
11. INFORMATION ON SUBSIDIARIES (Cont'd)

11.5.2 Share Capital

Its present authorised and issued and fully paid-up share capital are as follows:-

Type	No. of shares	Par value RM	Total share capital RM
Authorised:-			
Ordinary Shares	9,700,000	1.00	9,700,000
10% Redeemable Cumulative Preference Shares	300,000	1.00	300,000
Issued and paid-up:-			
Ordinary Shares	4,800,000	1.00	4,800,000
10% Redeemable Cumulative Preference Shares	300,000	1.00	300,000

Changes in the issued and fully paid-up share capital of JWSB since its incorporation are as follows:-

Date of allotment	No. of shares of RM1.00 each allotted	Consideration	Total issued and paid-up share capital RM
Ordinary Shares			
19.12.58	2	Subscribers' shares	2
31.12.60	299,998	Cash	300,000
28.12.65	300,000	Bonus issue of 1 for 1	600,000
08.05.68	300,000	Bonus issue of 1 for 2	900,000
01.04.75	900,000	Bonus issue of 1 for 1	1,800,000
12.07.82	3,000,000	Cash	4,800,000
10% Redeemable Cumulative Preference Shares			
31.12.60	300,000*	Cash	300,000

* There is no date for the redemption of the redeemable cumulative preference shares which are non-participating but carry the rights to a *preferential* dividend at the rate of 10% and have the same voting rights as the ordinary shares.

11. INFORMATION ON SUBSIDIARIES (*Cont'd*)

11.5.3 Profit and Dividend Records

The following is a summary of the audited results of JWSB for the past five (5) financial years ended 31 December 1994 to 1998 and the two (2) months ended 28 February 1999:-

	-----Year ended 31 December -----					2 months ended 28.02. 1999
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	RM'000
Turnover	60	60	60	60	60	10
Loss before taxation	28	32	37	39	37	8
Taxation	20	9	8	7	7	
Loss after taxation	48	41	45	46	44	8
No. of ordinary shares of RM 1.00 each in issue ('000)	4,800	4,800	4,800	4,800	4,800	4,800
Net loss per share (sen)	1.00	0.85	0.94	0.96	0.92	1.00*
Gross dividend rate (%)	-					

Notes:-

- (i) *The losses in the financial years and period were because JWSB received a rental of RM60,000 yearly from HTP. After charging the annual depreciation of property and paying for maintenance, JWSB incurs losses each year.*
- (ii) *The tax in relation to the reported loss for the financial years and period is due to certain expenses disallowed for taxation purposes.*
- (iii) *There were no extraordinary/exceptional items in respect of the financial years and period under review.*

* *Annualised.*

11.5.4 Subsidiary and Associated Company

As at the date hereof, JWSB does not have any subsidiary or associated company.

11.6 HCSB

11.6.1 History and Business

HCSB is a wholly-owned subsidiary of HTP. HCSB was incorporated in Malaysia under the Companies Act, 1965 on 11 August 1973 as Penang Pottery Sdn. Bhd.. Subsequently, its name was changed to Kedah Pottery Sdn. Bhd. on 25 June 1974. On 23 July 1998, it assumed its current name.

The principal activity of HCSB is the manufacturing and marketing of ceramic sanitaryware.

HCSB has approximately 60 employees.

11. INFORMATION ON SUBSIDIARIES (Cont'd)

11.6.2 Share Capital

Its present authorised and issued and fully paid-up share capital are as follows:-

Type	No. of ordinary shares	Par value RM	Total share capital RM
Authorised	2,000,000	1.00	2,000,000
Issued and paid-up	990,002	1.00	990,002

Changes in the issued and fully paid-up share capital of HCSB since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration	Total issued and paid-up share capital RM
1 1.08.73	2	Subscribers' shares	2
20.07.74	750,000	Cash	750,002
22.12.78	150,000	Cash	900,002
28.06.80	90,000	Cash	990,002

11.6.3 Profit and Dividend Records

The following is a summary of the audited results of HCSB for the past five (5) financial years ended 31 December 1994 to 1998 and the two (2) months ended 28 February 1999:-

	Year ended 31 December					2 months
	1994	1995	1996	1997	1998	ended 28.02.1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	2,888	3,062	3,062	3,240	2,951	298
Profit before taxation	59	103	65	287	298	
Taxation	16	(31)	(25)	(85)	(72)	
Profit after taxation	75	72	40	202	226	
No. of ordinary shares of RM1.00 each in issue	990,002	990,002	990,002	990,002	990,002	990,002
Net EPS (sen)	7.58	7.27	4.04	20.40	22.83	
Gross dividend rate (%)						

Note:-

- (i) The increase in profit before taxation for the financial year ended 31 December 1995 was due to higher turnover coupled with lower interest payment.
- (ii) Profit before taxation for the financial year ended 31 December 1996 decreased despite no increase in turnover because the company had experienced labour shortage which resulted in employment of unskilled labour. Hence, efficiency and output reduced and therefore increased cost of production.

11. INFORMATION ON SUBSIDIARIES (Cont'd)

- (iii) *The increase in turnover and profit before taxation for the financial year ended 31 December 1997 was due to steps taken to improve production methods that resulted in higher efficiency and lower production costs, hence higher profit margin.*
- (iv) *The increase in profit before taxation for the financial year ended 31 December 1998 was attributable to improvement in production control and the strengthening of RM.*
- (v) *The decrease in turnover and profit before taxation for the two months ended 28 February 1999 compared to the corresponding period in the previous year is due mainly to further consolidation in the construction industry. The Company incurred a loss before taxation of RM133. Annualised net loss per share is 0.08 sen.*
- (vi) *There were no extraordinary/exceptional items in respect of the financial years and period under review.*

11.6.4 Subsidiary and Associated Company

As at the date hereof, HCSB does not have any subsidiary or associated company.

11.7 KJPSB

11.7.1 History and Business

KJPSB is a wholly-owned subsidiary of HTP. KJPSB was incorporated in Malaysia on 16 June 1997.

The principal activities of the company are marketing, sales, warehousing and distribution of consumer products. KJPSB has approximately 50 employees. KJPSB commenced operations on 15 November 1998.

11.7.2 Share Capital

Its present authorised and issued and fully paid-up share capital are as follows:-

Type	No. of ordinary shares	Par value RM	Total share capital RM
Authorised	100,000	1.00	100,000
Issued and paid-up	2	1.00	2

Changes in the issued and fully paid-up share capital of KJPSB since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM 1.00 each allotted	Consideration	Total issued and paid-up share capital RM
16.06.97	2	Subscribers' shares	2

11. INFORMATION ON SUBSIDIARIES *(Cont'd)*

11.7.3 Profits and Dividends Records

The following is a summary of audited results of KJPSB for the period from the date of incorporation, 16 June 1997 to 31 December 1997, the financial year ended 31 December 1998 and the two (2) months ended 28 February 1999:-

	Period from date of incorporation, 16 June 1997 to 31 December 1997 RM'000	Year ended 31 December 1998 RM'000	2 months ended 28.02.1999 RM'000
Turnover		1,252	2,447
(Loss)/profit before taxation	(2)	20	66
Taxation		(7)	
(Loss)/profit after taxation	(2)	13	66
No. of ordinary shares of RM1.00 each in issue	2	2	2
Net (loss)/earnings per share (RM)	(1,000)	6,500	198,000*
Gross dividend rate (%)		-	

Notes:-

- (i) *The loss for the period ended 31 December 1997 was because the company had not commenced trading.*
 - (ii) *The low profit recorded for the financial year ended 31 December 1998 was because trade only commenced in November 1998 coupled with high operating costs.*
 - (iii) *Profit before taxation for the two months ended 28 February 1999 were higher due to the high start up costs incurred in the financial year ended 31 December 1998 which were not incurred in 1999.*
 - (iv) *There were no extraordinary/exceptional items in respect of the financial year and periods under review.*
- * *Annualised.*

11.7.4 Subsidiary and Associated company

As at the date hereof, KJPSB does not have any subsidiary or associated company.

11.8 WPM

11.8.1 History and Business

WPM is a wholly-owned subsidiary of HTP. WPM was incorporated in Malaysia on 4 December 1961.

The company is presently dormant.

11. INFORMATION ON SUBSIDIARIES (Cont'd)

11.8.2 Share Capital

Its present authorised and issued and fully paid-up share capital are as follows:-

Type	No. of ordinary shares	Par value RM	Total share capital RM
Authorised	25,000	10.00	250,000
Issued and paid-up	19,002	10.00	190,020

Changes in the issued and fully paid-up share capital of WPM since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM10.00 allotted	Consideration	Total issued and paid-up share capital RM
04.12.61	2	Subscribers' shares	20
30.06.62	10,000	Cash	100,020
30.06.70	9,000	Rights Issue of approximately zero point nine (0.9) new ordinary share of RM 10.00 each for every one (1) existing ordinary share held	190,020

11.8.3 Profit and Dividends Records

The following is a summary of the audited results of WPM for the past five (5) financial years ended 31 December 1994 to 1998 and the two (2) months ended 28 February 1999:-

	-----Year ended 31 December-----					2 months
	1994	1995	1996	1997	1998	ended 28.02. 1999
	RM'000	RM'000	KM'000	RM'000	RM'000	RM'000
Turnover						
Loss before taxation	1	1	1	2	3	1
Taxation						
Loss after taxation	1	1	1	2	3	1
No. of ordinary shares of RM 10.00 each in issue	19,002	19,002	19,002	19,002	19,002	19,002
Net loss per share (sen)	5.26	5.26	5.26	10.53	15.79	5.26*
Gross dividend rate (%)						

Notes:-

- (i) The loss before taxation for the financial years and 2 months ended 28 February 1999 were due to pre-operating expenses.

11. INFORMATION ON SUBSIDIARIES (Cont'd)

(ii) *There were no extraordinary/exceptional items in respect of the financial years and period under review.*

* *Net loss per share is not annualised as WPM is a dormant company.*

11.8.4 Subsidiary and Associated Company

As at the date hereof, WPM does not have any subsidiary or associated company.

11.9 PNSB

11.9.1 History and Business

PNSB is a wholly-owned subsidiary of HHM. PNSB was incorporated in Malaysia under the Companies Act, 1965 on 12 October 1973 under the name of Syarikat Industrial Electrics Sdn. Bhd.. It adopted the present name on 30 August 1996.

The principal activity of the company is in shipping services. It purchased the MV Clarissa on 2 May 1997. MV Clarissa, built in 1986 is a 5,935 metric tonne container vessel with a capacity of 242 TEUS (Twenty Foot Equivalent Containers Units) and travelling speed of 11.5 knots.

PNSB has no employees. However, it has 15 contractual workers as crew of MV Clarissa hired pursuant to a crew manning agreement.

11.9.2 Share Capital

Its present authorised and issued and fully paid-up share capital are as follows:-

Type	No. of shares	Par value RM	Total share capital RM
Authorised:-			
Ordinary Shares	5,000,000	1.00	5,000,000
10% Cumulative Redeemable Preference Shares	10,000,000	0.10	1,000,000
Issued and paid-up:-			
Ordinary Shares	2,000,000	1.00	2,000,000
10% Cumulative Redeemable Preference Shares	5,500,000	0.10	550,000

11. INFORMATION ON SUBSIDIARIES (Cont'd)

Changes in the issued and paid-up share capital of PNSB since its incorporation are as follows:-

Date of allotment	No. of shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
Ordinary Shares				
12.10.73	3	1.00	Subscribers' shares	3
07.04.97	1,999,997	1.00	Cash	2,000,000
10% Cumulative Redeemable Preference shares				
15.08.97	5,500,000*	0.10	Cash	550,000

* On 15 August, 1997, PNSB issued 5,500,000 cumulative redeemable preference shares at an issue price of RM1.00 each comprising a nominal value of RM0.10 and a premium of RM0.90 per share. The cumulative redeemable preference shares are redeemable on 15 August 2001 at RM1.00 each.

The cumulative redeemable preference shares are treated as a long term liability and dividends on the cumulative redeemable preference shares are treated as an interest expense and taken to the profit and loss account.

11.9.3 Profit and Dividends Records

The following is a summary of the audited results of PNSB for the past five (5) financial years ended 31 December 1994 to 1998 and the two (2) months ended 28 February 1999:-

	-----Year ended 31 December-----					2 months
	1994	1995	1996	1997	1998	ended 28.02.1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover				676	3,738	457
Loss before taxation	1	1	3	536	1,656	167
Taxation						
Loss after taxation	1	1	3	536	1,656	167
Weighted average no. of ordinary shares of RM 1.00 each in issue	3	3	3	1,468,492	2,000,000	2,000,000
Net loss per share (RM)	333.33	333.33	1,000.00	0.37	0.83	0.50*
Gross dividend rate (%)						

Notes:-

(i) Losses for the financial years ended 31 December 1994 to 1996 were because no trade had commenced while expenses were written-off. The loss in the financial year ended 31 December 1997 was due to the delayed start up of the coastal container service.

11. INFORMATION ON SUBSIDIARIES (Cont'd)

- (ii) *The loss incurred in the financial year ended 31 December 1998 was attributable to a drop in average freight rates from RM2,100 to RM1,700 per container and the poor load factor of 47%. This was further aggravated by high container leasing and the repatriation cost of RM459,000 subsequent to the cessation of its coastal service in July 1998.*
- (iii) *A lower loss before taxation was incurred in the two months ended 28 February 1999 compared to the corresponding period in the previous year due to the diversification from loss incurring coastal service to time charter.*
- (iv) *There were no extraordinary/exceptional items in respect of the financial years and period under review.*
- * *Annualised.*

11.9.4 Subsidiary and Associated Company

As at the date hereof, PNSB does not have any subsidiary or associated company.

11.10 PFMSB

11.10.1 History and Business

PFMSB is a wholly-owned subsidiary of HTP. PFMSB was incorporated in Malaysia on 9 July 1997.

The Company is presently dormant.

11.10.2 Share Capital

Its present authorised and issued and fully paid-up share capital are as follows:-

Type	No. of ordinary shares	Par value RM	Total share capital RM
Authorised	100,000	1.00	100,000
Issued and paid-up	2	1.00	2

Changes in the issued and fully paid-up share capital of PFMSB since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration	Total issued and paid-up share capital RM
09.07.97	2	Subscribers' shares	2

11. INFORMATION ON SUBSIDIARIES (Cont'd)

11.10.3 Profit and Dividends

The following table sets out the audited results of PFMSB for the period from the date of incorporation, 9 July 1997 to 31 December 1997, the financial year ended 31 December 1998 and the two (2) months ended 28 February 1999:-

	Period from the date of incorporation, 9 July 1997 to 31 December 1997 RM'000	Year ended 31 December 1998 RM'000	2 months ended 28.02.1999 RM'000
Turnover	-	-	-
Loss before taxation	2	2	1
Taxation			
Loss after taxation	2	2	1
No. of ordinary shares of RM 1.00 each in issue	2	2	2
Net loss per share (RM)	1,000	1,000	500*
Gross dividend rate (%)			

Notes:-

(1) Losses for the period ended 31 December 1997, the **financial** year ended 31 December 1998 and the two months ended 28 February 1999 were because no trade had commenced and expenses such as audit fees and Registrar of Companies filing fees were incurred.

