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**16 OTHER GENERAL INFORMATION**

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**16.1 SHARE CAPITAL**

- (i) No securities will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of the issue of this Prospectus.
- (ii) There are no founder, management or deferred shares. There is only one (1) class of shares in the Company, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.
- (iii) Save as disclosed in Section 4.3 of this Prospectus, no person has been or is entitled to be given an option to purchase or subscribe for any shares, stocks or debentures of the Company.
- (iv) Save as disclosed in Section 4.2 of this Prospectus, no shares or debentures of the Company have been or proposed to be issued partly or fully paid-up in cash or otherwise than in cash within the two (2) years preceding the date of this Prospectus.
- (v) The Company has no outstanding convertible debt securities.

**16.2 ARTICLES OF ASSOCIATION**

The following provisions are reproduced from the Company's Articles of Association. (The words and expressions appearing in the following provision shall bear the same meanings used in the Company's Articles of Association)

The provisions of the Articles of Association of the Company in respect of remuneration of Directors of ASIAEP are as follows:-

**(i) Directors' remuneration**

**Article 99**

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which the Director has held office Provided Always that:-

- (i) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (ii) salaries payable to executive Directors may not include a commission on or percentage of turnover;
- (iii) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

16      **OTHER GENERAL INFORMATION (Cont'd)**

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**Reimbursement of Expenses**

**Article 100**

- (a)      The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.
  
- (b)      If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special excursions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a Member or a committee of Directors, the Directors may pay him extra remuneration, in addition to his Director's fees. The extra remuneration payable to non-executive Directors shall be by a fixed sum and not by a commission on or percentage of profits or turnover and the extra remuneration payable to executive Directors may not include a commission on or percentage of turnover.

The provisions of the Articles of Association of the Company in respect of the voting powers of the Directors of ASIAEP in proposals, arrangements or contracts in which they are interested and the borrowing powers exercisable by them and how such borrowing powers can be varied, are as follows:-

(ii)      **Directors' borrowing powers**

**Article 104**

- (a)      The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligations of the Company, or its wholly owned subsidiaries.
  
- (b)      The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligations of an unrelated third party.

**Disclosure of interest**

**Article 118**

Every Director shall comply with the provisions of Sections 131 and 135 of the Act in connection with the disclosure of his shareholding and interest in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company.

16 OTHER GENERAL INFORMATION (Cont'd)

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**Restriction on voting**

**Article 119**

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly a material interest (and if he shall do so his vote shall not be counted) nor shall his vote be counted for the purpose of any resolution regarding the same.

**Relaxation of restriction on voting**

**Article 120**

A Director notwithstanding his interest may provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or whereat any decision is taken upon any contract or arrangement in which he is in any way interested

**Power to vote**

**Article 121**

A Director may vote in respect of:

- (i) an arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company, or
- (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by deposit of a security.

The provisions of the Articles of Association of the Company in respect of changes in capital and variation of class rights which are no less stringent than those provided in Companies Act, 1965 are as follows:-

(iii) **Power to issue shares with special rights**

**Article 4**

Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to the Act and to these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend voting, return of capital, or otherwise as the Directors, subject to any or ordinary resolution of the Company, may determine.

**16 OTHER GENERAL INFORMATION (Cont'd)**

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**Allotment of Shares**

**Article 5**

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of these Articles and the Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

- (i) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (ii) in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than five per centum (5%) of the nominal amount of the share;
- (iii) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (iv) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the Members of the Company in general meeting;
- (v) every issue of shares or options to employees and/or Directors of the Company shall be approved by the Members in general meeting and no Directors shall participate in such issue of shares or options unless:-
  - (a) the Members in general meeting have approved of the specific allotment to be made to such Directors; and
  - (b) he holds office in the Company in an executive capacity. A non-executive Director may only participate in an issue of shares if made pursuant to a public issue or offer for sale.

**Modification of class rights**

**Article 11**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the share of that class) may, whether or not the Company is being wound up, be varied with the consent in writing or the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meetings the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary, quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holders of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary apply.

**16 OTHER GENERAL INFORMATION (Cont'd)**

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**Ranking of class rights**

**Article 12**

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further share ranking as regards participations in the profits or assets of the Company in some or in all respects pari passu therewith.

