
16. STATUTORY AND GENERAL INFORMATION

16.1 Share Capital

- (i) No Shares 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 in the Company. There is only one class of shares in the Company being ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.
- (iii) Save as disclosed in Sections 3.5 and 5.3 of this Prospectus, there are at present no other schemes involving the Directors or employees in the share capital of the Company or its subsidiaries.
- (iv) Save as disclosed in Sections 3.5 and 5.3 of this Prospectus, no shares, stocks or debentures in Ecofuture or its subsidiary companies have been issued or are proposed to be issued as fully or partly paid-up for cash or otherwise, since incorporation up to the date of this Prospectus.
- (v) No person has an option or is entitled to be given an option to subscribe for any shares, stock or debentures of the Company or its subsidiaries.
- (vi) As at the Latest Practicable Date, the Company and its subsidiaries do not have any outstanding convertible debt securities.
- (vii) No shares, debentures, outstanding warrants, options, convertible securities or uncalled capital of the Company or its subsidiaries have been issued or are proposed to be issued as fully or partly paid-up otherwise than in cash and the consideration for which the same has been or is to be issued within the two (2) years immediately preceding the date of this Prospectus save as disclosed in Section 3.5 and 5.2 of this Prospectus.
- (viii) A director is not required to hold any qualification shares in the Company.

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16. STATUTORY AND GENERAL INFORMATION (Cont'd)

16.2 Articles of Association

The following provisions are reproduced from the Company's Articles of Association. The terms used in this section shall have the following respective meanings as ascribed thereto in the Company's Articles of Association.

16.2.1 Transfer of Securities

The provision of the Articles of Association of the Company in respect of the arrangement for the transfer of shares of the Company and the restriction on their free transferability are as follows:-

Article 41

Subject to the Act, Listing Rules, the Central Depositories Act and Rules, all transfer of shares or securities or class of shares or securities of the Company by registered members shall be effected by way of book entry by the Central depository in accordance with the Rules and, notwithstanding Section 103 and 104 of the Act any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of shares or securities. Subject to the Act, the Central Depositories Act and the Rules, no share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind

Transfer of Securities

Article 42

Subject to these Articles, there shall be no restriction on the transfer of fully paid up shares except required by law. The instruments shall be executed by or on behalf of the transferor and transferee and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the Register and/or the Record of Depositors as the case may be, in respect thereof. All transfer of deposited securities shall be effected in accordance with the Act, the Central Depositories Act and the Rules.

Execution requirement

Article 43 & 44

The Directors may:

- (a) decline to register the transfer of any share (not being a fully paid share);
- (b) decline to register the transfer of any share on which the Company has a lien or if the registration of the transfer would result in a contravention of or failure to observe the provisions of a law in Malaysia; and

Director's rights to decline registration

Subject to the Act, Listing Rules, the Central Depositories Act and the Rules, if the Directors refuse to register a transfer they shall within three (3) market days after the date on which the transfer was lodged with the Company send to the lodging broker and transferee written notice of the refusal and the precise reasons therefor.

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

Article 45

The registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine, not exceeding in the whole 30 days in any year. 18 market days notice of intention to close the Register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. In relation to such closure the Company shall give notice, in accordance with the Rules, to the Central Depository to prepare the appropriate Record of Depositors.

Closure of
register

16.2.2 Voting and Borrowings Powers of Directors

The provision of the Company's Articles of Association dealing with the voting and borrowings power of the directors are as follows:-

Article 116

The business of the Company shall be managed by the Directors who may exercise all such powers of the Company, and do on behalf of the Company all such acts as are within the scope of the Memorandum and Articles of Association of the Company as are not by the Act or by these Articles required to be exercised or done by the Company in general meeting, subject nevertheless to these Articles, to the provisions of the Act, and to such regulations, being not inconsistent with these Articles as may be prescribed by the Company in general meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

General power

Article 118 (1)

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, 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 of any third party PROVIDED ALWAYS that nothing contained in these Articles shall authorise the Directors to 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 or other securities, whether outright or as security, for any debt, liability or obligation of an unrelated third party.

Restrictions on
borrowing

Article 120

The Directors may from time to time, and at any time, by power of attorney appoint any corporation, firm or person or body of persons, whether nominated directly or indirectly by the Directors to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (including power to sub-delegate but not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as the Directors may from time to time think fit, and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with any such attorney as the Directors think fit.

Power to
appoint
attorneys etc

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

Article 127

The quorum necessary for the transaction of the business of the Directors shall be two (2).

Quorum at
Directors'
meeting

Article 134

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly a personal interest nor any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other securities in that other company, and if he does so vote his vote shall not be counted.

Disqualification
from voting

Article 137

The Directors may establish any committees, local boards or agencies for managing any of the affairs of the Company, either in Malaysia or elsewhere, and may lay down, vary or annul such rules and regulations as they may think fit for the conduct of the business thereof, and may appoint any persons to be members of any such committee or local board, or any managers or agents, and may fix their remuneration, and may delegate to any such committee, local board, manager or agent any of these powers, authorities and discretion vested in the Directors, with power to sub-delegate, and may authorise the members of any such committee or local board, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegations may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no persons dealing in good faith without notice of any such annulment or variation shall be affected thereby.

Power to
delegate

Article 117

Subject to the Act, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:

Disclosure of
interest

- (d) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (e) 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;
- (f) 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 any 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;
- (g) 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

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

remuneration for professional service but nothing in these Articles shall authorise a Director or his firm to act as auditor of the Company;

- (h) for the purposes of this Article a general notice given to the Directors that a Director is to be regarded as having an interest of 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
- (i) an interest of which a Director has no knowledge and of which is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

16.2.3 Changes in Capital and Variation of Class Rights

The provision of the Company's Articles of Association dealing with changes in capital and variation of class rights are as follows:-

Article 4

Subject to the prior approval of the members of the Company in general meeting and to the provisions of the Act and to the conditions, restrictions and limitations expressed in these Articles, the Directors may allot, grant options over or otherwise dispose of the unissued share capital of the Company to such person or persons, at such time and on such terms as they think proper, PROVIDED ALWAYS THAT:

Restriction on
issue

- (a) no shares shall be issued at a discount except in compliance with the provisions of the Act;
- (b) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the members in general meeting;
- (c) in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles;
- (d) in the case of every issue of shares or options to employees and/or Directors, such approval shall specifically detail the amount of shares or options to be issued to such Directors and only Directors holding office in an executive capacity shall participate in such an issue of shares or options. However, a Director not holding office in an executive capacity may so participate in an issue of shares pursuant to a public offer or a public issue.