(ii) There were no extraordinary/exceptional items in respect of the financial year and periods under review.

* Net loss per share is not annualised as PFMSB is a dormant company.

11.10.4 Subsidiary and Associated Company

As at the date hereof, PFMSB does not have any subsidiary or associated company.

11.11 PSSB

11.11.1 History and Business

PSSB is a wholly-owned subsidiary of HHM. PSSB was incorporated in Malaysia under the Companies Act, 1965 on 25 April 1979 under the name of Harrison's Trading Sdn. Bhd. It adopted the present name on 21 January 1997.

The principal activity of the company is in shipping services. It purchased the MV Julia on 5 June 1996. MV Julia, built in 1979, is a 5,637 metric tonne container vessel with a capacity of 294 TEUS (Twenty Foot Equivalent Containers Units) and travelling speed of 11 to 12 knots.

PSSB has no employees. However, it has 16 contractual workers as crew of MV Julia hired pursuant to a crew manning agreement.

11. INFORMATION ON SUBSIDIARIES (Cont'd)

11.11.2 Share Capital

Its present authorised and issued and fully paid-up share capital are as follows:-

Type	No. of shares	Par value RM	Total share capital RM
Authorised:-			
Ordinary Shares	5,000,000	1.00	5,000,000
10% Cumulative Redeemable Preference Shares	10,000,000	0.10	1,000,000
Issued and paid-up:-			
Ordinary Shares	2,000,000	1.00	2,000,000
10% Cumulative Redeemable Preference Shares	5,500,000*	0.10	550,000

* On 29 April 1997, PSSB issued 5,500,000 cumulative redeemable preference shares at an issue price of RM1.00 each comprising a nominal value of HMO. 10 per share and a premium of RM0.90 per share. The cumulative redeemable preference shares are redeemable on 29 April 2001 at RM1.00 each.

The cumulative redeemable preference shares are treated as a long term liability and dividends on the cumulative redeemable preference shares are treated as an interest expense and taken to the profit and loss account.

Changes in the issued and paid-up share capital of PSSB since its incorporation are as follows:-

Date of allotment	No. of shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
Ordinary Shares				
25.04.79	2	1.00	Subscribers' shares	2
12.03.97	1,999,998	1.00	Cash	2,000,000
10% Cumulative Redeemable Preference shares				
29.04.97	5,500,000	0.10	Cash	550,000

11.11.3 Profit and Dividends Records

The following is a summary of the audited results of PSSB for the past five (5) financial years ended 31 December 1994 to 1998 and the two (2) months ended 28 February 1999:-

	Year ended 31 December					2 months ended 28.02.1999
	1994	1995	1996	1997	1998	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover			498	2,580	2,840	228
Operating loss before exceptional items	1	1	132	2,726	4,057	524
Exceptional item non recurring						2,098

11. INFORMATION ON SUBSIDIARIES (Cont'd)

	Year ended 31 December--					2 months ended 28.02. 1999
	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loss before taxation	1	1	132	2,726	4,057	2,622
Taxation						
Loss after taxation	1	1	132	2,726	4,057	2,622
Weighted average no. of ordinary shares of KM 1.00 each in issue	2	2	2	1,583,334	2,000,000	2,000,000
Net loss per share (RM)	500	500	66,000	1.72	2.03	2.62*
Gross dividend rate (%)						

Notes:-

- (i) Losses for the **financial** years ended 31 December 1994 and 1995 were because no trade had commenced while expenses were written-off.
- (ii) The loss incurred for the financial year ended 31 December 1996 although there was some trade activity was due to high refurbishment cost.
- (iii) In the financial year ended 31 December 1997, losses was due to low voyage charter rates which were insufficient to cover fixed costs such as crew wages, insurance and depreciation.
- (iv) The loss incurred for the **financial** year ended 31 December 1998 was attributable to the drop in average freight rates from RM2,100 to RM1,700 per container and poor load factor of 33%. High ship repair cost, container leasing as well as repatriation cost also adversely affected the results. Coastal service ceased operations since June 1998 due to reduced cargo volume and PSSB ventured into voyage charter subsequently.
- (v) A lower loss before taxation was incurred for the two months ended 28 February 1999 compared to the corresponding period in the previous year due to diversification from loss incurring coastal service to voyage charter.
- (vi) The exceptional item relates to the write down of the cost of its vessel to its net realisable value as PSSB intends to dispose of the vessel.
- (vii) There was no extraordinary item in respect of the **financial** years and period under review.

* Net loss per share for the two months ended 28 February 1999 is calculated based on the annualised loss for the two months ended 28 February 1999 and the number of ordinary shares in issue as at 28 February 1999. The annualised loss is calculated by firstly annualising the operating loss before exceptional item and then add exceptional item of approximately RM2,098,000 which is non-recurring in nature.

11.1.1.4 Subsidiary and Associated Company

As at the date hereof, PSSB does not have any subsidiary or associated company.

12. CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS THEREON

The Directors of HHM forecast that, in the absence of unforeseen circumstances, the consolidated profit after taxation and minority interest for the year ending 31 December 1999 of the HHM Group will be as follows:-

	After the proposal
Forecast consolidated profit before taxation but after minority interest of the HHM Group (RM'000)	14,571
Forecast consolidated profit after taxation and minority interest of the HHM Group (RM'000)	14,571
Gross EPS (sen)	29.51*
Net EPS (sen)	29.51*
Gross price-earnings multiple based on issue price of RM1.20 per share (times)	4.07
Net price-earnings multiple based on issue price of RM1.20 per share (times)	4.07

* *Based on weighted average number of shares of 49,383,666 ordinary shares of RM1.00 each assuming completion of listing exercise by 1 October 1999.*

The forecast profit after taxation for the year ending 31 December 1999 includes the results from a subsidiary with new agencies and distributorships. The forecast for the new agencies and distributorships have been prepared using assumptions about future events and Directors' actions that are necessarily more subjective than would be appropriate for a forecast. The actual results of the new agencies and distributorships are likely to be different from forecast results because events and circumstances frequently do not occur as expected and the differences may be material.

The principal assumptions upon which the Consolidated Profit Forecast have been prepared are as follows:-

- (1) The gross proceeds of RM17,032,800 arising from the proposed public issue of HHM will be available to the HHM Group on 1 October 1999.

Interest savings will be generated from the utilisation of the gross proceeds as follows:-

	RM'000
Repayment of bank borrowings	8,500
Repayment of financing for the acquisition of two (2) coastal vessels	5,033
Payment for estimated share issue expenses	3,500
	<hr style="width: 100%; border: 1px solid black;"/>
	17,033
	<hr style="width: 100%; border: 1px solid black;"/>

- (2) The forecast includes the results from a subsidiary with new agencies and distributorships. The results are not expected to differ materially from the forecast results.
- (3) The forecasted disposal of the ship by a subsidiary on 31 December 1999 will proceed as planned at an estimated loss of RM2,098,000.
- (4) There will be no significant changes in the prevailing market conditions in Malaysia and elsewhere which will adversely affect the activities or performance of the HHM Group. The rate and bases of taxation applicable to the HHM Group will not deviate substantially from the present level.

- (5) There will be no significant changes in present legislation or Government regulations affecting the activities or performance of the HHM Group or the markets in which it operates.
- (6) There will be no major industrial disputes, economic, political or other abnormal factors, both domestic and overseas, which will adversely affect the HHM Group's trade. The present economic recovery is expected to continue based on the Government's assertion that the country's economic fundamentals are good.
- (7) The rate of inflation will not vary significantly from the current levels.
- (8) Operating costs are forecasted to increase at rates ranging from 3% to 8% per annum.
- (9) The sales mix of the Group's trading products will not vary significantly from planned sales mix.
- (10) The trading companies in the Group will be able to pass on all cost increases in full to their customers.
- (11) There will be no material fluctuations in foreign currency exchange rates. Expenditure denominated in US Dollars (US\$) will be converted into Ringgit Malaysia (RM) at the rate of US\$1 to RM3.80, being the official fixed rate for the US\$ implemented by Bank Negara Malaysia, effective 1 September 1998.
- (12) Existing financial facilities will remain available at interest rates approximating those currently available.
- (13) The companies in the Group will be able to retain all the existing agencies on existing terms and conditions.
- (14) There will be no material changes in the present corporate structure or material acquisitions or disposals of assets.
- (15) There will be no significant changes in the management and accounting policies from those presently adopted by the Group.
- (16) There will be no material changes in the principal activities of the Group.
- (17) There will be no changes to the present income tax legislation which will have a significant effect on the Group.
- (18) There will be no significant changes in the borrowing requirements of the Group from those at the present level except for a partial repayment of term loans with the proceeds from the proposed public issue as disclosed in Note (1) above.
- (19) The Year 2000 issue will not adversely affect or cause any significant disruption to the Group's operations, the suppliers or the market in which the Group operates. Costs associated with the mitigation of the Year 2000 issue will not be materially different from the forecast level.

On behalf of the Board

CHAN POH KIM
Group Managing Director

(Prepared for inclusion in this Prospectus)

Price Waterhouse
11 th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur

25 August 1999

The Board of Directors
Harrisons Holdings (Malaysia) Berhad
Suite 17.03, Wisma Nusantara
Jalan Punchak, Off Jalan P. Ramlee
50250 Kuala Lumpur

Dear Sirs

HARRISONS HOLDINGS (MALAYSIA) BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 1999

- (1) We have reviewed the accounting policies and calculations for the consolidated profit forecast of Harrisons Holdings (Malaysia) Berhad ("HHM") and its subsidiary companies ("HHM Group"), for which the Directors are solely responsible, for the year ending 31 December 1999 as set out in the Prospectus to be dated 30 August 1999 in connection with the Public Issue of 14,194,000 new ordinary shares of RM 1.00 each in HHM at an issue price of RM 1.20 per ordinary share and the listing of and quotation for its entire enlarged issued and paid-up share capital of 60,000,000 ordinary shares of RM1.00 each on the Main Board of the Kuala Lumpur Stock Exchange.
- (2) The forecast includes the results from a subsidiary with new agencies and distributorships. The forecast for the new agencies and distributorships have been prepared using assumptions about future events and Directors' actions that are necessarily more subjective than would be appropriate for a forecast. The actual results of the new agencies and distributorships are likely to be different from forecast results because events and circumstances frequently do not occur as expected, and the differences may be material.
- (3) Subject to the matter set out in paragraph 2 above, in our opinion, the consolidated profit forecast so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors set out in the accompanying statement, and is presented on a basis consistent with the accounting policies normally adopted by HHM Group.

Yours faithfully

PRICE WATERHOUSE
Firm No.: AF-0052
Public Accountants

UTHAYA KUMAR S/O K. VIVEKANANDA
(No. 1455/6/00(J))
Partner of the firm

14. DIVIDEND FORECAST

Barring unforeseen circumstances, it is the policy of the Directors of HHM in recommending dividends to allow shareholders to participate in the profits of the Company as well as leaving adequate reserves for the future growth of the Group.

However, for the financial year ending 31 December 1999, the Directors of the Company do not recommend the payment of any dividends.

The intended appropriation of the forecast consolidated profit after taxation for the year ending 31 December 1999 would be as follows:-

	Forecast 1999 RM'000
Consolidated profit after taxation and minority interest	14,571
Proposed dividend	<hr/>
Unappropriated profit carried forward	<hr/> 14,571 <hr/>
Gross dividend per share (sen)	-
Gross dividend yield based on the issue price of RM 1.20 per Issue Share (%)	Not applicable
Net dividend cover (times)	Not applicable

15. PROFORMA CONSOLIDATED BALANCE SHEET

The Proforma Consolidated Balance Sheet of the HHM as at 28 February 1999 as set out below is provided solely for illustrative purposes to show the effects of the Public Issue on the audited Consolidated Balance Sheet of the HHM Group as at 28 February 1999 had the Public Issue been effected on that **date:-**

	Audited Consolidated Balance Sheet as at 28 February 1999 RM'000	Proforma I After Public Issue RM'000
Fixed assets	43,410	43,410
Investments	1,002	1,002
Associated companies	2,656	2,656
Expenditure carried forward	2,916	2,916
CURRENT ASSETS		
Stocks	67,260	67,260
Debtors	90,414	90,414
Cash and bank balances	18,742	18,742
	176,416	176,416
CURRENT LIABILITIES		
Creditors	75,069	75,069
Short term borrowings	36,356	33,106
Taxation	4,949	4,949
	116,374	113,124
Net current assets	60,042	63,292
Long term liabilities	18,080	7,797
Deferred taxation	540	540
	91,406	104,939
FINANCED BY:-		
Share capital	45,806	60,000
Share premium		
Capital reserves	2,901	2,901
Revenue reserves	42,699	42,038
	91,406	104,939
Net tangible assets per share (RM)	1.93	1.70

15. PROFORMA CONSOLIDATED BALANCE SHEET (Cont'd)

Notes to the Proforma Consolidated Balance Sheet**1. Basis of preparation**

1.1 The Consolidated Balance Sheet of the HHM Group is extracted from the audited accounts of the HHM Group for the two (2) months ended 28 February 1999 which was reported on without qualification by Price Waterhouse.

1.2 The Proforma Consolidated Balance Sheet has been prepared based on accounting principles and bases consistent with those previously adopted in the preparation of audited accounts of the Group.

2. Proforma Consolidated Balance Sheet

The Proforma Consolidated Balance Sheet incorporates on a proforma basis the following transaction as though it was effected as at 28 February 1999:-

Proforma I

Proforma I incorporates the effects of the Public Issue of 14,194,000 ordinary shares of RM1.00 each at RM 1.20 per share.

3. Share Capital

	Issued Share Capital RM'000	Share Premium RM'000	Revenue Reserves RM'000
At 28 February 1999	45,806		42,699
Public Issue of shares	14,194	2,839	
Estimated share issue expenses incurred		(2,839)	(661)
As shown in Proforma I	<u>60,000</u>		<u>42,038</u>

16. AUDITORS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEET

(Prepared for inclusion in this Prospectus)

Price Waterhouse
11 th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur

25 August 1999

The Board of Directors
Harrisons Holdings (Malaysia) Berhad
Suite 17.03, Wisma Nusantara
Jalan Punchak, Off Jalan P. Ramlee
50250 Kuala Lumpur

Dear Sirs

HARRISONS HOLDINGS (MALAYSIA) BERHAD
PROFORMA CONSOLIDATED BALANCE SHEET AS AT 28 FEBRUARY 1999

We have reviewed the Proforma Consolidated Balance Sheet of Harrisons Holdings (Malaysia) Berhad and its subsidiary companies as at 28 February 1999 together with the notes thereon, for which the Directors are solely responsible, as set out in the Prospectus to be dated 30 August 1999. The Proforma Consolidated Balance Sheet has been prepared for inclusion in the said Prospectus to be dated 30 August 1999 in connection with the Public Issue of 14,194,000 new ordinary shares of RM1.00 each in HHM at an issue price of RM 1.20 per ordinary share and the listing of and quotation for its entire enlarged issued and fully paid-up share capital of 60,000,000 ordinary shares of RM1.00 each on the Main Board of the Kuala Lumpur Stock Exchange.

