

11. ACCOUNTANTS' REPORT.. cont'd

Date of allotment	No. of ordinary shares allotted	Par value (RM)	Consideration	Issued and paid-up share capital (RM)
3.2.1997	2	1.00	Subscribers' shares	2
1 10.1999	59,382,368	1.00	Issued as purchase consideration for the acquisition of subsidiary companies at RM 1.35 per ordinary share	59,382,368
2.10.1999	22,592,630	1.00	Rights issue	22,592,630
			TOTAL	8 1,975,000

The issued and fully paid-up share capital of Ta Ann after the Public issue as mentioned herein would be RM 100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each.

- i.2.2 There has been no movement in Ta Ann's issued and fully paid-up share capital since its incorporation, other than as disclosed above.

1.3 Principal Activity

The principal activity of the Company is intended to be investment holding.

The Company has not commenced operation since incorporation.

1.4 Restructuring Scheme

In connection with and as an integral part of the listing of and the quotation for the entire issued and paid-up share capital of Ta Ann on the Main Board of the KLSE, the pro-forma Group undertakes the following restructuring scheme:-

- Proposed revaluation of the landed properties of two of the subsidiary companies, Ta Ann Plywood Sdn Bhd and Lik Shen Sawmill Sdn Bhd resulting in a revaluation surplus of RM 15,085,171.
- Proposed acquisition of subsidiary companies by cash consideration of RM36,731,911 and the issuance of 59,382,368 ordinary shares of RM 1 each at RM 1.35 per share based on the fair value of the net tangible assets at 31 December 1997 of the companies after taking into account the revaluation surplus as explained above.
- Proposed rights issue of 22,592,630 ordinary shares of RM1 each at par for cash.
- Proposed Public issue of 18,025,000 ordinary shares of RM 1.00 each at an issue price of RM3.30 per share for cash pursuant to the scheme for the listing of and quotation for the entire issued and paid-up share capital of Ta Ann Holdings Berhad on the Main Board of KLSE.

The above scheme was approved by the Securities Commission ("SC") on 1 July 1999 and 30 September 1999.

11. ACCOUNTANTS' REPORT.. .cont 'd

1.5 Subsidiary Companies

Details of the subsidiary companies are as follows:-

1.5.1 Background

Ta Ann proposed to acquire the following subsidiary companies:-

Name of company	Date of incorporation
a) Ta Ann Plywood Sdn Bhd	29 November 1990
b) Lik Shen Sawmill Sdn Bhd	15 November 1989
c) Hariwood Sdn Bhd	5 January 1987
d) Woodley Sdn Bhd	2 June 1989
e) Questate Sdn Bhd	11 December 1992
f) Pasin Sdn Bhd	24 July 1981

1.5.2 Share capital

The authorised and issued and paid-up capitals (ordinary shares of RM1 each) of the subsidiary companies at the date of this report are as follows:-

Name of Company	Share Capital	
	Authorised RM	Issued and fully paid-up RM
Ta Ann Plywood Sdn Bhd	40,000,000	28,000,000
Lik Shen Sawmill Sdn Bhd	3,000,000	3,000,000
Hariwood Sdn Bhd	1,000,000	500,000
Woodley Sdn Bhd	125,000	125,000
Questate Sdn Bhd	100,000	100,000
Pasin Sdn Bhd	200,000	200,000

1.5.3 Principal activities

The principal activities of the subsidiary companies are as follows:-

Name of company	Principal activities
Ta Ann Plywood Sdn Bhd	Manufacturing and sale of plywood and reforestation licensee
Lik Shen Sawmill Sdn Bhd	Manufacturing and sale of sawn timber and timber products
Hariwood Sdn Bhd	Logging contractor
Woodley Sdn Bhd	Timber concession licensee and trading of logs
Questate Sdn Bhd	Trading of logs
Pasin Sdn Bhd	Timber concession licensee and trading of logs

11. ACCOUNTANTS' REPORT... *cont'd*

1.6 Accounts and Auditors

We have been auditors of Ta Ann since its incorporation (financial period ended 31 December 1997). We are also the auditors of all the subsidiary companies since the financial year ended 31 December 1996. Prior to that, the accounts of the subsidiary companies were audited by other firms of public accountants.

The accounts of Ta Ann and its subsidiary companies for the respective financial years/ periods were reported on by the auditors without any qualification.

2. SUMMARY OF RESULTS

Pro-forma Group

The summarised audited pro-forma consolidated results of the pro-forma Group for the five(5) financial years ended 31 December 1994 to 31 December 1998 and the six(6) months ended 30 June 1999 prepared based on the assumption that the acquisition has been in effect throughout the period under review are set out below and should be read in conjunction with the notes thereto:-

	Years ended					6 months ended
	31.12.1993 RM'000	31.12.1995 RM'000	31.12.1996 RM'000	31.12.1997 RM'000	31.12.1998 RM'000	30.6.1999 RM'000
Turnover (Note 2)	118.904	136.919	132.930	180.475	138.827	104.267
Profit before depreciation and interest	24.206	24.757	32.281	48.209	21.869	29.678
Depreciation	(7.136)	(7.939)	(7.952)	(9.431)	(8.438)	(4.175)
Interest expense	(4.020)	(3.140)	(2.538)	(1.747)	(1.394)	(434)
Interest income	110	235	247	688	1.292	498
Profit before taxation	13.160	13.913	22.038	37.719	13.329	25.567
Taxation (Note 4)	(3.909)	(3.377)	(4.574)	(5.920)	(3.932)	(127)
PAT	9.251	10.536	17.464	31.799	9.397	25.440
Nó. of ordinary shares of RM1 each in issue ('000)#	59.382	59.382	59.382	59.382	59.382	59.382
Gross earnings per share (sen)	22.16	23.43	37.11	63.52	22.45	*86.11
Net earnings per share (sen)	15.58	17.74	29.41	53.55	15.82	*85.68

Based on the share capital of 59,382,370 ordinary shares of RM1 each in issue after the acquisition of the subsidiary companies but before the Rights and Public issues.