**Power to increase capital**

**Article 57**

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

**Power to alter capital**

**Article 61**

The Company may by ordinary resolution:-

- (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (ii) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given, any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; and
- (iii) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

**Power to reduce capital**

**Article 62**

The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner subject to any conditions and any consents required by law.

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**16 OTHER GENERAL INFORMATION (Cont'd)**

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The provisions of the Articles of Association of the Company in respect of the arrangement for the transfer of securities of ASIAEP and restrictions on their free transferability are as follows:-

(iv) **Transfers of Securities**

**Article 32**

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

**Transfer in writing**

**Article 33**

In the event that the Company is no longer on the Official List of the Stock Exchange by virtue of it being privatised or delisted, subject to the Act, the Central Depositories Act, the Rules (with respect to transfer of a deposited security) and these Articles, any Member may transfer all or any of his shares by instrument in writing in the form prescribed and approved by the Stock Exchange or such relevant authorities of the stock exchanges on which the Company's shares are listed and the Registrar of Companies. The instrument shall be executed by or on behalf of the transferor and the transferee and the transferor shall remain the holders of the shares transferred until the transfer is registered and the name of the transferee is entered in the register of Members in respect thereof.

**Transfer**

**Article 34**

Subject to the Central Depositories Act and the Rules, the instrument of transfer must be left for registration at the Office together with such fee not exceeding Ringgit Malaysia Three (RM3-00) per transfer or such sum as may from time to time be permitted by the Stock Exchange or such relevant authorities of the stock exchanges on which the Company's shares are listed and quoted plus the amount of the proper duty with which each such certificate is chargeable under any law for the time being in force relating to stamps as the Directors from time to time may require accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor, to make the transfer, and thereupon the Company shall subject to the powers vested in the Directors by these Articles register the transferee as a shareholder and retain the instrument of transfer. There shall be no restriction on the transfer of fully paid shares except where required by law.

**Refusal to register**

**Article 35**

- (a) There shall be no restriction on the transfer of fully paid securities of the Company except where required by law.

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**16 OTHER GENERAL INFORMATION (Cont'd)**

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

**Article 36**

If the Directors decline to register any transfer pursuant to Article 35 hereof they shall within ten (10) market days after the date on which the transfer was lodged with the Company send to the lodging broker and/or to the transferee and/or to the transferor notice of such refusal and the precise reasons thereof.

**Transmission of securities from Foreign Register**

**Article 43**

- (1) Where: -
- (a) the securities of the Company are listed on an Approved Market Place; and
  - (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act 1991 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,

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 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.

- (2) For the avoidance of doubt, the Company (when it fulfills the requirements of subparagraph (1)(a) and (b) above) shall not allow any transmission of securities from the Malaysian Register into the Foreign Register.

**16 OTHER GENERAL INFORMATION (Cont'd)**

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The provisions of the Articles of Association of the Company in respect of the rights of the holder of the securities are as follows:-

**Distribution of assets in specie**

**Article 160**

If the Company is wound up the liquidator may, with the sanction of a special resolution of the Company, divide amongst the Members in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, think fit but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

The provisions of the Articles of Association of the Company in respect of the rights of the holder of the securities on the liquidation of ASIAEP are as follows:-

Save that this Article shall be without prejudice to the rights of holders of shares issued upon special terms and conditions the following provisions shall apply:-

**Article 161**

- (a) If the Company shall be wound up and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding-up, on the shares held by them respectively; and
- (b) If in a winding-up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up the excess shall be distributed, among the Members in proportion to the capital paid-up, or which ought to have been paid up at the commencement of the winding-up on the shares held by them respectively.

**Voluntary liquidation**

**Article 162**

On the voluntary liquidation of the Company, no commission or fee shall be paid to the liquidator unless it shall have been approved by Members. The amount of such payment shall be notified to all Members at least seven (7) days prior to the meeting at which it is to be considered.]



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16 OTHER GENERAL INFORMATION (Cont'd)

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16.3 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- (i) The names, addresses and occupations of the Directors are set out in the Corporate Directory section at the front of this Prospectus.
- (ii) A Director is not required to hold any qualification shares in the Company.
- (iii) As at 17 December, being the latest practicable date prior to the printing of this Prospectus none of the Directors, of the Company save for Dr Tan Boon Nunt (as disclosed below) have any existing service contracts with the Company.