Based on the results of our review, we confirm that the Proforma Consolidated Balance Sheet of Harrisons Holdings (Malaysia) Berhad as at 28 February 1999 which is provided for illustrative purposes only has been properly compiled on the bases set out in the notes to the Proforma Consolidated Balance Sheet.

Yours faithfully

PRICE WATERHOUSE
Firm No.: AF-0052
Public Accountants

UTHAYA KUMAR S/O K. VIVEKANANDA
(No. 1455/6/00(J))
Partner of the firm

17. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)

Registered Office:-

Suite 17.03, Wisma Nusantara
Jalan Punchak, Off Jalan P. Ramlee
50250 Kuala Lumpur

25 August 1999

The Shareholders
Harrisons Holdings (Malaysia) Berhad

Dear Sir/Madam

On behalf of the Directors of Harrisons Holdings (Malaysia) Berhad ("HHM"), I report after due **inquiry** that during the period from 28 February 1999 (being the date to which the last audited accounts of HHM and its subsidiaries ("HHM Group") have been made up) to 18 August 1999 (being a date not earlier than fourteen days before the issue of this **Prospectus**):-

- (a) the business of HHM Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) save as disclosed in the Prospectus, in the opinion of the Directors, no circumstances have arisen which have adversely affected the trading or the value of the assets of the HHM Group;
- (c) the current assets of the HHM Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in the Prospectus, no contingent liabilities have arisen by reason of any guarantees given by the HHM Group; and
- (e) save as disclosed in the Accountants' Report and the Proforma Consolidated Balance Sheet in the Prospectus, there have been no changes in published reserves nor any unusual factors affecting the profit of the HHM Group.

Yours faithfully
For and on behalf of the Board of Directors of
HARRISONS HOLDINGS (MALAYSIA) BERHAD

Chan Poh Kim
Group Managing Director

Price Waterhouse
(AF 0052)
Public Accountants

11th Floor
Wisma Sime Darby
Jalan Raja Laut
P.O. Box 10199
50706 Kuala Lumpur, Malaysia

Telephone: 03-293 1077
Telecopier: 03-293 0997

Price Waterhouse



ACCOUNTANTS' REPORT (Prepared for inclusion in this Prospectus)

25 August 1999

The Board of Directors
Harrisons Holdings (Malaysia) Berhad
Suite 17.03, Wisma Nusantara
Jalan Punchak
Off Jalan P.Ramlee
50250 Kuala Lumpur

Dear Sirs,

INTRODUCTION

- 1 The following report has been prepared for inclusion in the Prospectus to be dated 30 August 1999 in connection with the Public Issue of **14,194,000** new ordinary shares of RM1.00 each in Harrisons Holdings (Malaysia) Berhad ('HHM') at an issue price of **RM1.20** per share and the listing of and quotation for its entire enlarged issued and paid-up capital on the Main Board of Kuala Lumpur Stock Exchange.

2 GENERAL INFORMATION

2.1 Background and principal activities

HHM was incorporated in Malaysia on 9 March 1990 as a private limited company under the name of Jantoco Trading Sdn. Bhd. with an authorised share capital of **RM25,000** divided into ordinary shares of RM1.00 each. On 3 September 1991, Jantoco Trading Sdn. Bhd. changed its name to Harrisons Holdings (Malaysia) Sdn. Bhd. HHM was converted into a public limited company on **28** April 1992 and assumed its present name.

HHM is principally engaged in investment holding and the provision of management services.

Details of subsidiaries and associated companies as at 28 February 1999, all of which are incorporated in Malaysia, are as follows:

<u>Subsidiaries</u>	<u>Principal activities</u>	<u>Group interest</u> at 28.2.1999 %
Harrisons Trading (Peninsular) Sdn Bhd	Marketing, sales, warehousing and distribution of building materials, industrial and agricultural chemical products and the operation of shipping agencies	100

18. ACCOUNTANTS' REPORT (Cont'd)



25 August 1999
The Board of Directors
Harrisons Holdings (Malaysia) Berhad
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<u>Subsidiaries</u>	<u>Principal activities</u>	<u>Group interest at 28.2.1999 %</u>
Harrisons Trading (Sabah) Sdn Bhd	Marketing, sales, warehousing and distribution of consumer, engineering, building and agricultural chemical products, operation of shipping and travel agencies, investment holding and the provision of management services	100
Harrisons Trading (Sarawak) Sdn Bhd	Marketing, sales, warehousing and distribution of consumer, engineering, building and agricultural chemical products, and the operation of shipping and travel agencies	100
Harrisons Ceramics Sdn Bhd (formerly known as Kedah Pottery Sdn Bhd)	Manufacturing and marketing of ceramic sanitaryware	100
Harrisons Travel Sdn Bhd	Travel agent	100
J. Whyte (Malaysia) Sdn Bhd	Investment holding	100
Paragon Shipping Sdn Bhd (formerly known as Harrisons Trading Sdn Bhd)	Shipping services	100
Premier Navigation Sdn Bhd (formerly known as Syarikat Industrial Electrics Sdn Bhd)	Shipping services	100
Kumpulan Jaya Pemasaran Sdn Bhd	Marketing, sales, warehousing and distributions of consumer products	100
Weedone Products (Malaya) Sdn Berhad	Dormant	100
Perkhidmatan First Marketing Sdn Bhd	Dormant	100



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The Board of Directors
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<u>Associated companies</u>	<u>Principal activities</u>	<u>Group interest at 28.2.1999</u> %
Allied Link Express (East Malaysia) Sdn Bhd	Cargo transportation and freight forwarder	50
Penyedian Kimia Sendirian Berhad	Dormant	49
Harrisons Logistics Sdn Bhd (formerly known as Syarikat Dagang Bahanan Sdn Bhd)	Marketing, sales, warehousing and distribution of chemicals and building materials and shipping agents	30
<u>Subsidiary of Harrisons Logistics Sdn Bhd</u>		
Exim Freight Services (Penang) Sdn Bhd	Freight services	30

All the above subsidiaries and associated companies are incorporated in Malaysia.

2.2 Changes in issued and paid-up capital

The authorised share capital of HHM is RM100,000,000 comprising 1 00,000,000 ordinary shares of RM1 . 00 each

The movements in the issued and paid-up capital of HHM since its incorporation are as follows:

<u>Date of allotment</u>	<u>Type of issue</u>	<u>Par value</u> RM	<u>Number of ordinary shares of RM1 . 00 each allotted</u> RM	<u>Cumulative issued and paid-up share capital</u> RM
09.03.1990	Subscribers' shares	1 .00	2	2
26.09.1990	To part finance the acquisition of investments in subsidiaries and associated companies	1 .00	11,999,998	12,000,000
24.06.1998	Bonus issue	1 .00	33,806,000	45,806,000



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Harrisons Holdings (Malaysia) Berhad
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2.3 The listing exercise

2.3.1 The listing exercise of HHM involves the following:

- (i) A Public Issue of 14,194,000 new ordinary shares of RM1 .00 each at an issue price of RM1.20 per share to eligible directors and employees of the HHM Group, Bumiputera investors approved by the Ministry of International Trade and Industry and members of the public;
- (ii) The listing of and quotation for the entire enlarged issued and paid-up share capital of HHM after completion of (i) above of 60,000,000 ordinary shares of RM1 .00 each on the Main Board of Kuala Lumpur Stock Exchange.

2.4 Accounts and auditors

We have been the auditors of HHM and its subsidiaries and associated companies since its incorporation except for Allied Link Express (East Malaysia) Sdn Bhd ('ALE') which is audited by another firm of auditors.

The accounts of HHM, its subsidiaries and associated companies which were audited by us were reported on without any qualification for all periods relevant to this report. The accounts of ALE for the six years ended 31 December 1998 were also reported on without any qualification by another firm of auditors. However, no accounts have been made up for ALE since 31 December 1998.



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3 SUMMARISED PROFIT AND LOSS ACCOUNTS

3.1 Harrisons Holdings (Malaysia) Berhad

The summarised audited results of HHM for the five financial years ended 31 December 1998 and for the two month period ended 28 February 1999 based on the audited accounts are as follows:

Note	Year ended 31 December					Two months
	1994	1995	1996	1997	1998	ended 28.2.1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	(a) 182	184	187	6,274	22,654	45
Profit before depreciation and interest	37	27	11	6,029	22,506	25
Depreciation	(2)	(19)	(12)	(2)	-	-
Interest income (net)	2	-	4	4	17	
Operating profit before exceptional items	37	8	3	6,031	22,523	25
Exceptional item - non recurring	(b)		.	.	-	(2,000)
Profit/(loss) before taxation	37	8	3	6,031	22,523	(1,975)
Taxation	(c) (4)	1	(11)	(1,813)	(6,304)	-
Profit/(loss) after taxation	33	9	(8)	4,218	16,219	(1,975)
Number of ordinary shares of RM1.00 each in issue (000)	12,000	12,000	12,000	12,000	45,806	45,806



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3.1 **Harrisons Holdings (Malaysia) Berhad** (Continued)

N o	Year ended 31 December					Two months
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>ended</u> <u>28.2.1999</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Number of ordinary shares assumed in issue (000)	45,806	45,806	45,806	45,806	45,806	45,806
Gross earnings/(loss) per share (sen) (d)	0.08	0.02	0.01	13.17	49.17	(4.04)"
Net earnings/(loss) per share (sen) (e)	0.07	0.02	(0.02)	9.21	35.41	(4.04) *

* *The gross and net loss per share for the two months ended 28 February 1999 is calculated based on the annualised loss for the two months ended 28 February 1999 and the number of ordinary shares in issue as at 28 February 1999. The annualised loss is calculated by firstly annualising the operating profit before exceptional items and then less exceptional item of approximately RM2,000,000 which is non-recurring in nature.*

Notes:(a) Turnover

Turnover of HHM represents dividends and management fees receivable from subsidiaries and interest income receivable.

(b) Exceptional item - non recurring

The exceptional item is not recurring in nature and relates to provision for permanent diminution in value of investment in a subsidiary in view of the revised net underlying assets of the subsidiary following the write down of the cost of a ship by the subsidiary.

(c) Taxation

The effective tax rates for the three financial years ended 31 December 1996 differed from the statutory tax rate due to the utilisation of unutilised tax losses brought forward in 1994, a write back for an overprovision of tax in prior years in 1995 and the disallowance of certain expenditure for tax purposes in 1996.



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3.1 **Harrisons Holdings (Malaysia) Berhad** (Continued)

In accordance with Income Tax (Amendment) Bill 1999, assessment of income tax based on income received in the preceding year will be changed to that of the current year beginning from the year of assessment 2000, and that tax on income earned in 1999 will be waived. In view of this, no provision for taxation has been made in respect of earnings for the two months ended 28 February 1999.

(d) Gross earnings per share

Gross earnings per share is calculated based on HHM's profit before taxation and the number of shares in issue at the end of each financial year/period after adjusting for bonus issue of 33,806,000 ordinary shares of RM1 .00 each on 24 June 1998.

(e) Net earnings per share

Net earnings per shares is calculated based on HHM's profit after taxation and the number of shares in issue at the end of each financial year/period after adjusting for bonus issue of 33,806,000 ordinary shares of RM1.00 each on 24 June 1998.



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3.2 Harrisons Holdings (Malaysia) Berhad Group

The summarised consolidated results of HHM Group for the five financial years ended 31 December 1998 and for the two month period ended 28 February 1999 based on the audited accounts of HHM and its subsidiaries and associated companies are as follows:

	Note	Year ended 31 December					Two months
		1994	1995	1996	1997	1998	ended
		RM 000	RM 000	RM 000	RM 000	RM 000	28. 2. 1999
							RM 000
Turnover	(a)	402,843	445,606	473,776	543,487	497,230	70,396
Profit before depreciation and interest		15,274	20,775	22,336	25,088	25,301	2,055
Depreciation		(1,784)	(1,838)	(1,975)	(3,247)	(3,816)	(687)
Interest expense (net)		(3,535)	(3,737)	(4,021)	(5,073)	(6,364)	(707)
Operating profit before exceptional items		9,955	15,200	16,340	16,768	15,121	661
Exceptional item - non recurring	(b)	-	-	-	-	-	(2,098)
Profit/(loss) before taxation		9,955	15,200	16,340	16,768	15,121	(1,437)
Taxation	(c)	(3,384)	(5,008)	(5,381)	(5,756)	(4,669)	(90)
Profit/(loss) after taxation		6,571	10,192	10,959	11,012	10,452	(1,527)
Extraordinary items	(d)	(342)					
Profit/(loss) after taxation and extraordinary items		6,229	10,192	10,959	11,012	10,452	(1,527)
Number of ordinary shares of RM1 .00 each in issue ('000)		12,000	12,000	12,000	12,000	45,806	45,806



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The Board of Directors
Harrisons Holdings (Malaysia) Berhad
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3.2 **Harrisons Holdings (Malaysia) Berhad Group** (Continued)

Note	Year ended 31 December					Two months
	1994	1995	1996	1997	1998	ended
	RM'000	RM'000	RM'000	RM'000	RM'000	28.2.1999
						RM'000
Number of ordinary shares assumed in issue (000)	45,806	45,806	45,806	45,806	45,806	45,806
Gross earnings per share (sen) (e)	21.73	33.18	35.67	36.61	33.01	4.08*
Net earnings per share (sen) (f)	14.35	22.25	23.92	24.04	22.82	3.88**

* The gross earnings per share for the two months ended 28 February 1999 is calculated based on the annualised profit for the two months ended 28 February 1999 and the number of ordinary shares in issue as at 28 February 1999. The annualised profit is calculated by firstly annualising the operating profit before exceptional items and then less exceptional item of approximately RM2,098,000 which is non-recurring in nature.

** The net earnings per share for the two months ended 28 February 1999 is calculated based on the annualised profit for the two months ended 28 February 1999 and the number of ordinary shares in issue as at 28 February 1999. The annualised profit is calculated by firstly annualising the operating profit before exceptional items and then less exceptional item of approximately RM2,098,000 which is non-recurring in nature and taxation of approximately RM90,000 which is in respect of prior years.

Notes:(a) Turnover

Turnover of HHM Group represents the aggregate invoiced value of goods sold and gross fees and commissions earned from third parties.

(b) Exceptional item - non recurring

The exceptional item of the HHM Group is non recurring in nature and relates to the write down of the cost of a ship belonging to a subsidiary to its net realisable value as the directors of the subsidiary have indicated their intention to dispose the ship.