* Annualised.

Notes:

- The pro-forma consolidated profit and loss accounts of the pro-forma Group have been prepared for illustrative purposes only based on the audited accounts of the component members of the Group after making such adjustments as we considered appropriate. For those subsidiary companies having accounting periods other than 31 December, their audited results have been time-apportioned for inclusion in the pro-forma Group results.
- Turnover comprises invoiced value of goods sold.

11. ACCOUNTANTS' REPORT.. .cont 'd

- (3) The substantial increase in turnover from 1996 to 1997 was mainly attributed to the addition of a fourth plywood production line by Ta Ann Plywood Sdn Bhd which was commissioned towards the end of 1996 and was in full year operation in 1997. The increase in turnover in 1997 was also due to increase in the sales volume and selling price of timber logs. The pro-forma Group obtained an additional timber licence in that year which helped to **increase the** volume of log supply.

The turnover and profit of the Group decreased significantly in 1998 as the export sales revenue (in US Dollars) of plywood and timber logs were translated at contracted foreign exchange rates which was lower than the spot rates. (The spot rates were at an average of USD1.00=RM4.00 whereas foreign exchange were contracted at average rate of USD1.00=RM2.60. This resulted in a reduction in revenue of RM 1.40 on every USD export revenue translated). The loss in revenue from the conversion of foreign exchange contracts during the year amounted to **RM20.6** million, The plywood and timber prices were also unfavourable which was affected by the downturn in the economy in the Asian Region.

- (4) The tax charge is disproportionately lower than that when the statutory tax rate is applied on the pro-forma Group's profit before tax due to the availability of tax incentive in the form of pioneer status in respect of the manufacturing of plywood.

There is no tax charge on the income for 1999 in view of the tax waiver for the 1999 financial year in accordance with the Income Tax (Amendment) Bill 1999. There is no income tax liability on income generated for the six(6) month period ended 30 June 1999. The provision for tax charge for the period was in respect of deferred taxation liability.

- (5) The gross earnings per share and net earnings per share set out above have been calculated based on the profit before and after taxation respectively and on **59,382,370** ordinary shares of **RM1** each, being the share capital in issue after the acquisition of the subsidiary companies but before the Rights and Public Issues.
- (6) There were no exceptional items. and extraordinary items' during the financial years/ periods under review.

11. ACCOUNTANTS' REPORT.. . con? 'd**Ta Ann Plywood Sdn Bhd**

	<u>Years ended</u>		<u>15 month</u>	<u>Years ended</u>		<u>6 month</u>
	<u>30.9.1994</u>	<u>30.9.1995</u>	<u>period ended</u>	<u>31.12.1997</u>	<u>31.12.1998</u>	<u>period ended</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>31.12.1996</u>	<u>RM'000</u>	<u>RM'000</u>	<u>30.6.1999</u>
			<u>RM'000</u>			<u>RM'000</u>
Turnover	<u>69.890</u>	<u>79,028</u>	<u>104.119</u>	<u>115.542</u>	<u>83.502</u>	<u>60.038</u>
Profit before depreciation and interest	5,618	8,402	18,805	22,765	7,387	12,805
Depreciation	(4,103)	(4,223)	(5,566)	(5,704)	(4,510)	(2,264)
Interest expense	(3,494)	(2,697)	(1,836)	(791)	(781)	(99)
Interest income	25	6	77	180	269	158
(Loss)/Profit before taxation	<u>(1,954)</u>	<u>1,488</u>	<u>11,480</u>	<u>16,450</u>	<u>2,365</u>	<u>10,600</u>
Taxation	5	(2)	(24)	(51)	(73)	-
(Loss)Profit after taxation	<u>(1,949)</u>	<u>1,486</u>	<u>11,456</u>	<u>16,399</u>	<u>2,292</u>	<u>10,600</u>
(Accumulated loss)/ Unappropriated profit brought forward	(1,241)	(3,190)	(1,704)	6,252	22,651	24,024
	<u>(3,190)</u>	<u>(1,704)</u>	<u>9,752</u>	<u>22,651</u>	<u>24,943</u>	<u>34,624</u>
Dividends	-	-	(3,500)	-	(919)	(10,600)
(Accumulated loss)/ Unappropriated profit carried forward	<u>(3,190)</u>	<u>(1,704)</u>	<u>6,252</u>	<u>22,651</u>	<u>24,024</u>	<u>24,024</u>
No. of ordinary shares of RM 1 each in issue ('000)	28,000	28,000	28,000	28,000	28,000	28,000
Gross Earnings Per Share (sen)	(6.98)	5.31	32.80*	58.75	8.45	75.71'
Net Earnings Per Share (sen)	(6.96)	5.31	32.73*	58.57	8.19	75.71*

* Annualised.

There were no exceptional items and extraordinary items during the financial years/periods under review.

11. ACCOUNTANTS' REPORT.. . cont 'd .

Lik Shen Sawmill Sdn Bhd

	Years ended 31 December					6 month period ended
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	30.6.1999 RM'000
Turnover	16,166	14,438	13,662	18,415	16,533	7,288
Profit/(Loss) before depreciation and interest	1,708	(101)	(417)	1,885	631	1,351
Depreciation	(580)	(775)	(753)	(706)	(849)	(417)
Interest expense	(251)	(337)	(359)	(403)	(497)	(114)
Interest income	1					
Profit/(Loss) before taxation	878	(1,213)	(1,529)	776	(715)	820
Taxation	(208)	208	-	(5)	5	-
Profit/(Loss) after taxation	670	(1,005)	(1,529)	771	(710)	820
(Accumulated loss)/ Unappropriated profit brought forward	(306)	364	(641)	(2,170)	(1,399)	(2,109)
Unappropriated profit/ (Accumulated loss) carried forward	364	(641)	(2,170)	(1,399)	(2,109)	(1,289)
No. of ordinary shares of RM 1 each in issue ('000)	3,000	3,000	3,000	3,000	3,000	3,000
Gross Earnings Per Share (sen)	29.27	(40.43)	(50.97)	25.87	(23.83)	54.67*
Net Earnings Per Share (sen)	22.33	(33.50)	(50.97)	25.70	(23.67)	54.67*

* Annualised.