Article 5 (1), (2) and (3)

Without prejudice to any special rights previously conferred on the holders of any share or class of shares already issued, but subject to the Act and these Articles, any shares in the Company (whether forming part of the original capital or not) may be issued and/or have attached thereto such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine PROVIDED THAT:

Rights of
preference
shares

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (1) the total nominal value of preference shares issued shall not exceed the total nominal value of the issued ordinary shares at any time;
- (2) the holders of preference shares shall have the following rights:
 - (a) The holder of a preference share must be entitled to a right to vote at any class meetings and all general meetings in each of the following circumstances and in no others:
 - (i) When the dividend or part of the dividend on the share is in arrears for more than six (6) months;
 - (ii) On a proposal to reduce the Company's share capital;
 - (iii) On a proposal for the disposal of the whole of the Company's property, business and undertaking;
 - (iv) On a proposal that affects rights attached to the share;
 - (v) On a proposal to wind up the Company; and
 - (vi) During the winding up of the Company.
 - (b) The holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.
 - (c) A holder of a preference share must be entitled to the same rights as a holder of an ordinary share in relation to receiving notices, reports and audited accounts, and attending meetings.
- (3) the Company shall not unless with the consent of the existing preference shareholders at a class meeting, issue further preference capital ranking in priority above preference shares already issued but may issue preference shares ranking equally therewith.

Subject to the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed.

Article 6 (1) & (2)

- (1) Save as provided in Article 6(2), the Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company or in any way purchase, deal in or lend money on its own shares or those of its holding company. Share Buyback
- (2) The Company may, subject to Section 67A of the Act and any regulations made thereunder, purchase its own shares.

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

Article 7

In addition to all other powers of paying commissions, the Company (or the Board on behalf of the Company) may exercise the powers conferred by Section 58 of the Act of applying its shares or capital moneys in paying commissions to persons subscribing or procuring subscriptions for shares of the Company, or agreeing so to do whether absolutely or conditionally, provided that the percentage rate or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and shall not exceed ten (10) per cent of the price at which the shares in respect whereof the commission is paid are issued or an amount equivalent thereto. The Company (or the Board on behalf of the Company) may also on any issue of the shares, pay such brokerage as may be lawful.

Commission

Article 9

The Company shall duly observe and comply with the provisions of the Act, Bursa Securities LR and the Central Depositories Act applicable to any allotment of its shares. All new issues of shares, subject to the approval of the Exchange and the Securities Commission, shall be made by way of crediting the Securities Accounts of the allottees with such securities save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act in which event it shall so similarly be exempted from the compliance with this requirement. For this purpose, the Company shall notify the Central Depository of the names of the allottees and all such particulars required by the Central Depository, to enable the Central Depository to make the appropriate entries in the Securities Accounts of such allottees.

New issues of Securities

Article 10

Except as required by law no person shall be recognised by the Company as holding any share upon any trust and the Company shall not even when having notice thereof be bound or compelled to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles otherwise expressly provided or as required by law) any other rights in respect of any share except an absolute right to the entirety thereof in the holder.

No recognition of trust

Article 11

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issued, be offered to such person as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from any person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the

Pre-Emption

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

Directors, be conveniently offered under this Article.

Article 12

Notwithstanding the preceding Article the Company may apply to the Exchange for waiver of the convening of an extraordinary general meeting to obtain members' approval for further issues of shares (other than by way of bonus or rights issue) where:-

Waiver for
issues

- (a) the aggregate of the shares issued in any one financial year (other than by way of bonus or rights issue) does not exceed ten (10) per cent of the issued share capital of the Company; and
- (b) in accordance with Section 132D of the Act, there is still in effect a resolution approving the issuance of shares by the Company.

Article 18

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 shares of that class) may subject to Sections 55 and 65 of the Act and whether or not the Company is being wound up be varied or abrogated with the consent in writing of 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 meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be 2 persons at least holding or representing by proxy one-tenth (1/10) of the issued shares of the class (but so that if at any adjourned meeting of such holders, a quorum is not present, the holders present, shall form a quorum), and that any holder 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.

Variation of
class rights

Article 19

Subject to Section 65 of the Act, 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 shares ranking as regards participation in the profits or assets of the Company in some or in all respects pari passu therewith with that class.

No deemed
variation

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 paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount 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.

Resolution to
increase
capital

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

Article 59 (1)

The Company may from time to time by ordinary resolution :-

Consolidation
division and
cancellation

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum and Articles of Association (subject nevertheless to the provisions of the Act) and so that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived. Any resolution whereby any share is sub-divided may determine that, as between the holders of shares resulting from such subdivision, one or more of such shares may have such preferred or other special rights over, or may be given any preference of advantage as regards dividends, return of capital voting or otherwise over the other or others of such shares; or
- (c) cancel any shares which at the date of the passing of the resolution have not been taken up or agreed to be taken up by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 59 (2)

The Company may by special resolution reduce its share capital and any capital redemption reserve or share premium account in any manner authorised by law.

Reduction of
capital

Article 6 (3)

Subject to the Act and these Articles, any unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Directors who may offer, issue, allot (with or without conferring a right of renunciation), grant options over, grant any right or rights to subscribe for such shares or any right or rights to convert any security into such shares, or otherwise deal with or dispose of them to such persons at such times and on such terms and conditions as they may determine.

Issue of
securities

Article 9

Subject to the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or as the Directors (subject to being duly authorised to do so by an ordinary resolution of the Company) may determine provided where the capital of the Company consists of shares of different monetary denominations, voting rights shall be determined in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

Rights
attached to
shares

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

Article 5 (4)

The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned but where the necessary majority for such a special resolution is not obtained at the meeting consent, in writing, if obtained from the holders of three-fourths of the preference capital concerned within 2 months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

Repayment of preference capital

16.2.4 Directors' Remuneration

The provision of the Company's Articles of Association dealing with the remuneration of the directors are as follows:-

Article 109 (1) &(2)

- (1) A Director may appoint a person approved by a majority of his co-Directors to act as his alternate, provided that any fee paid by the Company to the alternate shall be deducted from that Director's remuneration. The alternate Director shall be entitled to notices of all meetings and to attend, speak and vote at any such meeting at which his appointor is not present. Any appointment so made may be revoked at any time by the appointor or by a majority of the Directors, and any appointment or revocation under this Article shall be effected by notice in writing to be delivered to the Secretary of the Company. An alternate Director shall ipso facto cease to be an alternate Director if his appointor for any reason ceases to be a Director.
- (2) If any Director retires by rotation and is re-elected by the meeting or is, pursuant to these Articles, deemed to be re-elected at the meeting at which such retirement took effect any appointment made by him of an alternate Director which as in force immediately prior to the appointor's retirement shall continue to operate after such re-election if the appointor had not so retired.

Alternate directors appointment

Article 112

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 proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:-

Remuneration

- (a) fees payable to Directors shall be by way of a fixed sum, and not by way of a commission on or percentage of profits or turnover;
- (b) fees payable to Directors are subject to the approval of the Board:

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (c) any fees paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter
- (d) 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.