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 The Board of Directors
 Harrison's Holdings (Malaysia) Berhad
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3.2 **Harrison's Holdings (Malaysia) Berhad Group** (Continued)

(c) Taxation

The effective tax rates for the five financial years ended 31 December 1998 are higher than the statutory tax rate due to certain expenses disallowed for tax purposes.

The tax charge for the two months ended 28 February 1999 is mainly related to prior year charges.

In accordance with Income Tax (Amendment) Bill 1999, assessment of income tax based on income received in the **preceeding** year will be changed to that of the current year beginning from the year of assessment 2000, and that tax on income earned in 1999 will be waived. In view of this, no provision for taxation has been made in respect of earnings for the two months ended 28 February 1999.

(d) Extraordinary items

Extraordinary items can be analysed as follows:

	Year ended 31 December 1994 RM'000
Provision for diminution in value of investment in an associated company	(43)
Provision for amount due from an associated company	(293)
Share of extraordinary losses of an associated company	(6)
	<u>(342)</u>

(e) Gross earnings per share

Gross earnings per share is calculated based on HHM Group's profit before taxation and the number of shares in issue at the end of each financial year/period after adjusting for bonus issue of 33,806,000 ordinary shares of RM1 .00 each on 24 June 1998.

(f) Net earnings per share

Net earnings per shares is calculated based on HHM Group's profit after taxation but before extraordinary items and the number of shares in issue at the end of each financial year/period after adjusting for bonus issue of 33,806,000 ordinary shares of RM1 .00 each on 24 June 1998.



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 The Board of Directors
 Harrison's Holdings (Malaysia) Berhad
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4 DIVIDENDS

4.1 Harrison's Holdings (Malaysia) Berhad

Details of dividends paid or declared by HHM for the five past financial years ended 31 December 1998 and for the two month period ended 28 February 1999 are as follows:

<u>Financial year ended</u>	<u>Issued and paid-up share capital</u> RM'000		<u>Dividend rate</u> %	<u>Gross dividend</u> RM'000	<u>Tax rate</u> %	<u>Net dividend</u> RM'000
31.12.1994	12,000		-	-	-	
31.12.1995	12,000		-	-	-	
31.12.1996	12,000		-	-	-	
31.12.1997	12,000					
31.12.1998	45,806	Interim	10	4,581	28	3,298
31.12.1998	45,806	Interim	11	5,039	28	3,628
28.02.1999	45,806					



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The Board of Directors
Harrisons Holdings (Malaysia) Berhad
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5 SUMMARISED BALANCE SHEETS

5.1 Harrisons Holdings (Malaysia) Berhad

The summarised audited balance sheet of HHM for the six financial years ended 31 December **1998** and for the two month period ended **28** February 1999 based on the audited accounts are as follows:

	Year ended 31 December						Two months
	1993	1994	1995	1996	1997	1998	ended 28.2.1999
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	R M'000
Current assets	55	284	201	334	185	1,918	1,724
Current liabilities	(175)	(232)	(245)	(425)	(64)	(1,721)	(1,547)
Net current (liabilities)/assets	(120)	52	(44)	(91)	121	197	177
Expenditure carried forward	88	224	257	809	990	1,167	1,167
Fixed assets	1	9	112	2			
Investments	54,663	54,380	54,420	53,948	57,773	66,813	64,858
	54,632	54,665	54,745	54,668	58,884	68,177	66,202
Deferred taxation and long term liabilities			(71)	(2)	-	-	
	54,632	54,665	54,674	54,666	58,884	68,177	66,202
Financed by:							
Share capital	12,000	12,000	12,000	12,000	12,000	45,806	45,806
Reserves	42,632	42,665	42,674	42,666	46,884	22,371	20,396
	54,632	54,665	54,674	54,666	58,884	68,177	66,202
Net tangible assets per share (RM)	4.54	4.54	4.53	4.48	4.82	1.46	1.42
Net tangible assets per share after adjusting for bonus issue (RM)	1.19	1.19	1.19	1.18	1.26	1.46	1.42



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The Board of Directors
Harrisons Holdings (Malaysia) Berhad
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5.2 Harrisons Holdings (Malaysia) Berhad Group

The summarised audited consolidated balance sheet of HHM Group for the six financial years ended 31 December 1998 and for the two month period ended 28 February 1999 based on the audited accounts of HHM and its subsidiaries and associated companies are as follows:

	Year ended 31 December						Two months
	1993	1994	1995	1996	1997	1998	ended 28.2.1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current assets	134,017	152,199	168,951	169,342	210,407	177,266	176,416
Current liabilities	(114,469)	(127,064)	(133,195)	(121,026)	(153,461)	(117,199)	(116,374)
Net current assets	19,548	25,135	35,756	48,316	56,946	60,067	60,042
Expenditure carried forward	88	224	257	1,757	3,116	2,970	2,916
Fixed assets	32,123	31,214	31,233	40,018	49,294	45,982	43,410
Investments	1,380	2,206	1,746	2,864	2,462	3,087	3,658
	53,139	58,779	68,992	92,955	111,818	112,106	110,026
Deferred taxation and long term liabilities	(2,120)	(1,531)	(1,552)	(14,556)	(22,407)	(19,173)	(18,620)
	51,019	57,248	67,440	78,399	89,411	92,933	91,406
Financed by:							
Share capital	12,000	12,000	12,000	12,000	12,000	45,806	45,806
Reserves	39,019	45,248	55,440	66,399	77,411	47,127	45,600
	51,019	57,248	67,440	78,399	89,411	92,933	91,406
Net tangible assets per share (RM)	4.24	4.75	5.60	6.39	7.19	1.96	1.93
Net tangible assets per share after adjusting for bonus issue (RM)	1.11	1.24	1.47	1.67	1.88	1.96	1.93



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The Board of Directors
Harrisons Holdings (Malaysia) Berhad
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6 STATEMENT OF ASSETS AND LIABILITIES

The following is the statement of assets and liabilities as at 28 February 1999 of HHM Group based on the audited accounts as at 28 February 1999 and should be read in conjunction with the notes thereon.

	<u>Note</u>	<u>Company</u> RM'000	<u>Group</u> RM'000
FIXED ASSETS	(c)		43,410
SUBSIDIARIES	(d)	64,454	
ASSOCIATED COMPANIES	(e)		2,656
OTHER INVESTMENTS	(g)	404	1,002
CURRENT ASSETS			
Stocks	(h)		67,260
Debtors	(i)		86,598
Other debtors and repayments		14	3,816
Deposits with licensed banks		1,352	1,633
Cash and bank balances		358	17,109
		1,724	176,416
CURRENT LIABILITIES			
Creditors			67,062
Other creditors and accruals	(j)	1,503	8,007
Short term borrowings	(k)		36,356
Taxation		44	4,949
		1,547	116,374
NET CURRENT ASSETS		177	60,042
EXPENDITURE CARRIED FORWARD	(l)	1,167	2,916
		66,202	110,026
Financed by:			
SHARE CAPITAL	(m)	45,806	45,806
RESERVES	(n)	20,396	45,600
SHAREHOLDERS' FUNDS		66,202	91,406
LONG TERM LIABILITIES	(o)		7,080
CUMULATIVE REDEEMABLE PREFERENCE SHARES	(p)		11,000
DEFERRED TAXATION	(q)		540
		66,202	110,026



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Notes to the statement of assets and liabilities

(a) Basis of accounting

The accounts have been prepared under the historical cost convention modified by the revaluation of certain fixed assets in accordance with the applicable approved Accounting Standards in Malaysia

(b) Significant accounting policies

(i) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 28 February 1999. All subsidiaries' accounts are consolidated based on the acquisition method of accounting. The results of subsidiaries acquired or disposed of during the financial period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

(ii) Subsidiaries

Subsidiaries are those in which the Company has long term equity interest of more than 50% and actively participates in their management.

(iii) Reserve arising on consolidation

Reserve arising on consolidation represents the excess of the fair values of net assets of subsidiaries acquired over the purchase consideration.

(iv) Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the purchase consideration over the fair value of the net assets of subsidiaries at the date of acquisition and is written off against reserves in the financial period of acquisition.

(v) Associated companies

An associated company is a company other than a subsidiary in which the Group has a long term equity investment of 20% to 50% and where the Group has representation on the board and is in a position to exercise significant influence over its financial and operating policy decisions.

The consolidated profit and loss account includes the Group's share of profits less losses of associated companies based on the latest audited or management accounts of the companies concerned. In the consolidated balance sheet, the Group's interest in associated companies is stated at cost plus the Group's share of post acquisition retained reserves.



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Notes to the statement of assets and liabilities

(b) Significant accounting policies (Continued)

(vi) Fixed assets and depreciation

Land and buildings are stated at directors' valuation. Subsequent additions are stated at cost. The directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of International Accounting Standards No. 16 (Revised): Property, Plant and Equipment, as adopted in Malaysia, these assets are stated at the carrying amounts on the basis of their previous revaluation and costs less accumulated depreciation.

The ship of a subsidiary is valued at net realisable value.

All other fixed assets are stated at cost less accumulated depreciation.

Increases in the carrying amount arising from revaluations are credited to the revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve. All other decreases are charged to profit and loss account.

Freehold land is not depreciated. Other fixed assets are depreciated over their estimated useful lives on a straight line basis at the following annual rates:

Leasehold land	Over the terms of the respective lease period ranging from 77.5 years to 793 years
Buildings	2% - 5%
Plant and machinery	7.5% - 20%
Motor vehicles	20% - 40%
Furniture, fittings and equipment	5% - 50%
Ships	Over the estimated useful lives of 7 and 14 years

(vii) Expenditure carried forward

Deferred expenses are in relation to the Company's proposed listing on the Kuala Lumpur Stock Exchange incurred up to the balance sheet date and will be written off upon listing.

Pre-operating expenditure of the Group is stated at cost less accumulated amortisation and is amortised on a straight line basis over a period of 7 years upon commencement of operations of those subsidiaries.



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Notes to the statement of assets and liabilities

(b) Significant accounting policies (Continued)

(viii) Assets held under finance lease and hire purchase agreements

Assets acquired under finance lease and hire purchase agreements are capitalised and are depreciated in accordance with the policy set out in paragraph (b) (vi) above.

Outstanding obligations due under the finance lease and hire purchase agreements after deducting finance expenses are included as liabilities in the accounts. The finance expenses of the lease and hire purchase rentals are charged to the profit and loss account over the periods of the respective agreements so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period.

(ix) Operating leases

Leases where substantially all rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals on operating leases are accounted for in the profit and loss account on the accrual basis.

(x) Investments

Investments in subsidiaries and associated companies and quoted shares held for long term purposes are stated at cost. Provision for diminution in value of investments is only made when the directors consider that there has been a permanent impairment in their values.

Dividend income from subsidiaries and associated companies are recognised in the profit and loss account to the extent that dividends have been declared.

Dividend income from investment in quoted shares are recognised in the profit and loss account on a receipt basis.

(xi) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis or on the first-in, first-out basis. Work-in-progress includes cost of direct materials, labour and an appropriate proportion of production overheads.



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Notes to the statement of assets and liabilities

(b) **Significant accounting policies** (Continued)

(xii) Deferred taxation

Deferred taxation is provided on the liability method in respect of timing differences between income as computed for taxation purposes and income as stated in the accounts except where it is thought reasonably probable that the tax effects of such deferrals will continue in the foreseeable future. Future tax benefits arising from these timing differences are not recognised unless there is reasonable assurance of realisation.

(xiii) Foreign currencies

Assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the exchange rate ruling at that date. Transactions in foreign currencies during the financial period have been translated into Ringgit Malaysia at the exchange rates ruling at the transaction dates. Exchange differences arising from translation of foreign currency amounts have been dealt with through the profit and loss accounts.

(xiv) Voyage accounting

The results of all voyages, completed and uncompleted, up to the balance sheet date, are included in the operating profits for the financial period. For voyages which remain uncompleted as at the balance sheet date, the freight receivable for cargoes loaded on the vessel up to the balance sheet date and their relevant discharging costs are accrued in the profit and loss account.



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Notes to the statement of assets and liabilities

(c) Fixed assets

Group	Freehold land & buildings	Long leasehold land & buildings	Short leasehold land & buildings	Plant, vehicles & equipment	Ships	Total
	R M'000	RM'000	RM'000	R M'000	R M'000	R M'000
28.2.1999						
cost						
At 1 January	843	3,122	1,165	17,915	18,821	41,866
Additions	-	-	-	92	121	213
Write down	-	-	-	-	(4,799)	(4,799)
Reclassified to valuation	-	-	-	-	(4,112)	(4,112)
At 28 February	843	3,122	1,165	18,007	10,031	33,168
Valuation						
At 1 January	930	21,729	596	-	-	23,255
Reclassified from cost	-	-	-	-	4,112	4,112
At 28 February	930	21,729	596	-	4,112	27,367
Total	1,773	24,851	1,761	18,007	14,143	60,535
Accumulated depreciation						
At 1 January	237	2,987	780	11,928	3,207	19,139
Charge for the financial period	14	42	16	287	328	687
Write down	-	-	-	-	(2,701)	(2,701)
At 28 February	251	3,029	796	12,215	834	17,125
Net Book Value	1,522	21,822	965	5,792	13,309	43,410

The leasehold land and buildings stated at valuation were revalued by the directors of the subsidiaries between 1986 and 1990 by reference to valuations by professional firms of valuers based on the open market values basis.



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Notes to the statement of assets and liabilities (Continued)

(c) **Fixed assets** (Continued)

The freehold land and building stated at valuation were revalued by the directors of the subsidiary in 1985 by reference to a valuation by a professional firm of valuers based on open market value basis.

A subsidiary is in negotiation to dispose its ship to a third party. The carrying value as at 28 February 1999 has been written down to its net realisable value.

Had the land and buildings been carried at historical cost less depreciation, the net book value of these assets that would have been included in the accounts as at the end of the financial period is as follows:

	As at <u>28.2.1999</u> RM'000
Freehold land and buildings	325
Long leasehold land and buildings	2,065
Short leasehold land and buildings	393
	<u> </u>

Certain land and buildings, plant, vehicles and equipment have been charged to a licensed bank as security for a term loan granted to a subsidiary.

The net book value of plant, vehicles and equipment acquired under hire purchase agreements amounted to RM999,612.

<u>Company</u>	Plant, vehicles & <u>equipment</u> RM'000
<u>28.2.1999</u>	
<u>cost</u>	
At 1.1.1999 and 28.2.1999	<u>15</u>
<u>Accumulated depreciation</u>	
At 1.1.1999 and 28.2.1999	<u>15</u>
Net book value	<u> </u>



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Notes to the statement of assets and liabilities (Continued)

(d) **Subsidiaries**

	Company <u>As at 28.2.1999</u> RM'000
Unquoted shares, at cost	58,597
Less: Provision for diminution in value	(2,000)
	<u>56,597</u>
Amounts owed to subsidiaries	(1,143)
Amount due from subsidiaries	<u>9,000</u>
	<u><u>64,454</u></u>

The Group's equity interest in the subsidiaries and their respective principal activities and country of incorporation are shown in Note (f).