On 17 July 2002, the Company entered into a Service Agreement with Dr Tan Boon Nunt for his appointment as the Managing Director of the Company that deemed to have commenced on 1 March 2002 and shall continue until terminated by either party giving to the other not less than six (6) calendar months prior notice. The terms of the Service Agreement were at arms length and based on commercial terms. The salient terms of the agreement are as set out below:-

- 1. The employee's employment will commence for a period of five (5) years unless terminated.
- 2. The employee will be entitled to thirty (30) working days paid holiday in each year to be taken at such time or times as agreed with the Board.
- 3. Either party may terminate the agreement by giving to the other not less than six (6) calendar months prior notice.
- 4. The employee shall not within a period of 1 year after the termination of his employment hereunder:
  - (a) be directly or indirectly engaged concerned or interested whether as Director, Principal, Agent, Partner, Consultant, Employee or otherwise in any other business which is wholly or partly in competition with any business carried on by the Company;
  - (b) accept employment in any other business which is wholly or partly in competition with any business carried on by the Company;
  - (c) accept employment in any executive capacity with any business concern, which is wholly, or partly in competition with any business carried on by the Company;
  - (d) advise any business concern which is wholly or partly in competition with any business carried on by the Company; or
  - (e) be directly or indirectly engaged concerned or interested whether as Director, Principal, Agent, Partner, Consultant, Employee or otherwise in any business concern which has at any time during the last 12 months of the Appointee's employment hereunder supplied any goods materials or services to or been a customer of the Company.
- (iv) The remuneration paid to the Directors of the Company for services rendered in all capacities to the Company for the financial year ended 28 February 2003 amounted to RM414,000. For the financial year ending 28 February 2004, the estimated remuneration payable to the Directors is RM526,625.

**16 OTHER GENERAL INFORMATION (Cont'd)**

- (v) No Director, substantial shareholder or key management and technical personnel of ASIAEP is or was involved in the following events:-
- A petition under any bankruptcy laws filed against such person or any partnership in which he was an executive officer;
  - Conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; and
  - The subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or governmental body permanently or temporarily forbidding him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
- (vi) Save as disclosed in Section 10.1, none of the Directors and substantial shareholders of the Company have any interest, direct or indirect, in the promotion of or in any assets acquired or proposed to be acquired or assets disposed of or proposed to be disposed of by or leased to or proposed to be leased to the Company within the two (2) years preceding the date of this Prospectus.
- (vii) None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in any business carrying on a similar trade as the Company and which is not quoted in a stock exchange.
- (viii) None of the Promoters have received any amounts or benefits paid or given by the Company other than by the virtue of their directorships as disclosed in Section 16.3 (iv) of this Prospectus within the two (2) years preceding the date of the Prospectus, or intended to be so paid or given.
- (ix) According to the Register of Directors' shareholdings of ASIAEP, the direct and indirect interests of the Directors in the ordinary shares of the Company are as follows:-

Directors	← Before the Public Issue →				← After the Public Issue →			
	Direct		Indirect		Direct		Indirect	
	No of shares held	%	No of shares held	%	No of shares held	%	No of shares held	%
Tan Boon Nunt	25,237,260	18.03	63,000,020	45.00*	25,237,260	12.62	63,000,020	31.50*
Lee Suet Hong	25,237,260	18.03	63,000,020	45.00*	25,237,260	12.62	63,000,020	31.50*
Koh Jee Kuan	5,608,290	4.01	-	-	5,608,290	2.80	-	-
Song Mun Wai	490,000	0.35	-	-	490,000	0.25	-	-
Tan Sri Dato' (DR) Abdul Aziz Bin Abdul Rahman	-	-	-	-	100,000	0.05	-	-
Low To Fong	-	-	-	-	-	-	-	-

Note:-

- \* Deemed interested by virtue of their interest in TASB pursuant to Section 6A of the Companies Act, 1965.