Article 114 (1)

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.

Expenses

Article 114 (2)

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 exertions 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 of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged PROVIDED ALWAYS that extra remuneration payable to:-

Special remuneration

- (a) non executive Director shall not be by a commission on or percentage of profits or turnover;
- (b) an executive Director shall not include a commission on or percentage of turnover.

16.3 Promoters, Substantial Shareholders, Directors, Key Management and Key Technical Personnel

- (i) The names, addresses and occupations of the Directors are set out in Sections 1 and 9.2 of this Prospectus.
- (ii) A Director is not required to hold any qualification shares in the Company unless otherwise so fixed by the Company in general meeting.
- (iii) None of the Director, key management and key technical personnel is or has been involved in the following events (whether in or outside Malaysia):-

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (a) a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was or is a partner or any corporation of which he was the adviser or key personnel;
- (b) a conviction in a criminal proceeding or a named subject of a pending criminal proceeding; or
- (c) the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or governmental body permanently or temporarily enjoining 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.
- (iv) Based on the Register of Directors and Directors' Shareholdings as at the Latest Practicable Date, the Directors and their respective shareholdings, direct and indirect, in the shares of the Company immediately before and after the Public Issue are as follows:-

| Name of Directors | Before the Public Issue [#] | | | | After the Public Issue | | | |
|--------------------------------|--------------------------------------|-------|----------------------|---|------------------------|-------|----------------------|---|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % |
| Jang Kim Luang @ Yeo Kim Luang | 81,896 | 62.56 | - | - | *83,146 | 47.64 | - | - |
| Dr Foong Lai Sun | 7,184 | 5.49 | - | - | *8,184 | 4.69 | - | - |
| Lim Si Pin | 7,776 | 5.94 | - | - | 7,776 | 4.46 | - | - |
| Gunaretnam s/o Kathigasu | - | - | - | - | - | - | - | - |
| Brian Wong Wye Pong | - | - | - | - | - | - | - | - |

Notes:-

Subsequent to the Acquisitions, Internal Reorganisation and Share Split

* After the respective pink form allocation pursuant to the allocation of Public Issue Shares to the Eligible Directors as follows:-

| <u>Eligible Directors</u> | <u>No. of Ecofuture Shares allocated ('000)</u> |
|--------------------------------|---|
| Jang Kim Luang @ Yeo Kim Luang | 1,250 |
| Dr Foong Lai Sun | 1,000 |
| Total | <u>2,250</u> |

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16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (v) Based on the Register of Substantial Shareholders as at the Latest Practicable Date, the substantial shareholders of the Company and their respective interests, direct and indirect, in the shares of the Company immediately before and after the Public Issue are as follows:-

| Name of Substantial Shareholders | Before the Public Issue [#] | | | | After the Public Issue | | | |
|---|--------------------------------------|-------|----------------------|---|------------------------|-------|----------------------|---|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % |
| Duli Yang Amat Mulia Tunku Ibrahim Ismail Ibni Sultan Iskandar Al-Haj | 26,832 | 20.50 | - | - | 26,832 | 15.37 | - | - |
| Jang Kim Luang @ Yeo Kim Luang | 81,896 | 62.56 | - | - | *83,146 | 47.64 | - | - |
| Dr Foong Lai Sun | 7,184 | 5.49 | - | - | *8,184 | 4.69 | - | - |
| Lim Si Pin | 7,776 | 5.94 | - | - | 7,776 | 4.46 | - | - |

Notes:

Subsequent to the Acquisitions, Internal Reorganisation and Share Split

* After the respective pink form allocation pursuant to the allocation of Public Issue Shares to the Eligible Directors as follows:-

| <u>Eligible Directors</u> | <u>No. of Ecofuture Shares allocated ('000)</u> |
|--------------------------------|---|
| Jang Kim Luang @ Yeo Kim Luang | 1,250 |
| Dr Foong Lai Sun | 1,000 |
| Total | 2,250 |

- (vi) None of the Directors of the Company has any interest, direct or indirect, in the promotion of, or in any assets which have, within the two (2) years preceding the date of this Prospectus, been acquired or proposed to be acquired or disposed of or proposed to be disposed of by or proposed to be leased to, the Company and its subsidiary companies or in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company and its subsidiary companies taken as a whole, save as disclosed in Section 16.7 and 16.8 "Material Contract and Material Agreements" of this Prospectus.
- (vii) Save as disclosed in Section 11.1 of this Prospectus, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect in any contract or arrangement, which is significant in relation to the business of the Company and its subsidiaries subsisting at the date of this Prospectus.
- (viii) None of the Directors have any existing or proposed service contracts with the Company or its subsidiaries.
- (ix) Save for Section 11.1.3 of this Prospectus, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in any company carrying on a similar trade as the Company or any of its subsidiary companies.

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (x) The aggregate remuneration paid to the Directors for services rendered in all capacities to the Company and its subsidiary companies for the financial year ended 31 December 2002 and 31 December 2003 were RM228,839 and RM491,667 respectively.

16.4 General

- (i) The nature of the business of the Company is as described under Sections 2.1, 5.5 and 5.6 of this Prospectus. The corporations which are deemed to be related to the Company by virtue of Section 6 of the Companies Act 1965 have been disclosed in Section 5.5 of this Prospectus.
- (ii) The date and time of the opening of the Application for the Public Issue is as set out under Section 17.1 of this Prospectus.
- (iii) The amount payable in full on application is RM0.25 per Share.
- (iv) The name and address of the Auditor s are set out in Section 1 of this Prospectus
- (v) No properties have been acquired or proposed to be acquired by the Company or its subsidiaries in conjunction with the Public Issue.
- (vi) The aggregate expenses incidental to the listing of Ecofuture is estimated at RM1.80 million and will be borne by the Company.
- (vii) Save as disclosed in Section 5.3 of this Prospectus, there is no present intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company.
- (viii) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is as set out in Section 17.4 of this Prospectus.
- (ix) Other than remuneration as which is disclosed in Section 9.2.4 of this Prospectus, no amount or benefit has been paid to or given to any Promoter within the two (2) years preceding the date of this Prospectus or intended that any such amount or benefit be so paid or given, except for benefits-in-kind and any remuneration received in the course of employment and dividends received as shareholders which have been previously declared by Ecofuture and its subsidiary companies.
- (x) The Company and its subsidiaries have not established a place of business outside Malaysia.
- (xi) Save as disclosed in this Prospectus, the Directors 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 would materially affect the profits of the Group.
- (xii) Save as disclosed in Sections 7.6 and 7.8 of this Prospectus, the financial conditions and operations of Ecofuture and its subsidiary companies are not affected by any of the following:
- (a) Known trends, demands, commitments, event or uncertainties that have had or that the Company and/or its subsidiaries reasonably expects to have, a material or unfavourable impact on the financial performance, position and operations of the Group;
- (b) Material capital expenditure commitments;