(e) **Associated companies**

	Group <u>As at 28.2.1999</u> RM'000
Unquoted shares, at cost	173
Share of post acquisition profits less losses	151
	<u>324</u>
Amounts due from associated companies	2,332
	<u><u>2,656</u></u>

The Group's equity interest in the associated companies, their respective principal activities and country of incorporation are shown in Note (f).



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Notes to the statement of assets and liabilities (Continued)

(f) **Subsidiary companies and associated companies**

Details of subsidiary and associated companies, all of which are incorporated in Malaysia, are as follows:

<u>Subsidiaries</u>	<u>Principal activities</u>	<u>Group's interest at 28.2.1999 %</u>
Harrisons Trading (Peninsular) Sdn Bhd	Marketing, sales, warehousing and distribution of building materials, industrial and agricultural chemical products and the operation of shipping agencies	100
Harrisons Trading (Sabah) Sdn Bhd	Marketing, sales, warehousing and distribution of consumer, engineering, building and agricultural chemical products, operation of shipping and travel agencies, investment holding and the provision of management services	100
Harrisons Trading (Sarawak) Sdn Bhd	Marketing, sales, warehousing and distribution of consumer, engineering, building and agricultural chemical products and the operation of shipping and travel agencies	100
Harrisons Ceramics Sdn Bhd (formerly known as Kedah Pottery Sdn Bhd)	Manufacturing and marketing of ceramic sanitaryware	100
Harrisons Travel Sdn Bhd	Travel agent	100
J. Whyte (Malaysia) Sdn Bhd	Investment holding	100
Paragon Shipping Sdn Bhd (formerly known as Harrisons Trading Sdn Bhd)	Shipping services	100



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Note to the statement of assets and liabilities (Continued)

(f) **Subsidiary companies and associated companies** (Continued)

<u>Subsidiaries</u>	<u>Principal activities</u>	<u>Group's interest at 28.2.1999</u> %
Premier Navigation Sdn Bhd (formerly known as Syarikat Industrial Electrics Sdn Bhd)	Shipping services	100
Kumpulan Jaya Pemasaran Sdn Bhd	Marketing, sales, warehousing and distributions of consumer products	100
Weedone Products (Malaya) Sdn Berhad	Dormant	100
Perkhidmatan First Marketing Sdn Bhd	Dormant	100
<u>Associated companies</u>		
Allied Link Express (East Malaysia) Sdn Bhd	Cargo transportation and freight forwarder	50
Penyedian Kimia Sendirian Berhad	Dormant	49
Harrison's Logistics Sdn Bhd (formerly known as Syarikat Dagang Bahanan Sdn Bhd)	Marketing, sales, warehousing and distribution of chemicals and building materials and shipping agents	30
<u>Subsidiary of Harrison's Logistics Sdn Bhd</u>		
Exim Freight Services (Penang) Sdn Bhd	Freight services	30

All the above subsidiaries and associated companies are incorporated in Malaysia.



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Note to the statement of assets and liabilities (Continued)

(g) **Other investments**

	<u>Group</u> As at 28.2.1999 RM'000	<u>Company</u> As at 28.2.1999 RM'000
Quoted shares at cost		
- in Malaysia	594	
- outside Malaysia	404	404
Quoted loan stocks at cost		
- in Malaysia	4	-
	<u>1,002</u>	<u>404</u>
Quoted shares at market value		
- in Malaysia	199	
- outside Malaysia	318	318
Quoted loan stocks at market value		
- in Malaysia	1	
	<u>518</u>	<u>318</u>

No provisions have been made for the shortfall in market value of shares and loan stocks as at 28 February 1999 as the directors do not deem the shortfall as a permanent diminution in value.

The market value of the quoted shares for the Group and Company, and quoted loan stocks for the Group as at 6 July 1999, being the latest practicable date, are RM615,000, RM293,000 and RM2,000 respectively.

(h) **Stocks**

	<u>Group</u> As at 28.2.1999 RM'000
Raw materials	302
Work-in-progress	87
Finished goods	66,661
Consumables	210
	<u>67,260</u>



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Note to the statement of assets and liabilities (Continued)

(i) **Trade debtors**

	<u>Group</u> As at 28.2.1999 RM'000
Trade debtors	91,789
Less: Provision for doubtful debts	(5,191)
	<u>86,598</u>

(j) **Other Creditors and Accruals**

	<u>Group</u> As at 28.2.1999 RM'000	<u>Company</u> As at 28.2.1999 R M'000
Other creditors and accruals	7,668	1,503
Hire purchase and finance lease obligations repayable within 12 months (Note (o))	339	
	<u>8,007</u>	<u>1,503</u>

(k) **Short term borrowings**

	<u>Group</u> As at 28.2.1999 RM'000
<u>Unsecured</u>	
Bank overdrafts	12,003
Other short term borrowings	17,226
	<u>29,229</u>
<u>Secured</u>	
Bank overdrafts	3,877
Term loans - portion repayable within 12 months (Note (o))	3,250
	<u>36,356</u>

Interest rates on bank overdrafts and other short term borrowings range from 5.8% to 11.05% per annum.



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(l) **Expenditure carried forward**

	<u>Group</u>		
	<u>Pre-operating expenditure</u>	<u>Deferred expenses</u>	<u>Total</u>
	<u>As at 28.2.1999</u>	<u>As at 28.2.1999</u>	<u>As at 28.2.1999</u>
	RM 000	RM'000	R M'000
At 1 January	1,803	1,167	2,970
Less: Amount amortised	(54)		(54)
At 28 February	<u>1,749</u>	<u>1,167</u>	<u>2,916</u>

Company
 As at **28.2.1999**
RM 000

At **1** January and at 28 February 1999 1,167

The deferred expenses relate to the Company's proposed listing on the Kuala Lumpur Stock Exchange incurred up to 28 February 1999.

(m) **Share capital**

	<u>Group and Company</u>
	<u>As at 28.2.1999</u>
	RM'000
Ordinary shares of RM1 each:	
Authorised	100,000
Issued and fully paid	<u>45,806</u>



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Note to the statement of assets and liabilities (Continued)

(n) **Reserves**

	<u>Distributable</u> Profit and loss <u>account</u> RM'000	<u>Non-distributable</u> Reserve arising on <u>consolidation</u> RM'000	<u>Total</u> RM'000
<u>Group</u>			
<u>28.2.1999</u>			
At 1 January	44,226	2,901	47,127
Loss for the financial period	(1,527)		(1,527)
	<u>42,699</u>	<u>2,901</u>	<u>45,600</u>
<u>Company</u>			
<u>28.2.1999</u>			
At 1 January	22,371		22,371
Loss for the financial period	(1,975)		(1,975)
	<u>20,396</u>		<u>20,396</u>

The Company has sufficient Section 108 Malaysian tax credit to frank in full the whole of its retained profits if paid out as dividends. Pursuant to the requirements of subsection 365 (1A) of the Companies Act, 1965, the future distribution of dividends out of the Company's retained profits may only be declared for a financial year up to an amount not exceeding the after-tax profit of that financial year, or not exceeding the average dividends declared in respect of the two financial years immediately preceding that financial year, whichever is the greater.



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Note to the statement of assets and liabilities (Continued)

(o) **Long term liabilities**

	<u>Group</u> <u>As at 28.2.1999</u> RM'000
<u>Secured</u>	
Term loan	10,000
Portion repayable within 12 months included under short term borrowings (Note (k))	(3,250)
	<u>6,750</u>
Hire purchase and lease creditors	669
Portion repayable within 12 months included under other creditors (Note (j))	(339)
	<u>330</u>
	<u>7,080</u>
Analysis of term loan:	
Payable within 1 year	3,250
Payable between 1 and 2 years	3,000
Payable between 2 and 5 years	3,750
	<u>10,000</u>
Analysis of hire purchase and lease commitments:	
Payable within 1 year	401
Payable between 1 and 2 years	267
Payable between 2 and 5 years	91
	<u>759</u>
Less: Finance charges	(90)
	<u>669</u>



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Note to the statement of assets and liabilities (Continued)

(o) **Long term liabilities** (Continued)

The term loan is obtained from a licensed bank for the purpose of financing working capital of a subsidiary. It is secured by a first debenture covering all fixed and floating, present and future assets of the subsidiary, first legal charges over certain properties owned by the subsidiary, its subsidiary and certain related companies and a corporate guarantee by the Company.

The term loan is repayable in **60** monthly instalments of **RM250,000** each from the expiration of the twelfth month after the date of the first drawdown in July 1997. Interest is charged at 9.55% per annum.

(P) **Cumulative Redeemable Preference Shares**

During the financial year ended **31** December 1997, pursuant to Subscription Agreements dated 26 February 1997, two subsidiaries issued a total of **11,000,000** cumulative redeemable preference shares at an issue price of **RM1.00** each, comprising a nominal value of **RM. 10** per share and a premium of **RM0.90** per share to a third party.

The details of the Cumulative Redeemable Preference Shares are as follows:

- (a) The shares bear dividend at **RM0.09** per share, per annum, payable semi-annually on **30** June and **31** December of each year. The first payment was due on **31** December 1997 calculated in respect of the period commencing from the date of payment of the shares on 4 August 1997. Interest of 10% per annum will be charged for late payment of the dividends on the shares.
- (b) Any tax to the shareholder on the dividend payments shall be borne by the subsidiaries or reimbursed to the shareholder.
- (c) The shares are redeemable on **15** August 2001 ("Redemption Date") at **RM1.00** each ("Redemption Price"). All unpaid dividends together with any interest accrued up to the Redemption Date shall be paid to the shareholder upon redemption.
- (d) The subsidiaries may redeem the shares before the Redemption Date or any part thereof only on the third, or any subsequent, dividend payment date at the Redemption Price plus a 1% flat fee on the issue price of the number of shares redeemed.
- (e) The shares are secured by guarantee and option agreements from the Company.



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Note to the statement of assets and liabilities (Continued)

(q) **Deferred taxation**

	<u>Group</u> As at 28.2.1999 R M'000
As at 1 January	539
Transfer from profit and loss account	1
	<hr/>
As at 28 February	540
	<hr/> <hr/>
This comprise the tax effect of:	
Excess of capital allowances over depreciation	550
Other timing differences	(10)
	<hr/>
	540
	<hr/> <hr/>

The deferred taxation arising from the chargeable gain on revaluation of certain freehold and leasehold land and buildings of subsidiary companies amounting to approximately RM1,331,000 has not been provided for in the accounts as there is no intention to dispose of the revalued assets in the foreseeable future.

The benefits of the unabsorbed tax losses of RM3,111,225 and capital allowances carried forward of RM5,400 attributable will only be obtained if the relevant subsidiary companies derive future assessable income of a nature and of amounts sufficient for the losses to be utilised. The related tax effects of tax losses and capital allowances have not been included in the accounts.

(r) **Contingent liabilities (unsecured)**

	<u>Group</u> As at 28.2.1999 R M'000	<u>Company</u> As at 28.2.1999 R M'000
Guarantees given on behalf of subsidiaries		51,250
Damages claimed by a customer	852	
	<hr/>	<hr/>
	852	51,250
	<hr/> <hr/>	<hr/> <hr/>



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7 NET TANGIBLE ASSETS COVER

Based on the statement of assets and liabilities of HHM Group as at 28 February 1999 and after adjusting for the public issue and the estimated listing expenses, the proforma net tangible assets per share will be as follows:

	RM'000
Net tangible assets of HHM Group per Statement of assets and liabilities as at 28 February 1999	88,490
Proceeds from proposed public issue	17,033
	<u>105,523</u>
Less: Estimated listing expenses	(3,500)
	<u>102,023</u>
Proforma net tangible assets	<u><u>102,023</u></u>
Number of shares of RM1.00 each of HHM in issue:	
	<u>No. of shares</u>
At 28 February 1999	45,806
Proposed public issue	14,194
	<u>60,000</u>
	<u><u>60,000</u></u>
Proforma net tangible assets per share	<u><u>RM1.70</u></u>



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8 ACCOUNTS

No audited accounts have been prepared in respect of any period subsequent to 28 February 1999.

Yours faithfully,

PRICE WATERHOUSE
(No. AF-0052)
Public Accountants

UTHAYA KUMAR S/O K. VIVEKANANDA
(No. 1455/6/00 (J))
Partner of the firm

0403J/yl

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE

19.1 Application Forms

The following relevant Application Forms are enclosed with this Prospectus and **are** deemed to form an integral part hereof-

- (i) **Pink** Application Forms for applications by eligible Directors and employees of the HHM Group; and
- (ii) **White** Application Forms for application by Bumiputera investors approved by MITI and Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from CIMB, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia and MIDFCCS.

The Prospectus together with the Application Form and the official envelopes are also printed in the The Star and Utusan Malaysia newspapers.

19.2 Procedure for Application

(i) **Applications by eligible Directors and employees of the HHM Group**

Applications for the 2,305,000 ordinary shares reserved for eligible Directors and employees of the HHM Group must be made **on** the **Pink** Application Forms provided.

(ii) **Applications by Bumiputera investors approved by MITI**

Applications for the 6,034,000 ordinary shares reserved for Bumiputera investors approved by MITI must be made on the **White** Application Forms provided.

(iii) **Applications by the Malaysian public**

Applications for the 5,855,000 ordinary shares made available for application by the Malaysian citizens, companies, societies, co-operatives and institutions must be made on the **White** Application Forms provided.

Only one Application Form from each applicant will be considered and applications must be for 1,000 ordinary shares or multiples thereof. Multiple applications will not be accepted.

Each completed Application Form must be despatched by **ORDINARY POST OR DELIVERED BY HAND** in the official envelopes provided to the following address:-

MIDF Consultancy and Corporate Services Sendirian Berhad
195A, Jalan Tun Razak
P. O. Box 11122
50736 Kuala Lumpur

so as to arrive not later than 8.00 p.m. on **13 September 1999** or delivered **BY HAND** to Oriental Bank Berhad branches based at the following addresses:

1. Klang Branch
2, Jalan Kapar
4 1400 Klang
Selangor Darul Ehsan
2. Kepong Branch
60, Jalan 2
52 100 Kuala Lumpur

19. **PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- | | |
|--|--|
| 3. KL Main Branch
Bangunan Oriental Bank
1, Jalan Hang Lekiu
50100 Kuala Lumpur | 4. Selayang Branch
141-143, Jalan 2/3A
Kompleks Pasar Borong Selayang
68 100 Kuala Lumpur |
| 5. Taman Sungai Besi Branch
38, Jalan 7/108C
Jalan Sungai Besi
68 100 Kuala Lumpur | 6. Bukit Bintang Branch
126, Ground Floor
Wisma KLIH
Jalan Bukit Bintang
5 5 100 Kuala Lumpur |
| 7. Wangsa Maju Branch
10, Jalan 1/27B
Bandar Baru Wangsa Maju
53300 Kuala Lumpur | 8. Balakong Branch
S-7, Jalan 1/6
Taman Indah
Batu 11, Jalan Balakong
43200 Cheras
Selangor Darul Ehsan |
| 9. Segambut Branch
36-38, Jalan Segambut Utara
5 1200 Kuala Lumpur | 10. SS2 Branch
No. 2, Jalan SS2/61
47300 Petaling Jaya
Selangor Darul Ehsan |
| 11. Bandar Park Branch
152, Jalan Mega Mendung
Kompleks Bandar
Batu 5, Jalan Klang Lama
58000 Kuala Lumpur | |

during banking hours (9.30 a.m. to 3.30 p.m. from Monday to Friday and 9.30 a.m. to 12.00 p.m. on Saturday) only.

EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY EITHER:-

- (A) BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- (B) MONEY ORDER (FOR APPLICANTS FROM SARAH AND SARAWAK ONLY); OR
- (C) GUARANTEED GIRO ORDER ("GGO") FROM BANK SIMPANAN NASIONAL MALAYSIA (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- (D) ATM STATEMENT OBTAINED ONLY FROM:-

ARAB-MALAYSIAN BANK BERHAD;
ARAB-MALAYSIAN FINANCE BERHAD;
ASIA COMMERCIAL> FINANCE (M) BERHAD;
- BAN HIN LEE BANK BERHAD;
BANK OF COMMERCE (M) BERHAD;
- BANK UTAMA (MALAYSIA) BERHAD;
BSN COMMERCIAL BANK BERHAD;
CREDIT CORPORATION MALAYSIA BERHAD;

19. **PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- EON BANK BERHAD;
- EON FINANCE BERHAD;
- HOCK HUA BANK BERHAD;
- HONG LEONG BANK BERHAD;
- HONG LEONG FINANCE BERHAD;
- INTERNATIONAL BANK MALAYSIA BHD. (*formerly known as Hock Hua Bank (Sabah) Berhad*),
- MALAYAN BANKING BERHAD;
- MAYBAN FINANCE BERHAD;
- MBf FINANCE BERHAD;
- MULTI-PURPOSE BANK BERHAD;
- ORIENTAL BANK BERHAD;
- ORIENTAL FINANCE BERHAD;
- PHILEO ALLIED BANK (MALAYSIA) BERHAD,
- PUBLIC BANK BERHAD;
- PUBLIC FINANCE BERHAD;
- RHB BANK BERHAD;
- SABAH BANK BERHAD;
- THE PACIFIC BANK BERHAD; OR
- UNITED MERCHANT FINANCE BERHAD.

AND MUST BE MADE OUT IN FAVOUR OF “**MIDF SHARE ISSUE ACCOUNT NO. 493** AND CROSSED “**A/C PAYEE ONLY**” (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT (EXACTLY AS STATED ON THE APPLICATION FORM).

THE FULL NAME AND ADDRESS OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT IN THE APPLICANT’S IDENTITY CARD (“NRIC”) OR “RESIT PENGENALAN SEMENTARA (JPN 1/9)” OR “RESIT PENUKARAN KAD PENGENALAN (JPN1/22)” WHICH MUST BE ATTACHED TOGETHER WITH THE LEGIBLE PHOTOCOPY OF THE NRIC IN THE CASE OF AN INDIVIDUAL APPLICANT EXCEPT FOR THE ADDRESS OF ARMED FORCES/POLICE PERSONNEL, WHICH SHOULD BE BASED ON THE ADDRESS OF THE APPLICANT’S RESPECTIVE CAMP/BASE/STATION. IN THE CASE OF A CORPORATE/INSTITUTIONAL APPLICANT, THE NAME OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT IN THE APPLICANT’S CERTIFICATE OF INCORPORATION AND THE ADDRESS MUST BE EXACTLY THE SAME AS THE REGISTERED ADDRESS.

APPLICATIONS ACCOMPANIED BY ANY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

No acknowledgement of the receipt of Application Forms or application monies will be made by the Company.

19.3 **Applications and Acceptances**

Application for the Issue Shares must be made on the relevant Application Forms issued together with this Prospectus and must be completed in accordance with the Notes and Instructions printed on the reverse side of the Application Forms. In accordance with Section 37(1) of the Companies Act, 1965, the Application Forms together with the Notes and Instructions printed therein shall constitute an integral part of this Prospectus. Applications which do not conform strictly to the terms and conditions of the Prospectus or Application Form or Notes and Instruction printed therein or which are illegible will not be accepted.

Due consideration will be given to the desirability of distributing the Issue Shares to the reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the shares of the Company. Pursuant to the SC Policies and Guidelines on Issue/Offer of Securities, the Company needs to have at least 25% of the enlarged issued and paid-up capital in the hands of public shareholders and a minimum number of 1,000 public shareholders (including employees), holding not less than 1,000 shares upon completion of the Public Issue. Of the 1,000 public shareholders, at least 750 will not be employees. The Company is expected to achieve this at the point of listing. However, in the event that the above requirement is not met pursuant to this Public Issue, the Company may not be allowed to proceed with its listing plan. Applicants will be selected in a manner to be determined by the Directors of HHM.

The Directors of HHM reserve the right not to accept any application which does not strictly comply with the instructions or to accept any application in part only without assigning any reason thereof.

The submission of an Application Form does not necessarily mean that the application will be successful.

ALL APPLICATIONS MUST BE FOR 1,000 ORDINARY SHARES OR MULTIPLES THEREOF.

In the event of an over-subscription, acceptance of applications shall be subject to ballot to be conducted in the manner approved by the Directors of HHM. Due consideration will be given to the desirability of distributing the ordinary shares to a reasonable number of applicants with a view to broadening the shareholding base of the Company and establishing an adequate market in HHM's shares. In compliance with the SC Policies and Guidelines on issue/Offer of Securities, the number of ordinary shares to be allotted to each successful applicant shall be less than 5% of the enlarged share capital of the Company upon listing. Applicants will be selected in a manner to be determined by Directors of HHM.

In the event of an under-subscription by the eligible Directors and employees of the HHM Group, such shares will be made available for application by the Malaysian public.

In the event of an under-subscription by the Malaysian public, all the ordinary shares not applied for will be made available for subscription by the Managing Underwriter and Underwriter in proportions specified in the Underwriting Agreement and a variation letter dated 26 March 1999 and 16 July 1999 respectively.

Directors and employees of MIDFCCS and their immediate family are strictly prohibited from applying for the Issue Shares.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR REGISTERED POST RESPECTIVELY TO THE APPLICANT WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT THE ADDRESS SHOWN ON THE APPLICATION FORM AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

THE ISSUING HOUSE RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTERA APPLICANTS WHOSE MONIES HAVE BEEN BANKED-IN AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY REGISTERED POST AT THE ADDRESS SHOWN ON THE APPLICATION FORM AT THE APPLICANT'S OWN RISK.

19.4 CDS Accounts

Pursuant to Section 25 of the Securities Industry (Central Depositories) Act, 1991, all dealings in HHM shares will be by book entries through CDS Accounts. All applicants should have securities accounts when making their applications. No share certificates will be issued to successful applicants.

An applicant should state his CDS Account number in the space provided on the Application Form. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code. A list of the ADA Codes is given in Section 19.7 of this Prospectus. Where an applicant already has a CDS Account, he **should not** complete the preferred ADA Code.

If a successful applicant fails to state either his CDS Account number or the preferred ADA Code, the Company may in the exercise of its absolute discretion instruct the Issuing House to insert a preferred ADA Code on the Application Form and further instruct MCD to open a CDS Account on the applicant's behalf at the specified ADA and credit the shares allotted to the applicant into the applicant's CDS Account.

Failure to comply with these specific instructions or inaccuracy in the CDS Account number or the preferred ADA Code may result in the application being rejected. The Directors of the Company reserve the right to reject any incomplete and inaccurate application.

19.5 Notice of Allotment

Shares allotted to all successful applicants will be credited to their respective CDS Accounts. A notice of successful allotment will be despatched by ordinary post to the successful applicant at his/her address shown on the Application Form at the applicant's own risk within thirty (30) days after the final ballot of the application. This is the only acknowledgment of acceptance of the application.

19.6 Formalising CDS Accounts

Successful applicants whose CDS Accounts have been opened by MCD with their preferred ADA are required to formally open their accounts by submitting to the ADA the necessary documents and the account opening fee. No transaction of shares credited to the account can be effected until the account has been formally opened.

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

19.7 List of ADAs

The list of ADAs and their respective addresses, telephone numbers and Broker codes are as follows:-

Name	Address and Telephone Number	Broker Code
KUALA LUMPUR		
AFFIN-UOB SECURITIES SDN. BHD. (43 1338-P)	Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 5 5 100 Kuala Lumpur Tel. No.: 03-2438668	028-00 1
ARAB-MALAYSIAN SECURITIES SDN. BHD. (92977-U)	15 th Floor, Bangunan Arab-Malaysian 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2382788	086-00 1
BBMB SECURITIES SDN. BHD. (16453-K)	Level 2, 3, 4 & 17 Letter Box No. 2 Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2088800	099-00 1
BIMB SECURITIES SDN. BHD. (290163-X)	1st & 2nd Floor, Podium Block Bangunan AMDB 1, Jalan Lumut 50350 Kuala Lumpur Tel. No.: 03-4433533	024-00 1
FIMA SECURITIES SDN. BHD. (2 10959-K) <i>formerly known as Capitalcorp Securities Sdn. Bhd.)</i>	45-14, Plaza Level and Level One Plaza Damansara Jalan Medan Setia 1 Bukit Damansara 50490 Kuala Lumpur Tel. No.: 03-2549966	018-001
CIMB SECURITIES SDN. BHD. (163712-V)	9th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel. No: 03-2532288	065-001
HLG SECURITIES SDN. BHD. (12855-D)	2 1 st Floor, Wisma HLA Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2452998	066-00 1
INTER-PACIFIC SECURITIES SDN. BHD. (12738-U)	Level 7, Shahzan Insas Tower 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03-244 1888	054-00 1

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KUALA LUMPUR (Cont'd)		
JUPITER SECURITIES SDN. BHD. (48703-W)	7th – 9th Floor Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2041888	055-001
K&N KENANGA BERHAD (15678-H)	8th Floor Pemas International Building 801, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03-2613066	073-00 1
KUALA LUMPUR CITY SECURITIES SDN. BHD. (126994-W)	Lot 3.07, Level 3 Bangunan Angkasaraya Jalan Ampang 50450 Kuala Lumpur Tel. No.: 03-2449322	076-00 1
LEONG & COMPANY SDN. BHD. (8789-P)	Level 18, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur Tel. No.: 03-2828899	061-001
MAYBAN SECURITIES SDN BHD. (165630-M)	30th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel. No.: 03-2323822	098-00 1
MGI SECURITIES SDN. BHD (682-X)	1st & 2nd Floor, Wisma MGIC 38, Jalan Dang Wangi 50100 Kuala Lumpur Tel. No.: 03-2911889	052-00 1
MIDF SISMA SECURITIES SDN. BHD. (423833-U)	17th & 18th Floor Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-2668888	026-00 1
OSK SECURITIES BERHAD (14152-V)	10th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel. No.: 03-2624388	056-00 1
PB SECURITIES SDN. BHD. (20027-W)	27th Floor, Bangunan Public Bank 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-2013011	051-001
PENKALEN SECURITIES SDN. BHD. (66299-A)	Ground, Mezzanine & 1st Floor Menara Pengkalen 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel. No.: 03-2448055	064-00 1

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KUALA LUMPUR (Cont'd)		
RASHID H-USSAIN SECURITIES SDN. BHD. (95060-A)	Level 1, 2, 3 & 5, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: 03-9852233	087-00 1
KAF-SEAGROATT & CAMPBELL SDN. BHD. (134631-V) <i>(formerly known as SEAGROATT & CAMPBELL SDN. BHD.)</i>	26th - 30th Floor The Weld Tower 76, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-208 1600	053-001
SIME SECURITIES SDN. BHD. (165878-V)	2 1 st Floor, Bangunan Sime Bank Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-2749288	097-00 1
TA SECURITIES BERHAD (15029-V)	13th Floor, TA One Tower 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. No.: 03-2321277	074-00 1
SELANGOR DARUL EHSAN		
AMSTEEL SECURITIES (M) SDN. BHD. (51253-A)	2nd, 3rd & 4th Floor 1, Lintang Pekan Baru Off Jalan Meru 4 1050 Klang Selangor Darul Ehsan Tel. No.: 03-3439999	080-00 1
HALIM SECURITIES SDN. BHD. (107442-X)	68, Jalan 52/6 New Town Centre P.O. Box 561 46770 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-7555777	091-001
HWANG-DBS SECURITIES BERHAD (143 89-U)	18th – 20th Floor, Plaza Masalam 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 41000 Shah Alam Selangor Darul Ehsan Tel. No.: 03-5533288	068-002
JF APEX SECURITIES BERHAD (47680-X)	3rd Floor, Wisma Apex 145A-C, Jalan Bukit P.O. Box 16 43007 Kajang Selangor Darul Ehsan Tel. No.: 03-8361118	079-00 1

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
SELANGOR DARUL EHSAN (Cont'd)		
MOHAIYANI SECURITIES SDN. BHD. (140238-A)	2nd & 3rd Floor Plaza Damansara Utama 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-7 197345	095-001
SJ SECURITIES SDN. BHD. (141671-T)	Level 3, Holiday Villa 9, Jalan SS 12/1, Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-7340202/7340101	096-00 1
MELAKA		
MALACCA SECURITIES SDN. BHD. (16121-H)	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang P.O. Box No. 248 75250 Melaka Tel. No.: 06-3371533	012-001
OCBC SECURITIES (MELAKA) SDN. BHD. (18884-P)	579, 579A & 579B Taman Melaka Raya 75000 Melaka Tel. No.: 06-28252 11	072-00 1
STRAITS SECURITIES SDN. BHD. (74070-T)	Lot 9 & 10, 1 st Floor Bangunan Tabung Haj i Jalan Bandar Kaba P.O. Box No. 209 75740 Melaka Tel. No.: 06-2833622	01 1-001
PERAK DARUL RIDZUAN		
BOTLY SECURITIES SDN. BHD. (14948-M)	1st Floor, Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel. No.: 05-2531313	058-001
KIN KHOON & CO. SDN. BHD. (17816-P)	23 & 25, Wisma Kota Emas Jalan Dato' Tahwil Azhar P.O. Box 421 309 10 Ipoh Perak Darul Ridzuan Tel. No.: 05-25433 11	017-001
MBf NORTHERN SECURITIES SDN. BHD. (14782-V)	7 1, Jalan Lim Bo Seng 30300 Ipoh Perak Darul Ridzuan Tel. No.: 052548999	067-00 1