There were no exceptional items and extraordinary items during the, financial years/period under review.

11. ACCOUNTANTS' REPORT.. . cont 'd**Hariwood Sdn Bhd**

	<u>Years ended</u>		<u>9 month</u>	<u>Years ended</u>		<u>6 month</u>
	<u>31.3.1995</u>	<u>31.3.1996</u>	<u>period ended</u>	<u>31.12.1997</u>	<u>31.12.1998</u>	<u>period ended</u>
	RM'000	RM'000	31.12.1996	RM'000	RM'000	30.6.1999
			RM'000			RM'000
Turnover	<u>26.620</u>	<u>35.169</u>	<u>19.333</u>	<u>24.796</u>	<u>22.211</u>	<u>15.221</u>
Profit before depreciation and interest	5,265.	10,167	6.916	5,886	4.290	4.722
Depreciation	(2,340)	(2,656)	(1.788)	(2,215)	(1.831)	(972)
Interest expense	(364)	(416)	(192)	(105)	(7)	(220)
Interest income	-	-	-	189	192	77
Profit before taxation	<u>2561</u>	<u>7.095</u>	<u>4.936</u>	<u>3.755</u>	<u>2.631</u>	<u>3.607</u>
Taxation	(549)	(2.254)	(1.530)	(1.018)	(954)	(12)
Profit after taxation	<u>2.012</u>	<u>4.841</u>	<u>3.406</u>	<u>2.737</u>	<u>1.677</u>	<u>3.595</u>
(Accumulated loss)/ Unappropriated profit brought forward	(1.718)	294	1.635	1.541	4.278	4.278
	<u>294</u>	<u>5.135</u>	<u>5.041</u>	<u>4.278</u>	<u>5.955</u>	<u>7.873</u>
Dividends		(3.500)	(3.500)	-	(1.677)	(3.595)
Unappropriated profit carried forward	<u>294</u>	<u>1.635</u>	<u>1.541</u>	<u>4.278</u>	<u>4.278</u>	<u>4.278</u>
No. of ordinary shares of RM 1 each in issue ('000)	500	500	500	500	500	500
Gross Earnings Per Share (sen)	512	1.419	1.316*	751	526	1.443*
Net Earnings Per Share (sen)	402	968	908*	547	335	1.438*

• *Annualised.*

There were no exceptional items and extraordinary items during the financial years/periods under review.

11. ACCOUNTANTS' REPORT... cont'd**Woodlev Sdn Bhd**

	_ Years ended _		6 month	_ Years ended _		6 month
	30.6.1995	30.6.1996	period ended	31.12.1997	31.12.1998	period ended
	RM'000	RM'000	RM'000	RM'000	RM'000	30.6.1999
						RM'000
Turnover	15.739	15.934	11.685	28.685	22.155	16.542
Profit before depreciation and interest	248 1	1.402	1,609	4,533	4.473	5.948
Depreciation	(111)	(112)	(56)	(618)	(1,032)	(416)
Interest income	132	161	82	231	365	142
Profit before taxation	2.502	1.451	1,635	4,146	3.806	5.674
Taxation	(699)	(443)	(490)	(1.261)	(1.408)	(115)
Profit after taxation	1.803	1.008	1,145	2.885	2.398	5.559
Unappropriated profit brought forward	1,888	2.816	3,824	2.969	5.854	6.564
	<u>3.691</u>	<u>3.824</u>	<u>4,969</u>	<u>5.854</u>	<u>8.252</u>	<u>12.123</u>
Dividends	(875)	-	(2,000)	-	(1,688)	(5.559)
Unappropriated profit carried forward	<u>2.816</u>	<u>3.824</u>	<u>2,969</u>	<u>5,854</u>	<u>6.564</u>	<u>6.564</u>
No. of ordinary shares of RM1 each in issue ('000)	125	125	125	125	125	125
Gross Earnings Per Share (sen)	2.002	1,161	2.616*	3.317	3,045	9,078*
Net Earnings Per Share (sen)	1.442	806	1,832*	2,308	1,918	8,894*

* Annualised.

There were no exceptional items and extraordinary items during the financial years/periods under review.

11. ACCOUNTANTS' REPORT... cont'd

Questate Sdn Bhd

	Years ended 31 December					6 month period ended 30.6.1999
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	RM'000
Turnover	20,511	17,017	23,758	56,101	51,017	46,166
Profit before depreciation and interest	7,407	1,457	5,078	11,403	3,823	8,842
Depreciation	(2)	(21)	(22)	(28)	(44)	(26)
Interest expense	-	(9)	(414)	(448)	(109)	(1)
Interest income	7	68		59	400	116
Profit before taxation	7,412	1,495	4,642	10,986	4,070	8,931
Taxation	(2,230)	(473)	(1,015)	(3,110)	(1,092)	-
Profit after taxation	5,182	1,022	3,627	7,876	2,978	8,931
Unappropriated profit brought forward	2,023	7,205	8,227	9,854	17,730	17,730
	7,205	8,227	11,854	17,730	20,708	26,661
Dividends	-	-	(2,000)		(2,978)	(8,931)
Unappropriated profit carried forward	7,205	8,227	9,854	17,730	17,730	17,730
No. of ordinary shares of RM1 each in issue ('000)	100	100	100	100	100	100
Gross Earnings Per Share (sen)	7,412	1,495	4,642	10,986	4,070	17,862*
Net Earnings Per Share (sen)	5,182	1,022	3,627	7,876	2,978	17,862*

* Annualised.

There were no exceptional items and extraordinary items during the financial years/period under review.