**16 OTHER GENERAL INFORMATION (Cont'd)**

- (x) The existing substantial shareholders and their respective direct and indirect interests in the shares of the Company are as follows:-

Shareholders	← Before the Public Issue →				← After the Public Issue →			
	No of shares held		No of shares held		No of shares held		No of shares held	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
		%	%		%	%	%	
TASB	63,000,020	45.00	-	-	63,000,020	31.50	-	-
Tan Boon Nunt	25,237,260	18.03	63,000,020	45.00*	25,237,260	12.62	63,000,020	31.50*
Lee Suet Hong	25,237,260	18.03	63,000,020	45.00*	25,237,260	12.62	63,000,020	31.50*
Koh Jee Kuan	5,608,290	4.01	-	-	5,608,290	2.80	-	-

Note:-

- \* Deemed interested by virtue of their interest in TASB pursuant to Section 6A of the Companies Act, 1965.

- (xi) Save for the risk factors which are described in Section 3 of this Prospectus, the Directors of the Company are not aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company.
- (xii) Save as disclosed in Section 10.1, none of the Directors are materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company taken as a whole.

**16.4 GENERAL**

- (i) The nature of the Company's business and the names of all corporations, which are deemed to be related to the Company by virtue of Section 6 of the Companies Act, 1965 are set out in Section 4 of this Prospectus.
- (ii) The Company has not established a place of business outside Malaysia.
- (iii) The manner in which copies of this Prospectus together with the Application Form may be obtained is set out in Section 17.1 of this Prospectus.
- (iv) The time of the opening of the Application of the Public Issue is set out in Section 17.1 of this Prospectus.
- (v) The amount payable in full on application is RM0.30 per share.
- (vi) Save as disclosed in Sections 3, 4, and 6 of this Prospectus, the financial condition and operations of the Company are not affected by any of the following:-
- Known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way;
  - Material commitments for capital expenditure;

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**16 OTHER GENERAL INFORMATION (Cont'd)**

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- (c) Unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and
- (d) Known trends or uncertainties that have had or that the Company reasonably expects to have a material favourable or unfavourable impact on revenues or operating income.
- (vii) As at 17 December, being the latest practicable date prior to the printing of this Prospectus, the Company does not have any outstanding convertible debt securities.
- (viii) TASB, Dr Tan Boon Nunt, Lee Suet Hong and Koh Jee Kuan will collectively exercise control over the Company and will hold 31.50%, 12.62%, 12.62% and 2.80% respectively of the enlarged issued and paid-up share capital of ASIAEP upon listing.
- (ix) Save as disclosed in Section 2.4 of this Prospectus, there is currently no scheme involving the staff in the capital of the Company.
- (x) Particulars relating to the outstanding borrowings and contingent liabilities of the Company are disclosed in Section 6.4 of this Prospectus.
- (xi) The name and address of the Auditors & Reporting Accountants of the Company are set out under the "Corporate Directory" section of this Prospectus.

**16.5 EXPENSES AND COMMISSIONS**

- (i) The estimated amount of expenses of the Public Issue relating to the underwriting fees, placement fees and other expenses and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of ASIAEP on the MESDAQ Market which is estimated to be RM1,300,000 will be borne by ASIAEP.
- (ii) A placement fee of 2.0% of the Issue Price of RM0.30 per share for a total of up to 47,500,000 of the Public Issue Shares is payable by ASIAEP to the Placement Agents.
- (iii) Underwriting commission is payable by the Company to Kenanga and the Placement Agents, at the rate of 2.0% of the issue price of RM0.30 per share of the 6,000,000 Public Issue Shares underwritten.
- (iv) Sponsorship fees of RM30,000 per year is payable by ASIAEP to Kenanga for being the sponsor of ASIAEP upon listing of ASIAEP on the MESDAQ Market.
- (v) Save as disclosed above, no commissions, discounts, brokerage or other special terms have, within the two (2) preceding years prior to the date of this Prospectus, been paid or granted or is payable to any Director, promoter or expert or proposed Director for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company in connection with the issue or sale of any capital of the Company.

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**16 OTHER GENERAL INFORMATION (Cont'd)**

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**16.6 PUBLIC TAKE-OVERS**

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

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

**16.7 MATERIAL LITIGATION**

Save as otherwise disclosed below, as at 17 December 2003 being the last practicable date prior to the printing of this Prospectus ASIAEP is not engaged, as plaintiff or defendant in any other legal action, proceeding, arbitration or prosecution for any criminal offences, which has a material and adverse effect on the financial position of ASIAEP and the Directors do not know of any other proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of ASIAEP.