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Company and/or its subsidiaries;
 - (d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in revenue which is attributable to prices, volume of goods/services being sold and the introduction of new products/services or any other factors; and
 - (e) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.
- (xiii) Other than the 10,727,000 of the Issue Shares allocated for the Eligible Directors, eligible employees, certain business associates and other persons nominated by the Ecofuture Group, there are no schemes involving the staff in the capital of the Company or its subsidiary companies as at the Latest Practicable Date.
 - (xiv) Save for the underwriting commission, placement fees and brokerage referred to in Section 3.8 of this Prospectus, no commissions, discounts, brokerages or other special terms has been paid or payable by the Company and/or its subsidiaries for the preceding two (2) years from the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any shares in or debentures of the Company and its subsidiaries and in connection with the sale or issue of any capital of the Company or any of its subsidiaries and no Director or proposed Director or Promoter or expert is or entitled to receive any such payment.
 - (xv) No person has been or is entitled to be given an option to subscribe for any shares or debentures of the Company or its subsidiary companies.
 - (xvi) Save as disclosed in Section 7.8 of this Prospectus, Ecofuture and its subsidiary companies, do not have any loan capital created but unissued outstanding as at the Latest Practicable Date.
 - (xvii) Save as disclosed in Section 4.2 (ii) and Section 9 of this Prospectus, so far as known to the Directors of Ecofuture and its subsidiary companies, there does not exist any persons who, directly or indirectly, jointly or severally, exercise control over Ecofuture and its subsidiary companies and the proportion of the voting capital held.

16.5 Expenses and Commission

- (i) Underwriting commission is payable by the Company to the Underwriter at the rate of 2.0% of the Issue Price of RM0.25 per Share on the 22,690,000 Issue Shares being underwritten.
- (ii) Placement fees are payable by the Company to the Placement Agents at the rates ranging from 1.0% to 1.5% of the Issue Price of RM0.25 per Share.
- (iii) Brokerage at the rate of 1.0% of the Issue Price of RM0.25 is payable by the Company in respect of successful applications bearing the stamp of Affin Merchant, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (iv) An estimated RM1.80 million in respect of expenses and fees incidental to the listing of and quotation for the entire issued and paid-up Shares of Ecofuture on MESDAQ Market will be borne by the Company.

16.6 Public Take-Overs

During the last financial year and the current financial year, there were:-

- (i) No public take-over offers by third parties in respect of the Company's and its subsidiary's shares; and
- (ii) No public take-over offers by the Ecofuture Group in respect of other companies' shares.

16.7 Material Contracts

Save as disclosed below, there are no contracts which are or may be material, not being contracts entered into in the ordinary course of business, which have been entered into by Ecofuture and its subsidiary companies during the two (2) years immediately preceding the Latest Practicable Date.

- (i) Conditional Share Sale Agreement dated 15 January 2004 between Ecofuture and the vendors of SWSB namely Duli Yang Amat Mulia Tunku Ibrahim Ismail Ibni Sultan Iskandar Al-Haj, Jang Kim Luang @ Yeo Kim Luang and Saw Sui Hock @ Choo Sui Hock to acquire the entire issued and paid-up share capital of SWSB comprising 1,500,000 ordinary shares of RM1.00 each for a purchase consideration of RM8,944,000 to be satisfied by the issuance of 8,944,000 new ordinary shares of RM1.00 each in Ecofuture at an issue price of RM1.00 each.
- (ii) Conditional Share Sale Agreement dated 15 January 2004 between Ecofuture and the vendors of ISSB namely Jang Kim Luang @ Yeo Kim Luang and Dr. Foong Lai Sun to acquire the entire issued and paid-up share capital of ISSB comprising 100,000 ordinary shares of RM1.00 each for a purchase consideration of RM1,128,000 to be satisfied by the issuance of 1,128,000 new ordinary shares of RM1.00 each in Ecofuture at an issue price of RM1.00 each.
- (iii) Conditional Share Sale Agreement dated 15 January 2004 between Ecofuture and the vendors of ELPSB namely Jang Kim Luang @ Yeo Kim Luang and Dr. Foong Lai Sun, Lim Si Pin, Yeo Lik Koon, Ye Yunhu, Saw Sui Hock @ Choo Sui Hock and Sang Chee Hung to acquire 77.00% equity interest in ELPSB representing 1,540,002 ordinary shares of RM1.00 each for a purchase consideration of RM2,300,000 to be satisfied by the issuance of 2,300,000 new ordinary shares of RM1.00 each in Ecofuture at an issue price of RM1.00 each.
- (iv) Conditional Share Sale Agreement dated 15 January 2004 between Ecofuture and the vendors of ETSB namely Jang Kim Luang @ Yeo Kim Luang, Dr. Foong Lai Sun, Wirasawah Sdn Bhd and Lim Si Pin to acquire 50.71% equity interest in ETSB representing 394,000 ordinary shares of RM1.00 each for a total purchase consideration of RM718,498 to be satisfied by the issuance of 718,498 new ordinary shares of RM1.00 each in Ecofuture at an issue price of RM1.00 each.
- (v) Conditional Share Sale Agreement dated 19 January 2004 between Ecofuture and the vendor, SWSB to acquire the 49.29% equity interest in ETSB representing 383,000 ordinary shares of RM1.00 each for a cash consideration of RM383,000.

16. STATUTORY AND GENERAL INFORMATION *(Cont'd)*

- (vi) Conditional Share Sale Agreement dated 19 January 2004 between Ecofuture and the vendor, SWSB to acquire 15.00% equity interest in ELPSB representing 300,000 ordinary shares of RM1.00 each for a cash consideration of RM411,290.
- (vii) Conditional Share Sale Agreement dated 19 January 2004 between Ecofuture and the vendor, ISSB to acquire 8.00% equity interest in ELPSB representing 160,000 ordinary shares of RM1.00 each for a cash consideration of RM219,355.
- (viii) A Patent Assignment Agreement dated 12 January 2004 between ISSB and Jang Kim Luang @ Yeo Kim Luang and Dr. Foong Lai Sun ("Assignors"), whereby the Assignors assigned all their rights, title and interest of the following to ISSB:
 - (a) patent application No. 0003000519 for fibrous mat made from oil palm empty fruit bunches and the process of making the same, which was approved and registered by the registrar of patents in Thailand on 2 November 2000; and
 - (b) patent application No. PI9803124 dated 08-07-1998 for fibrous mat made from oil palm empty fruit bunches and the process of making the same, which is pending approval.
- (ix) A Patent Assignment Agreement dated 12 January 2004 between ISSB and Jang Kim Luang @ Yeo Kim Luang ("Assignor"), whereby the Assignor assigned all her rights, title and interest of the patent application No UI20020084 dated 10 January 2002 for rubberised oil palm fibre sheet or mat which is pending approval to ISSB.
- (x) Letter from Affin Securities to ETSB dated 12 October 2004, whereby, by signing the acceptance portion of the letter, ETSB appointed Affin Securities as its placement agent to secure places (on a best effort basis) for a minimum of 7,972,500 Ecofuture Shares for a placement fee of 1.5% of the gross placement proceeds.
- (xi) Underwriting Agreement dated 23 November 2004 between Ecofuture and Affin Merchant as the Underwriter for the underwriting of 22,690,000 Issue Shares for the underwriting commission of 2.0% of the retail price of RM0.25 per Issue Share.
- (xii) Placement Agreement dated 23 November 2004 between Ecofuture and Affin Merchant as the Placement Agent for the placement of up to 20,944,800 Issue Shares for a placement fee at the rates ranging from 1.0% to 1.5% of the issue price of RM0.25 per Issue Share.