11. ACCOUNTANTS' REPORT... cont'd**Pasin Sdn Bhd**

	<u>Years ended December</u>				1998 RM'000	<u>6 month period ended 30.6.1999 RM 000</u>
	1994 <u>RM 000</u>	'1995 <u>RM 000</u>	1996 <u>RM 000</u>	1997 <u>RM 000,</u>		
Turnover	<u>35.475</u>	<u>52,827</u>	<u>37.667</u>	<u>37.967</u>	33,829	<u>23,271</u>
Profit before depreciation and interest	1,386	<u>2,455</u>	<u>2,562</u>	<u>1,737</u>	1,690	<u>1,621</u>
Depreciation	(178)	(175)	(160)	(160)	(160)	(80)
Interest income			23	28	65	5
Profit before taxation	<u>1,208</u>	<u>2,280</u>	<u>2,425</u>	<u>1,605</u>	1,595	<u>1,546</u>
Taxation	(349)	(706)	(735)	(475)	(412)	-
Profit after taxation	<u>859</u>	<u>1,574</u>	1,690	1,130	1,183	1,546
Unappropriated profit brought forward	<u>198</u>	<u>1,057</u>	2,631	<u>1,521</u>	2,651	2,651
	<u>1,057</u>	<u>2,631</u>	4,321	2,651	3,834	4,197
Dividends			(2,800)		(1,183)	(1,546)
Unappropriated profit carried forward	1,057	2,631	1,521	2,651	2,651	2,651
No. of ordinary shares of RM1 each in issue ('000)	200	200	200	200	200	200
Gross Earnings Per Share (sen)	604	1,140	1,212	803	798	1,546*
Net Earnings Per Share (sen)	430	787	845	565	592	1,546*

* Annualised.

There were no exceptional items and extraordinary items during the financial years/period under review.

11. ACCOUNTANTS' REPORT... cont'd

3. DIVIDENDS

- 3.1 No dividend has been paid or declared by Ta Ann since its incorporation.
- 3.2 Details of dividends paid/declared by the subsidiary companies in respect of the five(5) financial years ended 31 December 1994 to 31 December 1998 and the six months ended 30 June 1999 were as follows:-

Year ended	No. of ordinary shares ranking for dividends	Gross rate of dividend per share (%)	Net dividend (RM)	Type of dividend
Ta Ann Plywood Sdn Bhd				
31.12.1996	28,000,000	12.50	3,500,000	Tax exempt
31.12.1998	28,000,000	3.28	919,271	Tax exempt
30.6.1999	28,000,000	37.86	10,599,512	Tax exempt
Hariwood Sdn Bhd				
31.3.1996	500,000	1,000.00	3,500,000	Non-tax exempt
31.12.1996	500,000	1,000.00	3,500,000	Non-tax exempt
31.12.1998	500,000	465.82	1,676,935	Non-tax exempt
30.6.1999	500,000	718.93	3,594,670	Tax exempt
Woodley Sdn Bhd				
30.6.1994	125,000	1,000.00	850,000	Non-tax exempt
30.6.1995	125,000	1,000.00	875,000	Non-tax exempt
31.12.1996	125,000	2,286.00	2,000,000	Non-tax exempt
31.12.1998	125,000	1,876.00	1,688,253	Non-tax exempt
30.6.1999	125,000	4,447.58	5,559,475	Tax exempt
Questate Sdn Bhd				
31.12.1996	100,000	2,857.00	2,000,000	Non-tax exempt
31.12.1998	100,000	450.44	450,443	Tax exempt
31.12.1998	100,000	3,510.72	2,527,720	Non-tax exempt
30.6.1999	100,000	8,930.55	8,930,552	Tax exempt
Pasin Sdn Bhd				
31.12.1996	200,000	2,000.00	2,800,000	Non-tax exempt
31.12.1998	200,000	796.72	1,147,271	Non-tax exempt
31.12.1998	200,000	18.06	36,114	Tax exempt
30.6.1999	200,000	773.03	1,546,051	Tax exempt

4. CONSOLIDATED BALANCE SHEETS

Pro-forma Group

We set out below the consolidated balance sheets of the pro-forma Group at 31 December 1996, 31 December 1997, 31 December 1998 and 30 June 1999 which have been prepared for illustration purposes only based on the audited accounts of the subsidiary companies and on the assumption that the pro-forma Group had been in existence throughout the period under review. Consolidated balance sheets of the pro-forma Group for the periods prior to 31 December 1996 have not been prepared as some of the subsidiary companies adopted different accounting dates prior to 1996.

11. ACCOUNTANTS' REPORT.. . cont 'd .

	31.12.1996 RM'000	31.12.1997 RM'000	31.12.1998 , RM'000	30.6.1999 RM'000
Fixed Assets	64.652	70.461	66.439	68.985
Plantation Development Expenditure	-		50	941
Deferred Expenditure	189	654	591	997
Current Assets				
Stocks	15.909	15.362	16.612	20.479
Trade debtors	3,734	9,974	7,756	12,555
Other debtors, deposits and prepayments	2,614	1,810	3,383	2,491
Fixed deposits with licensed banks	3,380	16,137	19,972	23,482
Cash and bank balances	9,546	9,025	3,675	4,020
	35.183	52.308	51.398	63.027
Less: Current Liabilities				
Trade creditors	10.769	11.193	16.850	17.348
Other creditors and accruals	8,821	13.304	8.864	12.764
Amount due to a director	126	135	207	526
Hire purchase creditors	6.496	4,132	2.002	3.683
Term Loan	1.739	2.600	100	58
Short-term loans	4,838	7.336	1.830	1.841
Bank overdrafts	12.358	2.251	3.268	806
Proposed dividend	10.000		7.313	24.620
Provision for taxation	6.496	9,916	6.049	1.043
	61.643	50.867	46.483	62.689
Net Current (Liabilities)/Assets	(26.460)	1,441	4,915	338
	38.381	72.556	71.995	71.261
Financed by:				
Share Capital	15.134	15,134	15,134	15,134
Unappropriated Profits	18,274	50,073	51,448	52,268
	33,408	65,207	66,582	67,402
Long-term Liabilities				
Hire purchase creditors	4.335	906	1.115	3.497
Other creditors	391	6,335	4,279	224
Term Loan	208	108	8	-
Deferred taxation	39	-	11	138
	38,381	72,556	71,995	71,261
Net tangible asset share based on issued share capital at balance sheet date (RM)	2.19	4.27	4.36	4.39

Note:

The issued and paid-up share capital of 15,134,002 ordinary shares of RM 1.00 each is the aggregate of the share capitals of the component companies of the pro-forma group and after elimination of cross holding.