- (i) Kuala Lumpur High Court Suit No. D5-22-1910-00  
Parties: ASIAEP Sdn. Bhd. v A-Zone (M) Sdn. Bhd and Lee Keong Sek

The Company has filed a suit against A-Zone Sdn Bhd and Lee Keong Sek (herein collectively known as "Defendants") on 10 October 2000 claiming copyright infringement in relation to the development of internet website and passing off the Defendants' business as that associated with the Company. ASIAEP had successfully obtained an interim injunction on 23 November 2000 restraining the Defendants from making further copies of the Company's website and passing off the Defendants' business as that associated with the Company.

The Defendants had filed a defence and counter-claim on 12 January 2001 inter alia, seeking a declaration that the Company is not entitled to claim any copyright in respect of web pages commissioned by third party, and both the Company and Defendant have also sought unliquidated damages in their respective claims.

The case is presently at the stage of proceeding to Pre-Trial Case Management. The solicitors representing the Company are of the view that the suit may take 2 to 5 years to reach trial.

- (ii) High Court Suit No D3-26-31-2001  
Petitioner Lee Chin Sin  
Respondents Asia Electronic Publication (Johor) Sdn Bhd & 4 others (Tan Boon Nunt, Lee Suet Hong, Ee Yok Seng and Tan Soong Ling)

From the Writ of Summons and Statement of Claim dated 20 April 2001 (hereinafter referred to as "the Originating Petition") filed pursuant to section 181 of the Companies Act, 1965, the Petitioner claims, inter alia,

- (i) that the 2<sup>nd</sup> and 3<sup>rd</sup> Respondents be ordered to cause the Company to hand over all accounting documents, records and customers' sign up forms belonging to Asia Electronic Publication (Johor) Sdn Bhd (hereinafter referred to as "AEJ");
- (ii) that the 2<sup>nd</sup> and 3<sup>rd</sup> Respondent be ordered to cause the Company to permit an approved company auditor appointed by the Petitioner to inspect and take copies of all accounting records of AEJ and the Company;
- (iii) that the Company is ordered to hand over all accounting documents, records and customers' sign up forms belonging to AEJ;

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**16 OTHER GENERAL INFORMATION (Cont'd)**

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- (iv) that the Company is to permit an approved company auditor appointed by the Petitioner to inspect and take copies of all accounting records of AEJ and the Company;
- (v) that the 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> Respondents and the Company do pay the Petitioner and/or AEJ all loss and damages arising from their breaches of duties as directors of the company;
- (vi) that the 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> Respondents and the Company are restrain from acting in any way interfering with the business of the AEJ;
- (vii) such other relief deem fit and just by the Court; and
- (viii) costs of the Petition be taxed and paid by the 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> Respondents and the Company.

The Petitioner has filed an application to amend the Originating Petition to include the Company as the 6<sup>th</sup> Respondents. The application was fixed for decision before the Senior Assistant Registrar ("SAR") on 6 June 2003 and the said application was dismissed with costs. The Petitioner has filed an appeal against the decision made by the SAR. The appeal was heard on 15 August 2003 wherein the learned judge had directed all parties to file written submission fixed for decision on 6 November 2003.

The learned judge had on 6 November 2003 decided to allow the abovementioned appeal with cost. In this instance, the Company has been joined as the 6<sup>th</sup> Respondent in the Petition. The Company has directed its solicitors to appeal against this decision to the Court of Appeal and the solicitors are in the midst of preparing the necessary papers in relation thereto.

The solicitors representing the Company are of the opinion that in the event the Petitioner succeeds in his claim and the Court directs the Company to comply with (i), (ii) and (iii) above, the solicitors are of the view that the appointment of the approved company auditor by the Petitioner per se shall not have an adverse financial effect on the Company.

There may be some financial effect on the Company should the Court grant the prayers under (v) and (viii). On the other hand, the solicitors are of the opinion that the Petitioner will have an uphill task in persuading the Court to allow the same.