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
PERAK DARUL RIDZUAN (Cont'd)		
M&A SECURITIES SDN. BHD. (15017-H)	Bangunan Chinese Chamber of Commerce 37, Jalan Tun Sambanthan 30000 Ipoh Perak Darul Ridzuan Tel. No.: 05-2419800	057-00 1
PHILEO ALLIED SECURITIES SDN. BHD. (25397-M)	62, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2558233	071-001
SBB SECURITIES SDN. BHD. (100518-M)	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2530888	090-00 1
TAIPING SECURITIES SDN. BHD. (11352 1 -K)	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel. No.: 05-8089229	092-00 1
PREMIER CAPITAL SECURITIES SDN. BHD. (64149-M)	Wisma Premier Capital 21-25, Jalan Seenivasagam 30450 Ipoh Perak Darul Ridzuan Tel. No.: OS-2415100	082-00 1
PULAU PINANG		
A.A. ANTHONY & COMPANY SDN. BHD. (13622-K)	41-1-1 & 41-2-1 Jalan Cantonment 10250 Pulau Pinang Tel. No.: 04-22993 18	014-001
HWANG-DBS SECURITIES BERHAD (14389-U)	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: 04-2636996	068-00 1
KE-ZAN SECURITIES SDN. BHD. (89986-P)	1st-4th Floor, Wisma Ke-Zan 64, Bishop Street 10200 Pulau Pinang Tel. No.: 04-2634222	085-00 1
MERCURY SECURITIES SDN. BHD. (113193-W)	2nd Floor, Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Prai Pulau Pinang Tel. No.: 04-3322 123	093-00 1

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
PULAU PINANG (Cont'd)		
SMITH ZAIN SECURITIES SDN. BHD. (13901-H)	7th & 8th Floor, PSCI Tower 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: 04-2283355	016-001
SOON THEAM SECURITIES SDN. BHD. (14147-K)	111, Jalan Macalister 10400 Pulau Pinang Tel. No.: 04-2281868	060-00 1
THONG & KAY HIAN SECURITIES SDN. BHD. (14592-P)	Level 5 & 6, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: 04-263548 1	070-00 1
UNITED TRADERS SECURITIES SDN. BHD. (20710-W)	12th Floor, Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel. No.: 04-262375 1	059-001
KEDAH DARUL AMAN		
ALOR SETAR SECURITIES SDN. BHD. (123654-H)	Lot T-30, 2nd Floor Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel. No.: 04-73 18088	094-00 1
NEGERI SEMBILAN DARUL KHUSUS		
KIMARA EQUITIES SDN. BHD. (228587-U)	2nd, 9th & 10th Floor, Bangunan Yayasan Negeri Sembilan Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: 06-7638999	084-00 1
MALPAC SECURITIES SDN. BHD. (159143-V)	1st, 2nd & 3rd Floor No. 19, 20 & 21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: 06-7623 13 1	063-00 1
JOHOR DARUL TAKZIM		
ENG SECURITIES SDN. BHD. (53333-T)	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-223 12 11	081-001

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
JOHOR DARUL TAKZIM (Cont'd)		
JB SECURITIES SDN. BHD. (17812-U)	Suite 8.2, Level 8 Menara Sarawak Enterprise 5 Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: 07-3332800	078-00 1
KESTREL SECURITIES SDN. BHD. (97150-A)	57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9532222	088-00 1
PENINSULA SECURITIES SDN. BHD. (57258-V)	Level 2, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: 07-3333600	077-00 1
PJB PACIFIC SECURITIES SDN. BHD. (430550-H)	Podium 2A & 3 Menara Ansar 65, Jalan Trus 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2222692	027-00 1
SOUTH JOHOR SECURITIES SDN. BHD. (53647-D)	3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel. No.: 07-43 17033	069-00 1
PAHANG DARUL MAKMUR		
WK SECURITIES SDN. BHD. (70978-V)	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel. No.: 09-5660800	083-00 1
KELANTAN DARUL NAIM		
KOTA BHARU SECURITIES SDN. BHD. (15629-M)	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel. No.: 09-7433388	075-001

19. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
PERLIS INDRA KAYANGAN		
UPEN SECURITIES SDN. BHD. (254920-D)	2nd Floor, Podium Block Bangunan KWSP 0 1000 Kangar Perlis Indra Kayangan Tel. No.: 04-9765200	023-00 1
TERENGGANU DARUL IMAN		
FA SECURITIES SDN. BHD. (251711-V)	3rd Floor, Wisma UMNO Jalan Masjid Abidin 20 100 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6238 128	021-001
PTB SECURITIES SDN. BHD. (4253 17-T)	1st, 2nd & 3rd Floors 61, Jalan Sultan Ismail Peti Surat 15 1 Pejabat Pos Besar 20700 Kuala Terengganu Terengganu Darul Imam Tel. No.: 09-6235767	025-001
SARAWAK		
SARAWAK SECURITIES SDN. BHD. (219322-W)	Wisma Mahmud Jalan Sungai Sarawak 93 100 Kuching Sarawak Tel. No.: 082-338000	019-001
UTAMA SECURITIES SDN. BHD. (432200-A)	Lot 2465, Jalan Boulevard Boulevard Commercial Centre 98000 Miri Sarawak Tel. No.: 085-435577	029-00 1
WILAYAH PERSEKUTUAN LABUAN		
LABUAN SECURITIES SDN. BHD. (239683-W)	1st Floor, Podium Level Financial Park Labuan Complex Jalan Merdeka 87000 Wilayah Persekutuan Labuan Tel. No.: 087-41062 1	022-00 1
SABAH		
INNOSABAH SECURITIES SDN. BHD. (194990-K)	Lot 11-12, Block K Kompleks Sadong Jaya Jalan Ikan Juara 1 Karamunsing 88 100 Kota Kinabalu Sabah Tel. No.: 088-234099	020-00 1

20. STATUTORY AND OTHER GENERAL INFORMATION

20.1 Share Capital

- (i) No shares will be allotted on the basis of this Prospectus later than six (6) months after the date of the issue of this Prospectus.
- (ii) There are no founder, management or deferred shares. There is only one class of shares in the Company namely ordinary shares of RM1 .00 each, all of which rank *pari passu* with one another.
- (iii) Save as disclosed in Sections 10.4 and 11 of this Prospectus, no shares or debentures of the Company and its subsidiaries have been issued or are proposed to be issued as fully or partly paid-up for cash or otherwise, within the two (2) years preceding the date of this Prospectus.
- (iv) Save as disclosed in Section 8.1 of this Prospectus, no person including Directors and employee of the Group, has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries nor has any option to subscribe for securities been granted or exercised by any Director or employees during the last financial year.
- (v) Other than the Issue Shares reserved for eligible Directors and employees of the HHM Group as disclosed in Section 8.1 of this Prospectus, there is currently no scheme involving the Directors and employee in the share capital of the Company or its subsidiaries.
- (vi) As at the date of this Prospectus, neither the Company nor its subsidiaries have any outstanding convertible debt securities.

20.2 Articles of Association

The following provisions are reproduced from the Company's Articles of Association which have been approved by the KLSE, the Main Board Listing Requirements of KLSE, the Companies Act, 1965 and the Rules of MCD:-

20.2.1 Transfer of Securities

The provisions in the Articles of Association of the Company, the Main Board Listing Requirements of KLSE, the Companies Act, 1965 and the Rules of the MCD in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:-

(i) **Articles of Association of the Company**

Article 25

The transfer of any shares or class of shares of the company, shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and, notwithstanding, Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act, and 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 transfers of shares.

Article 33

(1) Where:-

- (a) the shares of the Company are listed on a stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption Order, 1998 (“Approved Market Place”); and
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such shares, the Company shall, upon request of a shareholder, permit a transmission of shares held by such shareholder 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”) subject to the following conditions:-
 - (i) there shall be no change in the ownership of such shares; and
 - (ii) the transmission shall be executed by causing such shares to be credited directly into the Securities Account of such shareholder.

(2) For the avoidance of doubt, no company which fulfills the requirements of paragraphs (a) and (b) of subsection (1) above shall allow any transmission of shares from the Malaysian Register into the Foreign Register.

(ii) Main Board Listing Requirements of KLSE

The provisions of the Main Board Listing Requirements of KLSE on the transferability of securities are as follows:-

Sections 293A – Transfers of Securities

The transfer of any securities or class of securities of the company, shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and, notwithstanding Sections 103 and 104 of the Companies Act, 1965, but subject to subsection 107C(2) of the Companies Act, 1965 and any exemption that may be made from compliance with subsection 107C(1) of the Companies Act, 1965, the company shall be precluded from registering and effecting any transfer of securities.

Section 293B – Transmission of securities from Foreign Register

(1) Where:-

- (a) the securities of a company are listed on an Approved Market Place; and

- (b) such company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act, 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such securities,

such 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”) subject to the following conditions:-

- (i) there shall be no change in the ownership of such securities; and
- (ii) the transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder.

(iii) **Companies Act, 1965**

The provisions within the Companies Act, 1965 on the transferability of securities are as follows:

Section 103(1)

Notwithstanding anything in its articles a company shall not register a transfer of shares or debentures unless a proper instrument of transfer in the prescribed form has been delivered to the company, but this subsection shall not prejudice any power to register as a shareholder or debenture holder any person to whom the right to any shares in or debentures of the company has been transmitted by operation of law.

Section 103(1A)

Nothing in this section shall be construed as affecting the validity of any instrument which would be effective to transfer shares or debentures apart from this section; and any instrument purporting to be made in any form which was common or usual in use, or in any other form authorised or required for that purpose apart from this section before the commencement of this Act, shall be sufficient, whether or not it is completed in accordance with the prescribed form, if it complies with the requirements as to execution and contents which apply to a transfer.

Provided that a company shall be precluded from registering a transfer of shares or debentures, the title of which is evidenced by a certificate that is issued on or after the date of coming into operation of this subsection unless a proper instrument of transfer in the prescribed form has been delivered to the company.

Section 107C(1)

On or after the coming into operation of this section, the transfer of any securities or class of securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of book entry by the central depository in accordance with the rules of the

central depository and, notwithstanding Sections 103 and 104, such company shall be precluded from registering and effecting any transfer of securities.

Section 107C(2)

Subsection (1) shall not apply to a transfer of securities to a central depository or its nominee company.

(iv) Rules of the MCD

The rules within MCD on the transferability of securities are as follows:-

Rule 8.01 (2)

The Central Depository may, in its absolute discretion, reject a transfer request made by a depositor thereunder, where the reason for the said transfer does not fall within any of the approved reasons stipulated under Rule 8.03(1)(c).

Rule 8.05A

Transfers made by the authorised depository agent from the agent's principal or nominee account shall be subject to the Rules in this Chapter.

Rule 9.03(2)

It shall be the responsibility of the authorised depository agent, in processing the transfer between two securities accounts belonging to different depositors (hereinafter the transfer is referred to as "the inter-account transfer"), to check and ensure the completeness, accuracy and/or genuineness of the documents lodged as follows:-

- (a) the prescribed Form FTF010 (request for ordinary transfer of securities form) or Form FTFO15 (request for express transfer of securities form) fully and properly completed in triplicate;
- (b) the Transferring Depositor has executed the Transferor portion on the said form duly witnessed by another person (other than the depositor's spouse);
- (c) the Transferring Depositor has stated his reason for the transfer and that the reason is or are amongst any of the approved reasons as stated herein below:-
 - (i) transmission and transfer of securities arising from the provisions of any written law or an order of court of competent jurisdiction;
 - (ii) rectification of errors;
 - (iii) pledge, charge or mortgage;
 - (iv) mandatory offer pursuant to the provisions of the Malaysian Code On Takeover and Mergers 1987;
 - (v) any other circumstances as deemed fit by the Central Depository after consultation with the Securities Commission;
- (d) documents to support the reason for the transfer;

- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in its Procedures Manual.

20.2.2 **Remuneration of Directors**

The provisions in the Articles of Association of the Company dealing with remuneration of Directors are as follows:-

Article 85

- (a) The fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting. Provided that such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.
- (b) Executive Director(s) shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may from time to time determine. All remuneration payable to the non-executive Director(s) shall be determined by a resolution of the Company in general meeting.
- (c) Fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover.
- (d) Salaries payable to executive Director(s) may not include a commission on or percentage of turnover.
- (e) Any fee paid to an Alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 86

- (1) **The** Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company.
- (2) If any Director being willing shall be called upon to perform extra services or to make any special efforts 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 Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Company in general meeting and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors. Any extra remuneration payable to non-executive Director(s) shall not include a commission on or percentage of turnover or profits.

Article 109 (a)

Each Director may with the approval of the Board, appoint any person to act as his Alternate Director and at his discretion by way of a notice to the Company, remove such Alternate Director from office. PROVIDED ALWAYS that any fee paid by the Company to an Alternate Director shall be deducted from that Director's remuneration.

Article 111

The remuneration of a Managing Director or Managing Directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these mode.

20.2.3 **Voting and Borrowing Powers of Directors**

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

Article 90

- (1) 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 obligation of the Company, or its subsidiaries.
- (2) The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Article 103

Subject to these Articles any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes the Chairman of the meeting shall not have a second or casting vote.

Article 106

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 and if he shall do so his vote shall not be counted.

Article 107

A Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) 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 the deposit of a security.

Article 113

The Directors may establish any committees, local boards or agencies comprising one (1) or more persons 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 person or persons to be the member or members of any such committee or local board or agency and may

fix their remuneration and may delegate to any such committee or local board or agency any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate, and may authorise the member or members of any such committee or local board or agency or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person or persons so appointed, and may annul or vary any such delegation, but no person or persons dealing in good faith and without notice of any such annulment or variation shall be affected thereby. Where two (2) persons form a quorum, the chairman of a meeting of any such committee or local board or agency at which only such a quorum is present, or at which only two (2) persons are competent to vote in the question at issue, shall not have a casting vote.

Article 114

Subject to any Rules and regulations made pursuant to Article 113, a committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes the Chairman shall have a second or casting vote.

20.2.4 Changes in Capital and Variation of Class Rights

The provisions in the Articles of Association of the Company as to variation of class rights and changes in capital, which are no less stringent than required by law, are as follows:-

Article 4

Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to the Act, the Central Depositories 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 ordinary resolution of the Company, may determine.

Article 4A

The Company shall be entitled at any time and from time to time and on any terms it deems fit, purchase and/or acquire all or any of its shares from any party(ies) whatsoever provided:-

- (a) the Company is solvent at the date of purchase;
- (b) the purchase is made through the stock exchange on which the shares are quoted; and
- (c) the purchase is made in good faith and in the interest of the Company.