11. ACCOUNTANTS' REPORT.. . cont'd**Ta Ann Plywood Sdn Bhd**

	30 September			31 December			30 June
	1993	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed Assets	43,585	45,930	43,372	50,574	48,741	45,636	49,715
Plantation Development Expenditure	-	-	-	-	-	50	941
Expenditure Carried Forward	16	8	-	-	-	-	-
Current Assets	10,424	11,470	7,791	9,055	6,541	7,086	8,038
Stocks	-	1,704	3,165	1,798	3,525	2,587	5,095
Trade debtors	-	-	-	-	-	-	-
Other debtors, deposits, and prepayments	2,472	350	620	237	1,376	2,649	2,611
Fixed deposits with a licensed bank	3,100	-	-	-	8,146	4,720	8,782
Cash and bank balances	2	7	4	98	842	5	72
	15,998	13,531	11,580	11,188	20,430	17,047	24,598
Less: Current Liabilities	10,783	7,030	10,074	4,920	4,295	4,749	4,970
Trade creditors	-	277	1,060	3,347	4,308	2,245	3,021
Other creditors and accruals	275	-	-	84	84	156	-
Amount due to directors	-	3,115	3,045	4,395	-	1,469	406
Bank overdrafts	2,835	4,995	1,069	2,847	5,342	-	-
Bankers' acceptances	2,000	7,220	8,789	4,905	3,528	721	1,997
Hire purchase creditors	4,203	-	-	2,500	-	919	1,060
Proposed dividend	-	-	1	23	58	130	132
Provision for taxation	54	-	-	-	-	-	-
	20,150	22,637	24,038	23,021	17,615	10,389	21,126
Net Current (Liabilities)/Assets	(4,152)	(9,106)	(12,458)	(1 1,833)	2,815	6,658	3,472
	39,449	36,832	30,914	38,741	51,556	52,344	54,128
Financed by:							
Share Capital	22,900	27,500	28,000	28,000	28,000	28,000	28,000
(Accumulated Loss)/ Unappropriated Profit	(1,241)	(3,190)	(1,704)	6,252	22,651	24,024	24,024
	21,659	24,310	26,296	34,252	50,651	52,024	52,024
Long-term Liabilities							
Hire purchase creditors	17,790	12,522	4,171	4,098	570	39	1,881
Other creditor	-	-	447	391	335	279	223
	17,790	12,522	4,618	4,489	905	318	2,104
Net tangible assets per Share (RM)	0.9	0.9	0.9	1.2	1.8	1.9	1.9

* Based on the paid-up share capital at balance sheet dates

11. ACCOUNTANTS' REPORT.. . cont 'd

Lik Shen Sawmill Sdn Bhd

	1993 RM'000	31 December					1998 RM'000	30 June 1999 RM'000
		1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1999 RM'000		
Fixed Assets	5.609	7.944	8.051	7.455	8.283	7.725	7.340	
Expenditure								
Carried Forward	17	8					-	
Current Assets								
Stocks	1.559	1.966	4.160	4.214	4.626	3.913	2.852	
Trade debtors	2.122	939	243	319	1.564	2.282	993	
Other debtors, deposits and prepayments	57	36	67	40	56	75	217	
Fixed deposits with a licensed bank	21	-	-	-	-	-	-	
Cash and bank balances		-	1	-	1	1	1	
	<u>3.759</u>	<u>2.941</u>	<u>4.471</u>	<u>4.573</u>	<u>6.247</u>	<u>6.271</u>	<u>4.063</u>	
Less: Current Liabilities								
Trade creditors	1.071	2.026	4.401	4.792	5.828	7.365	4.789	
Other creditors and accruals	1.693	1.476	1.390	1.898	1.918	1.631	2.437	
Amount due to directors			15	15	15	15	-	
Hire purchase creditors	88		24	26	37	357	167	
Bank overdrafts	2.495	1.346	1.983	2.159	2.401	1.799	400	
Bankers' acceptances	1.338	1.968	1.907	1.991	1.994	1.830	1.841	
Term loan		84	100	100	100	100	58	
Provision for taxation	6	6	5	3	5		-	
	<u>6.691</u>	<u>6.906</u>	<u>9.825</u>	<u>10.981</u>	<u>12.485</u>	<u>13.097</u>	<u>9.692</u>	
Net Current Liabilities	(2.932)	(3.965)	(5.354)	(6.411)	(6.238)	(6.826)	(5.629)	
	<u>2.694</u>	<u>3.987</u>	<u>2.697</u>	<u>1.044</u>	<u>2.045</u>	<u>899</u>	<u>1.711</u>	
Financed by:								
Share Capital	3.000	3.000	3.000	3.000	3.000	3.000	3.000	
(Accumulated Loss)/ Unappropriated profit	(306)	364	(641)	(2.170)	(1.399)	(2.109)	(1,289)	
	<u>2.694</u>	<u>3.364</u>	<u>2.359</u>	<u>830</u>	<u>1.601</u>	<u>891</u>	<u>1.711</u>	
Long-term Liabilities								
Hire purchase creditors		-	30	6	336	-	-	
Term loan		416	308	208	108	8	-	
Deferred taxation		207	-	-	-	-	-	
	<u>2.694</u>	<u>3.987</u>	<u>2.697</u>	<u>1.044</u>	<u>2.045</u>	<u>899</u>	<u>1,711</u>	
Net tangible assets per Share (RM)	0.9	1.1	0.8	0.3	0.5	0.3	0.6	

