requirements applicable to the aggregate value of the consideration given in relation to the transaction compared with the net assets is 58.41%.</p> <p>3) The Board of Directors, excluding the interested directors, having considered that the transaction is intended to meet business needs at the best possible terms and the Company should be able to obtain additional raw materials provided by the vendor and all aspect of the transaction are of opinion that the transaction is in the best interest of the Company and not detrimental to the interest of the minority shareholders.</p> <p>4) The Audit Committee is of the view that the transaction is in the best interest of the Company, fair, reasonable and on normal commercial terms and is not detrimental to the interest of the minority shareholders. The Audit Committee is of the view that the transaction is of recurrent trading or of revenue nature and has not sought an independent advice of the independent adviser.</p> <p>5) There is no purchase of logs for the preceding 12 months by Besut Tsuda Wood Products Sdn Bhd from Gimzan Plywood Sdn Bhd.</p> <p>6) Reasons for not appointing the Principal Adviser and Independent Adviser before the terms of the transaction are agreed upon because the Board of Directors and the Audit Committee are of the view the transaction is of recurrent trading or revenue nature and decided not to seek the advice of the Principal and Independent Adviser.</p> <p>This announcement is dated 21 January 2013.</p>
Query Letter Contents	<p>We refer to the Company's announcement dated 16 January 2013, in respect of the aforesaid matter.</p> <p>In this connection, kindly furnish Bursa Malaysia Securities Berhad ("Bursa Securities") with the following additional information for public release:-</p> <p>The basis for the market price of the logs of between RM600 to RM2,000 per cubic metre;</p> <p>The highest percentage ratio pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements ("LR");</p> <p>The statement by the Board of Directors, excluding the interested directors, stating whether the transaction is in the best interest of the Company and the factors taken into consideration in forming that opinion;</p> <p>The statement by the Audit Committee pursuant to Paragraph 3, Appendix 10C of LR;</p>

The total amount transacted with the same related party for the preceding 12 months; and
 Reasons for not appointing the Principal Adviser and Independent Adviser before the terms of the transaction are agreed upon.

Please furnish Bursa Securities with your reply within one (1) market day from the date hereof.

Yours faithfully

HENG TECK HENG
 Head, Issuers
 Listing Division
 Regulation
 HTH/IJ
 c.c:- General Manager and Head, Market Surveillance, Securities Commission
 (via fax)

Species	Size (diameter)	Market price per cubic metre (RM)
Gurutu	20" to 22"	600
Yellow Meranti	20" to 22"	690
Red Mernti	20" to 22"	745
Mersawa	20" to 22"	800
Keruing	20" to 22"	880
Merbau	20" to 22"	1,325
Balau	20" to 22"	1,430
Chengai	20" to 22'	2,000