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 the Central Depositories 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:-

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (b) 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;
- (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 and in the resolution creating the same;
- (d) 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;
- (e) 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 Director shall participate in such issues of shares or options unless:-
 - (i) the members in general meeting have approved of the specific allotment to be made to such Director; and
 - (ii) he holds office in the Company in an executive capacity Provided Always that a Director not holding office in an executive capacity may so participate in an issue of shares pursuant to a public issue or public offer.

Article 6

Subject to the Act, any preference shares may with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time and the Company shall not issue preference shares ranking in priority over preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and Balance Sheets, and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital, or winding up, or sanctioning a sale of the undertaking, or where any proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares is in arrears for more than six (6) months.

Article 7

Notwithstanding Article 6 hereof the repayment of preference share capital other than redeemable preference shares, or any alteration of preference shareholder rights shall only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing obtained from the holders of three-fourths (3/4) of the preference shares concerned within two (2) months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.

Article 8

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, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths (3/4) 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 the 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 two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class 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.

Article 9

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.

Article 10

The Company may exercise the powers of paying commissions conferred by the Act, provided that the rate per cent or the amount of commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of ten per cent (10%) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten per cent (10%) of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully paid shares or partly paid shares or by a combination of any of the aforesaid methods of payment. The Company may also on any issue of shares pay such brokerage as may be lawful.

Article 11

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period the Company may pay interest on so much of such share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in Section 69 of the Act and may charge the same to capital as part of the cost of construction of the works or buildings or the provision of the plant.

Article 12

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 be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or unit of share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except in an absolute right to the entirety thereof in the registered holder.

Article 46

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 by the creation and issue of new shares, 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.

Article 51

The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law.

20.3 **Directors and Substantial Shareholders**

- (i) The names, addresses and occupations of the Directors are set out in Section 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 at General Meeting.
- (iii) No Director, senior executive officer or person nominated to become a Director or senior executive officer is or was involved in the following events:-
 - (a) a petition under any bankruptcy laws filed against such person or any partnership in which he is or was a partner or any corporation of which he is or was an executive officer;
 - (b) conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; and
 - (c) the subject of an 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.

20. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (iv) Based on the Register of Substantial Shareholders as at 18 August 1999, the substantial shareholders of HHM and their respective interests, direct and indirect before and after the Public Issue are as follows:-

Shareholder	-Before the Public Issue-----		-After the Public Issue-----			
	-No. of Direct '000	% Indirect	-No. of Direct '000	% Indirect	%	%
Bumi Raya ⁵	13,742	30.00	13,742	22.90	-	-
Estate of Tunku Mansur bin Tunku Yaacob	4,962	10.83	4,962	8.27	-	-
Jatiria ⁶	4,626	10.10	4,626	7.71	-	-
Datuk Mohamed Nazri bin Abdul Aziz	4,581	10.00	4,581	7.64	-	-
Noah Foundation ⁷	4,581	10.00	4,581	7.64	-	-
Tay Choo Foo ⁸	4,581	10.00	4,581	7.64	-	-
Chan Fatt Chor @ Chan Sun Meng	4,535	9.90	4,535	7.56	-	-
United Investments Holdings Ltd. ⁹	-	13,742	30.00 ¹	-	13,742	22.90 ¹
MacKenzies Holdings Ltd ¹⁰	-	13,742	30.00 ²	-	13,742	22.90 ²
Muriati Adijanto	-	13,742	30.00 ³	-	13,742	22.90 ³
Dr. Lim Soon Tham	-	4,626	10.10 ⁴	-	4,626	7.71 ⁴
Wong Kwee Fung	-	4,626	10.10 ⁴	-	4,626	7.71 ⁴

Notes:-

¹ Deemed interested through Bumi Raya.

² Deemed interested through United Investments Holdings Ltd..

³ Deemed interested through MacKenzies Holdings Ltd..

⁴ Deemed interested through Jatiria.

Bumi Raya is principally involved in investment holding activities. The Director of the company is Muriati Adijanto. The company is a wholly-owned subsidiary of United Investments Holdings Ltd., which in turn is a wholly-owned subsidiary of MacKenzies Holdings Ltd.. Muriati Adijanto has a 100% equity interest in MacKenzies Holdings Ltd.

Jatiria is principally involved in investment holding activities. The Directors of the company are Wong Kwee Fung, Dr. Lim Soon Tham and Leong See Mun. Dr. Lim Soon Tham and Wong Kwee Fung own 50% equity interest in Jatiria respectively.

Noah Foundation is a charitable organisation established to receive and administer funds for education, scientific and charitable purposes. The trustees of Noah Foundation are as follows:-

- a) Dr. Faridah binti Onto Abdullah,
- b) Ong Boon Bah,
- c) Dato Seri Mohd. Najib bin Tun Abdul Razak;
- d) Rozia Hams binti Tun Hussein;
- e) Ahmad Gaman Alias Onn bin Datuk Abdullah,
- f) Mohamed Nizam bin Tun Abdul Razak; and
- g) Azhar Abu Rais Al Noah

20. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

⁹ 1,200,000 HHM shares and all rights, title, interest and benefits arising out of these shares (including all money, dividend, bonus issue or other distributions), presently registered in the name of Tay Choo Foo is presently the subject matter of a claim in Kuala Lumpur High Court Civil Suit No. D3-22-4404-98 brought by Tengku Mohd. Saad @ Tengku Arifaad bin Tengku Mansur and 3 others (the Administrators of the estate of Tunku Mansur bin Tunku Yaacob, deceased) as Plaintiffs against Tay Choo Foo and HHM as First and Second Defendants respectively. The Plaintiffs claim that the estate of the late Tunku Mansur bin Tunku Yaacob is the beneficial owner of the said shares present & registered in the name of the First Defendant.

⁹ United investment Holdings Ltd. is principally involved in investment holding activities. The Directors of the company are Muriati Adjianto and MacKenzies Holdings Ltd.

¹⁰ MacKenzies Holdings Ltd. is principally involved in investment holding activities. The Director of the company is Muriati Adjianto.

- (v) Based on the Register of Directors and Directors' shareholdings as at 18 August 1999, the Directors and their shareholdings in the Company, direct and indirect before and after the Public Issue are as follows:-

Director	-Before the Public Issue-----				-After the Public Issue-----			
	No. of ordinary shares held				No. of ordinary shares held			
	Direct	%	Indirect	%	Direct	%	indirect	%
	'000		'000		'000		'000	
Pandjijono Adjianto @ Tan Hong Phang					9	0.02		
Chan Poh Kim					9	0.02		
Dr. Lim Soon Tham			4,626	10.10*	9	0.02	4,626	7.71*
Mariana Adjianto @ Tan Phwe Leng					9	0.02		
Mohamed Nizam bin Tun Abdul Kazak					9	0.02		
Wong Yoke Kong					9	0.02		
Foo Chow Luh					9	0.02		

Note:-

Deemed interested through Jatiria.

- (vi) None of the Directors or proposed Directors have any existing or proposed service contracts with the Company or its subsidiaries, excluding contracts expiring or terminable by the employing company without payment or compensations (other than statutory compensation) within one (1) year.
- (vii) The aggregate remuneration paid to the Directors for services rendered to the Company and its subsidiaries in the last financial year ended 31 December 1998 was RM1,414,000. For the current financial year ending 31 December 1999, the forecast amount payable to the Directors under the arrangement in force with the Company and its subsidiaries is RM1,516,000.
- (viii) Save as disclosed in this Prospectus, none of the Directors are 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 HHM and its subsidiaries.

- (ix) Save as disclosed below, none of the Directors have any interest in any contract or arrangement, which is significant in relation to the business of the Group, subsisting at the date of this Prospectus:-

Pandjijono Adijanto, who is a Director of HHM, is also a Director of Kiara Kristal Sdn. Bhd. and a substantial shareholder of P.T. Prakarsa Tani Sejati by virtue of his 4.74% direct equity interest in P.T. Prakarsa Tani Sejati, both of whom are customers of HTSarawak. Kiara Kristal Sdn. Bhd. is principally involved in the manufacturing of high pressure laminates and P.T. Prakarsa Tani Sejati is principally involved in the operation of oil palm plantation and manufacturing of crude palm oil. All transactions with the abovementioned companies were and will continue to be conducted on terms which the Directors believe are arm's length and in the ordinary course of business.

- (x) None of the Directors or substantial shareholders have any interests, direct or indirect, in the promotion of or in any assets which have been, within the two (2) years preceding the date hereof, acquired or disposed of by or leased to or proposed to be acquired, disposed of by or leased to the Group.
- (xi) None of the Directors or substantial shareholders of HHM have any interest, direct or indirect, in any business in Malaysia carrying on a similar trade as the HHM Group and which is not quoted on a recognised stock exchange.

20.4 General

- (i) The nature of HHM's business has been disclosed in Section 10.3 of this Prospectus. Other than mentioned in Section 10.6 of this Prospectus, there are no corporations deemed to be related to HHM by virtue of Section 6 of the Companies Act, 1965.
- (ii) The estimated expenses and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of KLSE of RM3,500,000 will be borne by the Company.
- (iii) Save as disclosed in Section 8.5, no commissions, discounts, brokerages or other special terms were granted by the Company or its subsidiaries within the two (2) years immediately preceding the publication of this Prospectus in connection with the issue or sale of any capital of the Company or its subsidiaries.
- (iv) During the last financial year and the current financial year up to the date of this Prospectus, there were no:-
- (a) public take-over offers by third parties in respect of the Company's shares; and
 - (b) public take-over offers by the Company in respect of other companies' shares.
- (v) The name and address of the Auditors and Reporting Accountants of the Company are set out in Section 2 of this Prospectus.
- (vi) No amount or benefit has been paid or given within the two (2) years preceding the date hereof, nor is it intended to be so paid or given, to any promoter.
- (vii) Save as disclosed in this Prospectus, the financial conditions and operations of HHM and its subsidiaries are not affected by any of the following:-
- (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the HHM Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;

20. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (c) unusual or infrequent events or transactions or any significant economic changes that will materially affect the amount of reported income from operations of the Group; and
 - (d) known trends or uncertainties that have had or that the HHM Group reasonably expects to have a material favourable or unfavourable impact on revenues or operating income.
- (viii) HHM and its subsidiaries have not established a place of business outside Malaysia.
- (ix) As at the date of this Prospectus, save for the Public Issue, there is no intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company.
- (x) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 19 of this Prospectus.
- (xi) The day and time of the opening of the Application Lists of the Issues are set out in Section 8.2 of this Prospectus.
- (xii) The amount payable in full on application is RM 1.20 per Issue Share.
- (xiii) The gross amount of the consideration to be received by the Company pursuant to the Public Issue is RM 17,032,800.

20.5 Material Litigation

Save as disclosed below, neither HHM nor any of its subsidiaries are engaged in any material litigation, either as plaintiff or defendant which has a material effect on the financial position of HHM or any of its subsidiaries and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of HHM and its subsidiaries.

In Kuala Lumpur High Court Civil Suite No. D3-22-4404-98 between Tengku Mohd Saad @ Tengku Arifaad bin Tengku Mansur and 3 others (the Administrators of the estate of Tunku Mansur bin Tunku Yaacob, deceased) as Plaintiffs and Tay Choo Foo and HHM as First and Second Defendants respectively, the Plaintiffs claim that the estate of the late Tunku Mansur is the beneficial owner of 1,200,000 HHM shares and all rights, title, interest and benefits (including all money, dividend, bonus issue or other distributions) arising out of these shares, presently registered in the name of the First Defendant. The First Defendant has on 4 February 1999, given an undertaking to the Court that, inter alia, it will not take the dividends declared in the Warrant No. 98/S and that the said dividends be kept in an interests bearing fixed deposit account until disposal of the suit therein. The solicitors of HHM, Messrs. Lee, Perara & Tan, have advised the Company that the Statement of Claim does not have a claim of damages against the Company. The Kuala Lumpur High Court has on 16 August 1999 fixed the First Defendant's application of his Statement of Defence for hearing on 24 September 1999.

The Company received a personal letter dated 11 August 1999 from Mr. Tay Choo Foo ("Mr. Tay") enclosing therewith an undated and unsealed draft petition complaining of the following:-

- (a) misappropriation of RM2.5 million;
- (b) non payment of dividends/interim dividend; and
- (c) foreign shareholdings.

20. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

The opinion of the solicitors for the Company are as follows:-

- (a) the issue of the RM2.5 million is a personal matter between Mr. Tay and another shareholder of the Company and had nothing to do with the affairs or management of the Company;
- (b) the payment of dividend is a similar subject matter which is already disclosed in the above paragraph; and
- (c) the ownership of shares in the Company is a factual matter and the parties which are the subject of the complaint, namely Jatiria Sdn. Bhd. and Chan Fatt Chor, who have already declared to the Company that they are the beneficial owners of shares in the Company registered in their respective names.

20.6 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 the Company and its subsidiaries during the two (2) years preceding the date of this Prospectus:-

- (i) An Agreement by letter dated 11 February 1999 between HHM and the Managing Underwriter for the handling and arrangement of the underwriting of 8,160,000 of the Issue Shares of an issue price of RM1.20 per share for a handling and arrangement fee of two per cent (2.0%) of the issue price; and
- (ii) An Underwriting Agreement and a variation letter dated 26 March 1999 and 16 July 1999 respectively between HHM and the Managing Underwriter for the underwriting of 8,160,000 of the Issue Shares at an issue price of RM 1.20 per share for an underwriting commission of two per cent (2.0%) respectively of the issue price.

20.7 Consents

- (i) The written consents of the Principal Bankers, Solicitors for the Company, Solicitors for the Adviser, Registrars, Issuing House, Adviser; and Managing Underwriter and Underwriter 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 in this Prospectus of their name, Accountants' Report and letters relating to the Consolidated Profit Forecast for the year ending 31 December 1999 and Proforma Consolidated Balance Sheet as at 28 February 1999 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.

20.8 Documents Available for Inspection

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

- (i) Memorandum and Articles of Association of HHM and its subsidiaries;
- (ii) The material contract referred to in Section 20.6 above;
- (iii) The Auditors' letters relating to the Consolidated Profit Forecast for the year ending 31 December 1999 and Proforma Consolidated Balance Sheet as at 28 February 1999 as included in Sections 13 and 16 respectively of this Prospectus;

20. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (iv) The Directors' Report and Accountants' Report as included in Sections 17 and 18 respectively of this Prospectus;
- (v) The letters of consent referred to in Section 20.7 of this Prospectus; and
- (vi) The audited accounts of HHM and its subsidiaries for the past five (5) financial years ended 31 December 1994 to 1998 and the two (2) months ended 28 February 1999.

20.9 Responsibility Statements

- (i) CIMB acknowledges that to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts about the Public Issue and the Company and its subsidiaries, and is satisfied that the Consolidated Profit Forecast for the financial year ending 31 December 1999 (for which the Directors are solely responsible) has been stated by the Directors after due and careful inquiry.
- (ii) This Prospectus has been seen and approved by the Directors of HHM and they collectively and individually accept full responsibility for the accuracy of the information given and **confirm** that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.