16.8 Material Agreements

Save as disclosed below, there are no subsisting agreements which are or may be material, being agreements entered into in the ordinary course of business, which have been entered into by Ecofuture and its subsidiary companies as at the Latest Practicable Date:

- (i) Facility agreement between OCBC Bank (Malaysia) Berhad ("OCBC") and SWSB dated 15 June 1993 for granting of credit facilities of up to an aggregate principal amount of RM11,000,000.00, comprising three (3) separate tranches of overdraft.
- (ii) Facility agreement (corporate borrower) between OCBC and SWSB dated 13 July 1995 for granting of credit facilities of up to an aggregate principal limit of RM3,000,000.00.

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (iii) Term loan agreement (corporate borrower) between OCBC and ISSB dated 24 April 2001 for granting a term loan facility in an aggregate principal amount not exceeding RM400,000.00 with interest rate of 1.25% and the BLR (monthly rest), payable over the period of six (6) years from the date of the first repayment is due and payable.
- (iv) Pursuant to two (2) Assignments (Sale Agreements) (First Party) between OCBC and ISSB dated 24 April 2001, wherein ISSB, the beneficial owner of Parcel No. A-11-05 and Parcel No. A-11-07 of Level 11, Block A, each measuring approximately 1,130 square feet and forming part of a commercial complex known as Damansara Intan to be developed on Master Title held under Grant for Land 3473, for Portion 673, Mukim and District of Kuala Lumpur, Selangor, bearing postal addresses of Unit 1103, 11 th Floor, Block A, Damansara Intan, No 1 Jalan SS20/27, 47400 Petaling Jaya and Unit 1105, 11 th Floor, Block A, Damansara Intan, No 1 Jalan SS20/27, 47400 Petaling Jaya respectively ("the Said Properties"), had agreed to assign all present and future right, title, interest and benefits in the Said Properties to OCBC.
- (v) Agreement dated 18 December 2003 entered into between SWSB and MESB whereby MESB is to sell and deliver to SWSB oil palm fruits produced from Ladang Mados Lenggong (where MESB is vested with the proprietary right) to SWSB. The security deposit required to be paid by SWSB is RM200,000.00. The quantity of fruits to be delivered is to be advised by MESB. The duration specified in this agreement is from 1 January 2004 to 31 December 2005. The price of the oil palm fruits is determined in accordance with a formula set out in its 3rd Schedule, being the aggregate sum of (the average local net price of palm oil given by MPOB multiply by the oil Extraction Rate) and (the average traded price of kernel as given by MPOB multiply by the kernel Extraction Rate), less the expenditure and transport charges.
- (vi) Memorandum of Understanding dated 31 January 2002 entered into between SWSB and CCM Fertilizers Sdn Bhd ("CCMF") whereby both parties have set out their intention that trials be jointly carried out involving Ecomat in conjunction with CCMF's products. This MOU also sets out that it is the desired aim of both parties that CCMF be appointed as sole distributor for Ecomat after the trial stage is completed. There is no duration specified in this MOU.
- (vii) Sale and purchase agreement dated 22 February 2002 entered into between SWSB and ORIX Leasing Berhad ("ORIX"). Under this agreement, ORIX has agreed to sell to SWSB one unit of Nissan PKC311CT prime mover for the price of RM205,153.29.
- (viii) Equipment lease agreement dated 22 February 2002 entered into between SWSB and ORIX whereby ORIX had agreed to lease to SWSB one unit of Nissan PKC311CT prime mover for 24 months for a monthly rental of RM9,317.00.
- (ix) Agreement dated 9 July 2003 entered into between SWSB and FELDA Palm Industries Sdn Bhd ("FELDAPI") whereby FELDAPI is to sell and deliver to SWSB oil palm fruits to SWSB. The security deposit required to be paid by SWSB is RM10,000.00. The duration specified in this agreement is from 1 July 2003 to 30 June 2005. The price of the oil palm fruits is determined in accordance with a formula set out in this agreement.
- (x) Sales contract dated 8 August 2002 entered into between SWSB and Sheng YZZ Co Ltd ("Sheng YZZ"), whereby Sheng YZZ had agreed to sell "coil mats machines" to SWSB for the price of USD212,000.00. Down payment amount is USD63,600.00 and deliver is made within 100 days after receipt of the said down payment.

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (xi) Memorandum of Agreement (“MOA”) entered into between Forest Research Institute Malaysia (“FRIM”) and SWSB (the said “Parties”) dated 29 August 2002 whereby the said Parties entered into a collaboration and joint-research to utilise fibre strands from EFBs as raw material for the production of EFBs fibremat for soil surface erosion control (hereinafter known as the “FRIM Project”). SWSB is required to pay FRIM for the cost of activities of RM144,661.00 in relation to the FRIM Project. The objectives of the FRIM Project are to establish a cost effective plant for the continuous manufacture of EFB fibremat and to investigate into the properties of EFB fibremat produced and used for soil surface erosion control purposes for the plantation and landscape industries. The MOA commenced on the date of signing, 29 August 2002 and shall continue for the period of thirteen (13) months ending on 28 September 2003. Pursuant to the MOA, the obligations of the said Parties are as follows:

| SWSB | FRIM |
|--|--|
| <ul style="list-style-type: none"> ▪ Provide the space, material and other facilities for the plant. ▪ Make available the EFBs for the production trials by the plant ▪ Appoint its engineers/technicians to work together with FRIM’s staffs in carrying out the trials ▪ Appoint a fabricator(s) to fabricate or modify (machinery parts of the plant), if it is deemed necessary. | <ul style="list-style-type: none"> ▪ Provide advisory services in the fabrication and installation of machineries for the manufacture of empty fruit bunches fibre strands ▪ Perform laboratory test on the quality of the EFBs. |

- (xii) An agreement dated 30 August 2002 between MPOB and SWSB whereby SWSB has engaged MPOB to provide consultancy services in relation to the technology on the utilisation of mulching mat, more particularly involving the commercial production of ECOMAT from oil palm biomass. The duration of the said consultancy is eighteen (18) months from the date of signing and will involve the payment by SWSB of the retainer fee of RM45,000.00 and other fees specified therein. This agreement is conditional upon approval and successful disbursement of a grant under the Commercialisation of Research and Development Fund in respect of the said technology, applied by SWSB to the Malaysian Government.