To mitigate any effect of the suit on the Company, the Directors of ASIAEP, Tan Boon Nunt and Lee Suet Hong have provided a letter of indemnity to the Company to indemnify the Company against all claims, losses, damages, costs, fees and expenses arising in the event the Petitioner is successful against the Company. The letter was submitted to the KLSE on 12 November 2003.

- (iii) Kuala Lumpur High Court Suit No. D6-22-1516-2003  
Parties: Lee Chin Sin ("the Plaintiff") v AsiaEP Berhad (the "Company"), Tan Boon Nunt (the "2<sup>nd</sup> Defendant") and Lee Suet Hong (the "3<sup>rd</sup> Defendant") (collectively referred to as "the Defendants")

The Writ of Summons and the Statement of Claim dated 8 September 2003 were served on the Defendants on 23 September 2003. The Plaintiff, inter alia, claims: -

- (i) that the Company do specifically be ordered to issue to the Plaintiff shares in the Company amounting to 15% of its entire paid up capital as at January 1999 based on the par value of RM1.00 per share;

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16 OTHER GENERAL INFORMATION (Cont'd)

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- (ii) that the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants do cause the Company to issue 15% of the entire shareholding of the Company as at January 1999 at par value of RM1.00 per share;
- (iii) alternatively, that the Defendants do pay the Plaintiff damages to be assessed;
- (iv) that the Defendants do refrain from interfering in the business of Asia Electronic Publication (Johor) Sdn. Bhd. and from soliciting and or procuring any business in the state of Johor;
- (v) costs; and
- (vi) such other reliefs deem fit and just by the Court.

The Defendants have filed the Memorandum of Appearance and served the same on 30 September 2003. The Defence has been filed on 14 October 2003. Subsequently the Defendants have been served with a sealed copy of Notice to attend Pre-Trial Case Management fixed for hearing on 10 February 2004.

Whilst it cannot be said with certainty that the Plaintiff claim will fail, the solicitors are of the view that, it appears that the Company has a reasonable strong chance of dismissing the Plaintiff's claim subject always to the availability and credibility of the witnesses during the trial. It is to be noted however that, if the Courts allow the following prayers, i.e: -

- (i) that the Defendants do pay the Plaintiff damages to be assessed;
- (ii) that the Defendants do refrain from soliciting and or procuring any business in the state of Johor; and
- (iii) costs;

then, subject to any warranty and/or undertaking which may be provided by the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants to pay such loss, damages and/or costs to be awarded and provided that such warranty and undertaking are fulfilled, the solicitors are of the view that the financial impact on the Company will be negligible.

The solicitors have further highlighted to the Company that this current suit is substantially the same as the claim instituted by the Plaintiff vide Kuala Lumpur High Court Suit No D6-22-580-2001, which was struck out by the Court on 10 June 2002 and the application by the Plaintiff to reinstate the same was dismissed by the Court on 9 June 2003.

In relation to the Kuala Lumpur High Court Suit No D6-22-580-2001, the Plaintiff has filed a Writ of Summons and Statement of Claim on 20 April 2001, claiming inter alia that the Company be ordered to issue to the Plaintiff shares in the Company amounting to 15% of its entire paid up capital as at January 1999 based on the par value of RM1-00 per share and that the Defendants do refrain from interfering in the business of Asia Electronic Publication (Johor) Sdn. Bhd. and from soliciting and or procuring any business in the state of Johor.

The Company has in turn, filed its Defence on 18 May 2001 and the matter was set for hearing on 10 June 2002. The Writ of Summons and the Statement of Claim were struck out by the Court due to the failure of the Plaintiff's solicitors to attend Court on the day set for hearing.

To mitigate any effect of the suit on the Company, the Directors of ASIAEP, Tan Boon Nunt and Lee Suet Hong have provided a letter of indemnity to the Company to indemnify the Company against all claims, losses, damages, costs, fees and expenses arising in the event the Petitioner is successful against the Company and further irrevocably jointly and severally undertake to transfer the necessary shares from their respective proportions to the Plaintiff, in the event the Court decides to grant the Plaintiff prayer (i) above. The letter was submitted to the KLSE on 12 November 2003.