11. ACCOUNTANTS' REPORT.. . cont 'd**Hariwood Sdn Bhd**

	1994 RM'000	31 March 1995 RM'000	1996 RM'000	31 December 1996 RM'000	1997 RM'000	1998 RM'000	30 June 1999 RM'000
Fixed Assets	4,041	6,531	6,166	5,429	3,479	4,270	5,552
Current Assets							
Stocks	1,373	1,135	1,048	2,207	1,756	1,474	1,465
Trade debtors	24	622	6,250	137	2,460	3,085	4,814
Other debtors, deposits, and prepayments	329	400	280	396	176	287	259
Fixed deposits with a licensed bank			-			2,544	3,921
Cash and bank balances	230	21	1,075	6,358	5,052	1,143	377
	1,956	2,178	8,653	9,098	9,444	8,533	10,836
Less: Current Liabilities							
Trade creditors	6,084	2,551	2,819	2,625	2,278	2,254	2,938
Other creditors and accruals	618	787	538	796	1,411	1,315	1,618
Hire purchase creditors	400	1,214	1,661	1,565	230	924	1,519
Bank overdrafts		804	-	-			-
Proposed dividend			3,500	3,500		1,677	3,595
Provision for taxation	-	549	2,519	3,770	4,226	768	300
	7,102	5,905	11,037	12,256	8,145	6,938	9,970
Net Current (Liabilities)/Assets	(5,146)	(3,727)	(2,384)	(3,158)	1,299	1,595	866
	(1,105)	2,804	3,782	2,271	4,778	5,865	6,418
Financed by:							
Share Capital	500	500	500	500	500	500	500
(Accumulated Loss)/ Unappropriated Profit	(1,718)	2,904	1,635	1,541	4,278	4,278	4,278
	(1,218)	794	2,135	2,041	4,778	4,778	4,778
Long-term Liabilities							
Hire purchase creditors	113	2,010	1,363	230		1,076	1,617
Deferred taxation			284	-	-	11	23
	(1,105)	2,804	3,782	2,271	4,778	5,865	6,418
Net tangible assets per Share (RM)	0.4	1.6	4.3	4.1	9.6	9.6	9.6

11. ACCOUNTANTS' REPORT.. . cont 'd**Woodley Sdn Bhd**

	30 June			31 December			30 June
	1994	1995	1996	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed Assets	417	306	201	144	9,544	8,518	6,104
Current Assets							
Stocks	102	495	1,519	433	861	1,321	2,463
Trade debtors	1,082	2,822	3,239	2,618	4,908	3,460	4,197
Other debtors, deposits and prepayments	693	602	4	2	2	-	-
Fixed deposits with a licensed bank	1,491	2,017	1,802	2,869	2,213	5,956	6,060
Cash and bank balances	520	540	705	2,199	1,396	1,148	1,901
	<u>3,888</u>	<u>6,476</u>	<u>7,269</u>	<u>8,121</u>	<u>9,380</u>	<u>11,885</u>	<u>14,621</u>
Less: Current Liabilities							
Trade creditors	4	1,489	2,564	2,029	2,000	5,536	6,720
Other creditors and accruals	197	201	145	155	3,450	1,213	1,287
Provision for taxation	1,181	1,221	756	948	1,495	1,923	355
Proposed dividend	850	875		2,000	-	1,042	5,559
	<u>2,232</u>	<u>3,786</u>	<u>3,465</u>	<u>5,132</u>	<u>6,945</u>	<u>9,714</u>	<u>13,921</u>
Net Current Assets	<u>1,656</u>	<u>2,690</u>	<u>3,804</u>	<u>2,989</u>	<u>2,435</u>	<u>2,171</u>	<u>700</u>
	<u>2,073</u>	<u>2,996</u>	<u>4,005</u>	<u>3,133</u>	<u>11,979</u>	<u>10,689</u>	<u>6,804</u>
Financed by:							
Share Capital	125	125	125	125	125	125	125
Unappropriated Profit	1,888	2,816	3,824	2,969	5,854	6,564	6,564
	<u>2,013</u>	<u>2,941</u>	<u>3,949</u>	<u>3,094</u>	<u>5,979</u>	<u>6,689</u>	<u>6,689</u>
Long-term Liabilities							
Other creditors		-	-		6,000	4,000	-
Deferred taxation	60	55	56	39		-	115
	<u>2,073</u>	<u>2,996</u>	<u>4,005</u>	<u>3,133</u>	<u>11,979</u>	<u>10,689</u>	<u>6,804</u>
Net tangible assets per Share (RM)	<u>16.1</u>	<u>23.5</u>	<u>31.6</u>	<u>24.8</u>	<u>47.8</u>	<u>53.5</u>	<u>53.5</u>