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16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (xiii) Fund agreement dated 14 October 2002 entered into between Malaysian Technology Corporation Development Sdn Bhd ("MTDC") and SWSB. This agreement provided for MTDC's disbursement of grants to SWSB or a contemplated third party to assist the following activities to be carried by SWSB:-

| | Activities | (RM) |
|-----|---|------------------|
| (a) | Development of the pilot plant - products/ process design and development | 1,480,500 |
| (b) | Patent and standard compliance - standards and regulatory compliance and intellectual property protection | 50,400 |
| (c) | Demonstration of technology and field trials of the mulching mat | 100,000 |
| | Total | 1,630,900 |

Disbursement of the grant is made against specified milestones.

These activities are part of the project for the commercialisation of a process to produce biodegradable geotextile mat from empty fruit bunch for soil erosion control. The duration of this agreement is 20 calendar months from the date of execution.

SWSB has provided 4 negative covenants in this agreement in respect of alteration to its Memorandum of Article which will be prejudicial to the objective of this agreement, passing of a resolution for the voluntary winding of SWSB, diversification of SWSB's business activities and sale, assignment, etc of the said project or the product of the said project. SWSB also warranted not to conduct any activities for other products or project which are similar in nature with the said product or the said project.

- (xiv) Term loan agreement (corporate borrower) between OCBC and SWSB dated 12 November 2002 for granting of a term loan facility for an aggregate principal amount not exceeding RM6,500,000.00 with interest rate of 1.5% above the BLR (monthly rest), payable over the period of seven (7) years from the date of first drawing of the term loan facility.
- (xv) Agreement dated 19 December 2002 entered into between MPOB, SWSB and Beijing Forest Bureau ("BFB"), pertaining to a trial using oil palm based fibre mat in sandstorm areas in the outskirts of Beijing ("Project"). The Project involves the use of Ecomat in sandstorm areas in China with the objective of alleviating dust pollution from sandstorm, test the effectiveness of Ecomat in soil improvement for afforestation and to come up with suitable forestry crops for planting in sandstorm areas under improved agronomic conditions. For purposes of overseeing the Project, a joint technical committee is to be set up. The obligations of the three parties under this agreement are as follows:

| MPOB | SWSB | BFB |
|--|--|---|
| <ul style="list-style-type: none"> ▪ To provide agronomic advice on the Project | <ul style="list-style-type: none"> ▪ To supply and deliver the Ecomat for the Project | <ul style="list-style-type: none"> ▪ To provide suitable sites for the Project |

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

| MPOB | SWSB | BFB |
|---|---|---|
| <ul style="list-style-type: none"> ▪ To pay to SWSB for the supply of ECOMAT for the Project at the rate of USD0.40 per sq. m. of ECOMAT supplied, within 30 days of submission of invoice to SWSB. ▪ To set up own fund of USD88,000.00 to fund its obligations under this Agreement. BFB has same obligation. | <ul style="list-style-type: none"> ▪ To provide technical advice on the installation and maintenance and use of the ECOMAT | <ul style="list-style-type: none"> ▪ To identify and provide suitable forestry crops for the Project ▪ To provide technical advice relating to forestry crops ▪ To be responsible for the implementation and co-ordination of the trials for the Project. ▪ To set up own fund of USD88,000.00 to fund its obligations under this Agreement. MFB has same obligation. |

The duration under this agreement is three (3) years. This agreement is governed by the laws of China.

- (xvi) Agreement dated 1 January 2003 entered into between SWSB and Mados' Enterprise Sdn Bhd ("MESB") whereby MESB is to sell and deliver to SWSB oil palm fruits produced from Ladang Mados Tiram (where MESB is vested with the proprietary right) to SWSB. The security deposit required to be paid by SWSB is RM100,000.00. The quantity of fruits to be delivered is to be advised by MESB. The duration specified in this agreement is from 1 January 2003 to 31 December 2004. The price of the oil palm fruits is determined in accordance with a formula set out in its 3rd Schedule, being the aggregate sum of (the average local net price of palm oil given by MPOB multiply by the oil Extraction Rate) and (the average traded price of kernel as given by MPOB multiply by the kernel Extraction Rate), less the expenditure and transport charges.
- (xvii) Agreement dated 1 January 2003 entered into between SWSB and MESB whereby MESB is to sell and deliver to SWSB oil palm fruits produced from Ladang Mados Paloh (where MESB is vested with the proprietary right) to SWSB. The security deposit required to be paid by SWSB is RM200,000.00. The quantity of fruits to be delivered is to be advised by MESB. The duration specified in this agreement is from 1 January 2003 to 31 December 2004. The price of the oil palm fruits is determined in accordance with a formula set out in its 3rd Schedule, being the aggregate sum of (the average local net price of palm oil given by MPOB multiply by the oil Extraction Rate) and (the average traded price of kernel as given by MPOB multiply by the kernel Extraction Rate), less the expenditure and transport charges.

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (xviii) Agreement dated 1 January 2003 entered into between SWSB and MESB whereby MESB is to sell and deliver to SWSB oil palm fruits produced from Ladang Mados Sermin (where MESB is vested with the proprietary right) to SWSB. The security deposit required to be paid by SWSB is RM200,000.00. The quantity of fruits to be delivered is to be advised by MESB. The duration specified in this agreement is from 1 January 2003 to 31 December 2004. The price of the oil palm fruits is determined in accordance with a formula set out in its 3rd Schedule, being the aggregate sum of (the average local net price of palm oil given by MPOB multiply by the oil Extraction Rate) and (the average traded price of kernel as given by MPOB multiply by the kernel Extraction Rate), less the expenditure and transport charges.
- (xix) Sale and purchase agreement dated 16 January 2003 entered into between SWSB and ORIX. Under this agreement, ORIX has agreed to sell to SWSB certain machineries for "colr mats production line" for the price of RM805,600.00.
- (xx) Equipment lease agreement dated 16 January 2003 entered into between SWSB and ORIX whereby ORIX had agreed to lease to SWSB certain machineries for "colr mats production line" for 24 months for a monthly rental of RM25,392.00. The deposit payable is RM241,680.00.
- (xxi) First (1st) cooperation agreement dated 26 January 2003 entered into between SWSB and Light Industries Hangzhou Mechanico-Electrical Research Institute ("LIHMERI"), whereby the parties agreed to promote and implement the technology of converting palm fibres as raw material into pulp ("Project"). Under this agreement, SWSB is responsible for, inter alia, the implementation of the Project which include matters in investment, construction of factory and approval, and the provision of palm fibres as raw materials. SWSB is also responsible for earthworks, installation and fitting and the provision of facilities. LIHMERI in the capacity as main contractor is responsible for, inter alia, engineering and progress implementation and thereafter, infrastructure improvement and maintenance. Both parties have also agreed on an implementation procedure whereby LIHMERI is to be responsible for analysing the palm fibres as raw material and making of pulp in small scale and to provide technology guidance, facility, infrastructure and budgeted expenses and economic indicator. SWSB has also agreed to provide 2 tonnes of palm fibres as raw material and payment of USD50,000.00 as preliminary expenses after the signing of this joint venture agreement. A main contract will also be signed.
- (xxii) Sale and purchase contract of pulp moulding machine dated 22 April 2003 entered into between ELPSB and Zhejiang Quzhou Yueyang Import & Export Co Ltd ("Seller"). Under this contract ELPSB is to buy 47 units of machinery from the Seller for a total price of RMB4,620,000.00 (which is equivalent to approximately RM2,120,955.86. Payment by ELPSB is to be made in specified tranches, with the first 30% payable within one week from the date of this contract and the last 10% payable upon completion on installation and examination of the said machineries.
- (xxiii) A distribution agency agreement dated 28 May 2003 between ELPSB and Zhejiang Ke Wei Light Industry Development Limited Liability Company ("ZKW") whereby it was agreed that ELPSB shall be the sole agent in Malaysia for the fully automatic paper moulds manufacturing production line facility known as known as "COWA-1" and "COWA-2" and ELPSB be the sole agent in Malaysia.