**16 OTHER GENERAL INFORMATION (Cont'd)**

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**16.8 MATERIAL CONTRACTS**

Save as disclosed below, there are no contracts which are material (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company) which have been entered into by the Company within the two (2) years preceding the date of this Prospectus:-

- (i) The Deed of Assignment between ASIAEP and Dr Tan Boon Nunt dated 16 August 2002 for the acquisition of the System for a consideration of RM16,500,000 to be satisfied with the issuance of 6,395,349 new ordinary shares at an issue price of RM2.58 each of the Company;
- (ii) The Option Agreements dated 12 September 2002 between ASIAEP and eleven (11) call option holders to subscribe for a total of 6,900,000 of the Public Issue Shares pursuant to the Proposed Listing of ASIAEP. Pursuant to the approval of the Public Issue by SC and KLSE on 1 July 2003 and 2 July 2003 respectively, one (1) individual had terminated the Option Agreement with ASIAEP.
- (iii) The Sale and Purchase Agreement dated 26 November 2001 between ASIAEP and Intan Payong Sdn Bhd for the purchase of one ( 1 ) unit of shop office, located in Ipoh and described as Unit 553-3A, 3<sup>rd</sup> Floor, Metro Ipoh Baru, Perak Darul Ridzuan for a total cash consideration of RM67,400.
- (iv) The Sale and Purchase Agreement dated 12 April 2002 between ASIAEP and Tan See Ang and Tan See Shing @ Lee Ching for the purchase of a single-storey semi-detached house located at 35, Jalan 8/18, Petaling Jaya, 46050 Selangor Darul Ehsan for a total cash consideration of RM180,000;
- (v) Underwriting Agreement dated 16 September 2003, entered into between ASIAEP of the one part and Kenanga, of the other part for the underwriting of 6,000,000 ASIAEP Shares pursuant to the Public Issue for an underwriting commission of 2.0% of the issue price of RM0.30 per share; and
- (vi) Placement Agreement dated 5 September 2003 between ASIAEP of the one part and Kenanga and the Placement Agents of the other part for the placement of up to 47,500,000 of the Issue Shares for a placement fee of 2.0% of the issue price of RM0.30 per share.

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**16 OTHER GENERAL INFORMATION (Cont'd)**

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**16.9 LETTERS OF CONSENT**

- (i) The written consents of the Corporate and Due Diligence Solicitors, Registrar, Sponsor, Adviser and Managing Underwriter, Placement Agents, Principal Bankers, Issuing House, Company Secretaries, IDC, PIKOM and Malaysian Debt Ventures Berhad to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants to the inclusion of their name, Accountants' Report and their letters relating to the Proforma Balance Sheets as at 30 June 2003 in the manner and form in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (iii) The written consent of the Experts to the inclusion of their names and the Summary Valuation in the manner and form in which it is contained in this Prospectus

**16.10 RESPONSIBILITY STATEMENTS**

- (i) This Prospectus has been seen and approved by the Directors and Promoters of ASIAEP and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.
- (ii) Kenanga acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue and the Company.

Notwithstanding the foregoing, Kenanga does not accept responsibility for the contents of the valuation report of the Intellectual Property Rights in respect of the System which was undertaken by Monteiro & Heng, Chartered Accountants as included in Section 12 of this Prospectus, save for the fact that the information has been correctly reproduced in this Prospectus.

**16.11 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of ASIAEP during normal office hours for a period of six (6) months from the date of this Prospectus:-

- (i) Memorandum and Articles of Association of ASIAEP;
- (ii) The Directors' Report and Accountants' Report, referred to in Sections 13 and 14 respectively of this Prospectus;
- (iii) The material contracts referred to in Section 16.8 of this Prospectus;
- (iv) The service contract between ASIAEP and Dr. Tan Boon Nunt;

**16 OTHER GENERAL INFORMATION (Cont'd)**

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- (v) The Reporting Accountants' Letter relating to the proforma balance sheets as at 30 June 2003 included in Section 15 of this Prospectus;
- (vi) The letters of consent referred to in Section 16.9 of this Prospectus;
- (vii) The audited accounts of ASIAEP for the period from the date of incorporation to 28 February 2003 and the four (4) month period ended 30 June 2003;
- (viii) The Writs and Statements of Claims for the matters disclosed in Section 16.7; and
- (ix) The Summary Valuation Report as included in Section 12 of this Prospectus together with the Valuation Report as referred to therein.

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