11. ACCOUNTANTS' REPORT... cont'd

Questate Sdn Bhd

	31 December						30 June
	1993 RM'000	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Fixed Assets	-	9	104	89	94	129	194
Interest In Associated Companies	-	722	723	16,312	16,312	16,312	16,312
Other Investment	-----	-----	2,267	-----	-	-----	-----
Current Assets							
Stocks		316	1,475		1,577	2,818	5,661
Trade debtors	2,904	5,272	4,079	2,459	5,075	3,711	12,198
Other debtors, deposits and prepayments	2	1	6,502	1,239	10	101	137
Fixed deposits with a licensed bank	-				4,756	6,529	4,492
Cash and bank balances	1,527	4,561	515	642	1,650	954	1,252
	-----	-----	-----	-----	-----	-----	-----
	4,433	10,150	12,571	4,340	13,068	14,113	23,740
	-----	-----	-----	-----	-----	-----	-----
Less: Current Liabilities							
Trade creditors	424		6,152	314	4,555	6,693	12,399
Other creditors and accruals	30	46	13	11	937	281	496
Amount due to directors		24	700				526
Bank overdrafts - unsecured				5,803	-		
Term loan - secured	-			1,639	2,500		
Provision for taxation	1,276	3,506	473	1,016	3,652	2,772	64
Proposed dividend	680			2,000		2,978	8,931
	-----	-----	-----	-----	-----	-----	-----
	2,410	3,576	7,338	10,787	11,644	12,724	22,416
	-----	-----	-----	-----	-----	-----	-----
Net Current Assets/ (Liabilities)	2,023	6,574	5,233	(6,447)	1,424	1,389	1,321
	-----	-----	-----	-----	-----	-----	-----
	2,023	7,305	8,327	9,954	17,830	17,830	17,830
	-----	-----	-----	-----	-----	-----	-----
Financed by:							
Share Capital	-*	100	100	100	100	100	100
Unappropriated Profit	2,023	7,205	8,227	9,854	17,730	17,730	17,730
	-----	-----	-----	-----	-----	-----	-----
	2,023	7,305	8,327	9,954	17,830	17,830	17,830
	-----	-----	-----	-----	-----	-----	-----
Net tangible assets per Share (RM) **	1011.5	73.1	83.3	99.5	178.3	178.3	178.3
	-----	-----	-----	-----	-----	-----	-----

* RM2 paid-up share capital

** Based on paid-up share capital at balance sheet dates

11. ACCOUNTANTS' REPORT.. . cont 'd

Pasin Sdn Bhd

	31 December						30 June
	1993 RM'000	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Fixed Assets	1,492	1,314	1,140	961	320	160	80
Expenditure Carried Forward	379	316	252	189	126	63	32
Interest In Associated Compaq	962	1,071	1,071	1,071	1,071	1,071	1,071
Other Investment	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Current Assets							
Trade debtors		1,897	6,484	314	4,555	6,693	10,371
Other debtors, deposits and prepayments.	7,600	1,894	1,871	704	492	1,079	648
Fixed deposits with a licensed bank			-	510	1,021	222	227
Cash and bank balances	54	85	448	248	85	424	415
	<u>7,654</u>	<u>3,876</u>	<u>8,803</u>	<u>1,776</u>	<u>6,153</u>	<u>8,418</u>	<u>11,661</u>
Less: Current Liabilities							
Trade creditors			7,294		4,350	3,864	5,450
Other creditors and accruals	5,436	5,875	1,535	2,614	1,055	2,424	3,905
Amount due to directors				27	36	36	
Term loan - unsecured	5,500	-		-			-
Provision for taxation	389	545	706	735	478	454	192
Proposed dividend	-	-		-	-	1,183	1,546
	<u>11,325</u>	<u>6,420</u>	<u>9,535</u>	<u>3,376</u>	<u>5,919</u>	<u>7,961</u>	<u>11,093</u>
Net Current (Liabilities)/Assets	(3,671)	(2,544)	(732)	(1,600)	234	457	568
	<u>262</u>	<u>1,257</u>	<u>2,831</u>	<u>1,721</u>	<u>2,851</u>	<u>2,851</u>	<u>2,851</u>
Financed by:							
Share Capital	200	206	200	200	200	200	200
Unappropriated Profit	62	1,057	2,631	1,521	2,651	2,651	2,651
	<u>262</u>	<u>1,257</u>	<u>2,831</u>	<u>1,721</u>	<u>2,851</u>	<u>2,851</u>	<u>2,851</u>
Net tangible assets per Share (RM)	<u>(0.6)</u>	<u>4.7</u>	<u>12.9</u>	<u>7.7</u>	<u>13.6</u>	<u>13.9</u>	<u>14.1</u>

11. ACCOUNTANTS' REPORT.. . cont 'd**5. PRO-FORMA CONSOLIDATED BALANCESHEETS**

The following pro-forma consolidated balance sheets have been prepared for illustration purposes only, based on the audited accounts of Ta Ann and its subsidiary companies at 30 June 1999 and should be read in conjunction with the notes thereto:-,

		<u>Ta Ann</u>	<u>Proforma Group</u>	
	Note	RM'000	After revaluation surplus and acquisition of subsidiaries RM'000	After Rights Issue and Public Issue RM'000
Fixed Assets	6.2	-	**84.070	**84.070
Development Expenditure	6.3	-	941	941
Deferred Expenditure	6.4	965	997	997
Current Assets				
Stocks	6.5	-	20.479	20.479
Trade debtors			12,000	12,555
Other debtors, deposits and prepayments			2,491	2,491
Fixed deposits with licensed banks	6.6	-	23,482	23,382
Cash and bank balances			4,020	82,595
			63,027	111,602
Current Liabilities				
Trade creditors			17,348	17,348
Other creditors and accruals	6.7	965	13,290	13,290
Hire purchase creditors			3,683	3,683
Term loan - secured	6.8	-	58	58
Short-term loan - secured	6.9		1,841	1,841
Bank overdrafts - secured	6.10		806	806
Proposed dividends			25,670	24,620
Provision for taxation			1,043	1,043
		965	62,689	62,689
Net Current (Liabilities)/Assets		(965)	338	78,913
			86,346	164,921
Financed by:				
Share Capital	6.11	*	59,382	100,000
Share Premium	6.12	-	20,781	58,741
Unappropriated Profit			2,195	2,195
Reserve On Consolidation			126	126
			82,387	161,062
Non-current Liabilities				
Hire purchase creditors			3,497	3,497
Other creditors	6.7		224	224
Deferred taxation	6.13		138	138
			86,346	164,921
Nettangible assets per ordinary share of RM 1 each (RM)		(482.706)	1.37	1.60

* RM2 paid-up share capital.

** Including revaluation surplus of RM15,085,171

11. ACCOUNTANTS' REPORT.. . cont 'd

6. NOTES TO THE PRO-FORMA CONSOLIDATED BALANCE SHEETS
6.1 SIGNIFICANT ACCOUNTING POLICIES
6.1.1 Basis of Preparation

The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable approved accounting standards in Malaysia in all material respects.