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (xxiv) A contract agreement dated 30 September 2003 entered into between Felda Plantations Sdn Bhd ("Felda") and SWSB, whereby Felda has agreed to sell to SWSB and SWSB has agreed to purchase from Felda, the fruits of oil palm to be harvested from Ladang Felda Chemplak Timur. As a condition precedent, SWSB is required to make a deposit of RM240,000.00 to Felda. The basis of the purchase price of the said fruits is formulated in this agreement based on the current price determined by the MPOB. This agreement, which will expire on 31 August 2004, may be terminated at any time by either party by giving a one-month written notice.
- (xxv) Second (2nd) Cooperation Agreement dated 8 December 2003 entered into between SWSB and LIHMERI, whereby both parties have agreed that the various tasks under the First Cooperation Agreement have been completed and have expressed herein to further their co-operation on an exclusive basis (and not with any other parties) to promote and implement the technology on converting oil palm fibres into pulp. Under this Second Cooperation Agreement, LIHMERI is to have the overall responsibility for the implementation of this project. SWSB is to be the main contractor for the implementation of the engineering project.
- (xxvi) SWSB has effected an insurance policy with Malaysian Assurance Alliance Berhad for the aggregate insured sum of RM12,655,600.00, made up of the following:
- | | | |
|-----|--|----------------|
| (a) | Building (excluding foundation and drains) | RM2,300,000.00 |
| (b) | on stock and material in trade consisting of FFB, finished and unfinished products | RM750,000.00 |
| (c) | plant and machinery, equipment of every description | RM8,300,000.00 |
| (d) | furniture, fixtures, fittings and renovation | RM200,000.00 |
| (e) | removal of debris | RM100,000.00 |
| (f) | architects and surveyors fees | RM100,000.00 |
| (g) | consultant engineers fees | RM100,000.00 |
| (h) | mats production line | RM805,600.00 |
- The location of premises is at Off 10 Miles, Labis Road, 85007 Segamat, Johor. The period covered by the said insurance policy is from 2 January 2004 to 1 January 2005.
- (xxvii) Facility Agreement (Corporate Borrower) dated 26 January 2004 entered into between OCBC and ELPSB whereby OCBC grants trade lines to ELPSB amounting to an aggregate principal amount of RM1,000,000.
- (xxviii) Term Loan Agreement (Corporate Borrower) (Monthly Rest) dated 26 January 2004 entered into between OCBC and ELPSB whereby OCBC grants a six (6) year term loan with a maximum aggregate principal amount of RM1,568,000 to ELPSB to part-finance ELPSB's purchase of pulp moulding and refining machinery.

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (xxix) Second Supplemental Agreement dated 26 January 2004 entered into between OCBC and SWSB, whereby SWSB grants a third party fixed charge for up to RM1,000,000 over the Property in favour of OCBC, as security for OCBC's granting to ELPSB of a trade line amounting to RM1,000,000 pursuant to the Facility Agreement (Corporate Borrower) dated 26 January 2004 entered into between OCBC and ELPSB. "Property" means one unit office lot held under Lot 05-L6, together with car park No. CP-05-L6 at Kelana Business Centre, Kelana Jaya.
- (xxx) Term Loan Agreement (Corporate Borrower) (Monthly Rest) dated 5 April 2004 entered into between OCBC and SWSB whereby OCBC grants a two (2) year term loan of RM168,000 to SWSB to part-finance SWSB's purchase of the office lot known as Lot A-10-5, Level 10, Block A, Damansara Intan.
- (xxxi) Purchase Contract dated 24 February 2004 entered into between Guangzhou Automobile Trading Co Ltd ("GAT") and ETSB whereby GAT has agreed to purchase 2,000 tonnes of "Coir Mattress Fibre" from ETSB for a total purchase consideration of USD290,000.
- (xxxii) Contract dated 19 March 2004 entered into between Atlas Plantations Sdn Bhd ("AP") and SWSB whereby AP has agreed to supply SWSB with FFB from its Pagoh division for the period from 1 April 2004 to 30 September 2004.
- (xxxiii) Agreement entered into by MPOB and SWSB and Beijing Municipal Bureau of Forestry ("BMBF") dated 21 April 2004 whereby BMBF has agreed to provide land to MPOB and SWSB for the conduct of trials of the use of ECOMAT to alleviate the environmental effects in selected sandstorm areas in China, to enable afforestation in such areas ("Project"). MPOB and BMBF shall pay SWSB USD0.40 per sq. m. of ECOMAT supplied for the Project. All intellectual property owned by a party prior to the Project which is used in the Project shall remain the property of such party, however, all intellectual property improvements and innovations arising out of the Project shall be jointly owned in equal shares by all parties. This Agreement shall be for three (3) years from the date of this Agreement, subject to extension or earlier termination by all parties.
- (xxxiv) Contract between BI Credit & Leasing Berhad and SWSB dated 29 July 2003 whereby SWSB, being the highest bidder at a public auction, purchased Lot No. A-10-5, level 10th Floor, Block A, Damansara Intan, 1 Jalan SS 20/27, 47400 Petaling Jaya for the sum of RM240,000.
- (xxxv) Loan Agreement between AmFinance Berhad ("AmF") and SWSB dated 9 August 2004 for the grant by AmF of a 3-year term loan of RM800,000 to SWSB. Security for this term loan is as follows:
- a) guarantee by Credit Corporation Malaysia Berhad amounting to RM640,000; and
 - b) personal guarantees by Madam Jang Kim Luang @ Yeo Kim Luang and Saw Sui Hock @ Choo Sui Hock.
- (xxxvi) Contract dated 30 August 2004 between LIHMERI and SWSB whereby in view of the earlier collaborative agreements between the parties, the parties agree to collaborate in the building of a 20 tonne per day EFB unbleached semi-chemical pulp production line costing RMB14,800,000 in SWSB's palm oil factory.

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (xxxvii) Purchase Contract dated 1 September 2004 entered into between Autotage Sdn Bhd (“Autotage”) and ET SB whereby Autotage has agreed to purchase “Palm Fibre (Ecofibre)” from ET SB at USD127 per metric tonne. The duration of this Purchase Contract shall be from 1 September 2004 to 30 September 2005. Autotage agrees to purchase, and ET SB agrees to supply the following quantities of Palm Fibre (Ecofibre) in the following periods:
- | | | |
|---------------------------------|---|--|
| September 2004 to December 2004 | : | 200 metric tonnes per month to 300 metric tonnes per month |
| January 2005 to June 2005 | : | 100 metric tonnes per month to 200 metric tonnes per month |
| July 2005 to August 2004 | : | 200 metric tonnes per month |
- (xxxviii) Development Agreement dated 2 September 2004 entered into between ET SB and Rubber Fireboards Sdn Bhd (“RF”), a wholly-owned subsidiary of Kuala Lumpur Kepong Berhad (“KLK”), in respect of the EFB Fibre Mat Forming Machineries which ET SB supplied to the KLK group of companies (“Machineries”) for the production of Fibre Mats for the sole use of the KLK group of companies at their estates. Under this Agreement, RF shall have the right to improve and develop the existing capacity and performance of the Machineries. In addition, ET SB shall have the sole and exclusive right to market any surplus Fibre Mats to third parties under the brand “ECOMAT”. This Agreement shall be in force for fifteen (15) years from the date of the Agreement.
- (xxxix) Fire insurance under Master Policy No. Z0082573 effected with Overseas Assurance Corporation (Malaysia) Berhad for SWSB and ISSB’s properties located at Unit 1103 & 1105, 11th Floor, Block A, Damansara Intan 1, Jalan SS20/27, Petaling Jaya, Selangor Darul Ehsan for the period from 1 April 2004 to 31 March 2005.
- (xl) Sales Agreement dated 17 September 2004 entered into between SWSB and Vickers Hoskins (M) Sdn Bhd (“VH”) whereby VH has agreed to supply to SWSB, one unit Vickers Bi-drum Water Tube boiler, as per the specifications contained therein, for a total purchase consideration of RM2,550,000.
- (xli) Contract Agreement dated 20 September 2004 entered into between SWSB and PMT Industries Sdn Bhd (“PMT”) whereby PMT has agreed to supply to SWSB, one unit of 2,000 KW SHINKO RB5 back pressure steam turbine coupled with STAMFORD Alternator c/w Woodward Governor, electric auxiliary oil pump, turbine local control panel, ejector extracting gland leakage steam, two hand nozzle valve and other standard accessories, as per the specifications contained therein, for a total purchase consideration of RM560,000.
- (xlii) Contract dated 22 September 2004 entered into between Atlas Plantations Sdn Bhd (“AP”) and SWSB whereby AP has agreed to supply SWSB with FFB from its Pagoh division for the period from 1 October 2004 to 30 September 2005.
- (xlili) Letter dated 18 October 2004 from Preferred Portfolio Sdn Bhd (“PPSB”) to SWSB, whereby, by signing the acceptance portion of the letter, SWSB enlisted the assistance of PPSB in procuring credit facilities totalling RM25,000,000 from a local financial institution to part finance a new factory which converts oil palm biomass into pulp. SWSB shall pay PPSB a non-refundable Retainer Fee of RM10,000 for its services. Further, PPSB will charge SWSB a Success Fee of 1.4% of the amount of credit facilities successfully procured.

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (xiv) ELPSB has effected an insurance policy with Malaysian Assurance Alliance Berhad to insure pulp moulding machinery for oil palm fibre up to the aggregate sum of RM2,000,000 against accidental loss or damage. The period covered by the said insurance policy is from 17 August 2004 to 16 August 2005.

16.9 Letters of Consents

- (i) The written consents of the Adviser, Sponsor, Placement Agents, Underwriter, Solicitors, Principal Bankers, Share Registrars, Company Secretary and Issuing House 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 PKF Management Consulting Sdn Bhd as the Experts to the inclusion in this Prospectus of their name and the Summary of Valuation Report in the form and context 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 Frost & Sullivan as the Independent Market Researcher to the inclusion in this Prospectus of their name and their Summary of Independent Market Researcher Report in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (iv) The written consents of Kevin Lee & Co and CM Ling & Co as the Auditors and PKF, Chartered Accountants as the Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report, and their letters relating to the Proforma Balance Sheet in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

16.10 Documents for Inspection

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours for a period of twelve (12) months from the date of this Prospectus:-

- (i) Memorandum and Articles of Association of the Company.
- (ii) Directors' Report as included in Section 13 of this Prospectus.
- (iii) Reporting Accountants' Letters relating to the Proforma Consolidated Balance Sheets as at 30 June 2004 as included in Section 7.9 of this Prospectus and the Accountants' Report as included in Section 8 of this Prospectus.
- (iv) Audited financial statements of SWSB, ETSB and ISSB for the past five (5) financial years ended 31 December 1999 to 31 December 2003.
- (v) Audited financial statements of Ecofuture for the four (4) months financial period from 13 September 2003 (date of incorporation) to 31 December 2003.
- (vi) Audited financial statements of ELPSB for the five (5) months financial period from 30 May 2003 (date of incorporation) to 31 December 2003.
- (vii) Audited financial statements of Ecofuture, SWSB, ETSB, ISSB and ELPSB for the six (6) months financial period from 1 January 2004 to 30 June 2004.

16. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (viii) Material contracts and Material Agreements disclosed in the respective Sections 16.7 and 16.8 of this Prospectus and in the case of contracts not reduced in writing (if any), a memorandum which give full particulars of the contracts.
- (ix) The Summary of Valuation Report as included in Section 14 of this Prospectus and the Valuation Report dated 12 January 2004 referred in this Prospectus
- (x) The Summary of Independent Market Researcher Report as included in Section 15 of this Prospectus and the Independent Market Researcher Report referred in this Prospectus.
- (xi) Letters of consents as referred in Section 16.9 of this Prospectus.

16.11 Responsibility Statements

- (i) This Prospectus has been seen and approved by the Directors and Promoters of the Company, 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) The Affin Merchant, being the Adviser, Sponsor, Placement Agent and Underwriter 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.

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