6.1.2 (a) Fixed Assets

It is the Group's policy to state its fixed assets at cost. The recent revaluation of land and buildings was carried out for the purpose of the restructuring scheme for the proposed listing of Ta Ann Holdings Berhad on the Main Board of the Kuala Lumpur Stock Exchange. It was not intended to effect a change in the accounting policy to one of revaluation of assets. Hence, as allowed under the traditional provisions of MASB Approved Accounting Standard IAS 16: Property, Plant and Equipment, the recent valuation will not be updated. Additions subsequent to the valuation and other fixed assets are stated in the accounts at cost. Fixed assets are stated at cost/valuation less accumulated depreciation.

(b) Depreciation

Long-term leasehold land is not amortised. The non-amortisation of the leasehold land does not have any material effect on the accounts.

All other fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on the straight line basis so as to write off the cost of the assets over their estimated useful lives.

The principal annual rates used are **as follows:-**

Short-term leasehold land	Remaining lease term
Factory, buildings and quarters	2% - 10%
Infrastructure and logging roads	10%
Ferry, plant and machinery	7% - 20%
Furniture, fittings and equipment	10% -20% or 1- 3 years
Motor vehicles and jetty	20%
Wharf	2% - 10%

6.1.3 Deferred Expenditure

Deferred expenditure comprises preliminary and pre-operating expenses (which will be written off against **future** available profit) and listing expenses (which will be written off against **future** share premium account).

11. ACCOUNTANTS' REPORT.. *cont'd*

6.1.4 Development Expenditure

Expenditure on planted forest project in the form of land clearing, planting and upkeep of trees up to the time of harvest is deferred in the balance sheet and will only be charged to profit and loss account at the time of harvest based on the area harvested.

Oil palm plantation development expenditure in the form of land clearing, new planting and upkeep of trees up to maturity are capitalised and amortised over the expected useful life of the oil palm. Upon maturity, all subsequent maintenance expenditure is charged to revenue.

6.1.5 Stocks

Stocks of consumable stores and spares are valued at cost, accounted for on a first-in first-out basis. Cost includes all direct and indirect expenditure incurred in bringing the stocks to their present location and condition.

Stocks of logs, work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost includes all direct and indirect expenditure incurred in bringing the stocks to their present location and condition and is calculated on a first-in first-out basis. Cost of finished goods and work-in-progress includes raw material, direct labour and a proportion of manufacturing overheads. In arriving at the net realisable value, due allowance has been made for deteriorated, damaged and obsolete stocks.

6.1.6 Hire purchase

Fixed assets acquired using hire purchase loans are capitalised and depreciated in accordance with Note 6.1.2. Outstanding hire purchase loans after deducting unearned interest are disclosed as hire purchase creditors in the balance sheet. Hire purchase interest was charged to the profit and loss account over the loan tenures using the straight line method.

6.1.7 Capitalisation of Borrowing Cost

Interest on borrowed funds utilised for assets that require a substantial period of time to get them ready for their intended use is capitalised as part of the cost of assets up to the date when the said assets are employed and used commercially.

6.1.8 Deferred Taxation

Deferred taxation is provided on the liability method for all significant timing differences except where it is reasonably expected that the tax effect of such deferrals will continue in the foreseeable future. Deferred tax benefits are not recognised unless there is a reasonable prospect of their realisation.

11. ACCOUNTANTS' REPORT... cont'd

6.1.9 Currency Translation

Assets and liabilities in foreign currencies are translated into Malaysian Ringgit at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are translated at rates of exchange closely approximating those ruling on transaction dates; except for those hedged against exchange rate fluctuations, which are translated at the contracted rates. Gain or loss in exchange arising therefrom is dealt with through the Profit and Loss Account.

6.2 FIXED ASSETS

	Long term leasehold land RM'000	Short term leasehold land RM'000	Factory buildings & quarter RM'000	Infra-structure & logging road RM'000	Furniture, fittings & equipment RM'000	Ferry, plant and machinery		Motor vehicle and jetty		Wharf		TOTAL RM'000
						Outright purchase RM'000	Under hire purchase RM'000	Outright purchase RM'000	Under hire purchase RM'000	Outright purchase RM'000	Under hire purchase RM'000	
cost												
At 1.1.1999	3,468	2,135	19,352	11,600	2,189	57,809	10,769	2,182	101	3,716	338	113,659
Additions		1,664	13		178	14	5,991	85		542	248	8,735
Adjustment			-	(2,000)	-	-	-	-	-	-	-	(2,000)
Disposals					(7)			(84)		(88)		(179)
Write-offs					(2)							(2)
Transfers						7,389		(7,389)				
At 30.6.1999	3,468	3,799	19,365	9,600	2,358	65,212	9,371	2,183	101	4,170	586	120,213
Accumulated Depreciation												
At 1.1.1999	-	261	3,373	3,023	1,191	33,809	1,827	1,734	80	1,866	56	47,220
Charge for the period		71	364	480	109	2,327	515	85	10	171	42	4,174
Disposals					(4)			(73)		(88)		(165)
Write-offs					(1)							(1)
Transfers						1,684		(1,684)				
At 30.6.1999		332	3,737	3,503	1,295	37,820	658	1,746	90	1,949	98	51,228
Net book value at 30.6.1999	3,468	3,467	15,628	6,097	1,063	27,392	8,713	437	11	2,221	488	68,985

	RM'000
Net book value at 30 June 1999	68,985
Revaluation surplus	15,085
Net book value at 30 June 1999 after revaluation surplus	84,070

All fixed assets are charged to banks to secure banking facilities granted to the pro-forma Group.

The pro-forma Group has eight (8) parcels of long-term leasehold land with lease terms expiring between the years 2054 and 2055 and twenty (20) parcels of short-term leasehold land expiring between the years 2009 and 2047.

11. ACCOUNTANTS' REPORT... cont 'd

Two (2) parcels of the short-term leasehold land are jointly held by the pro-forma Group and third parties. The titles to the said land are in the process of being transferred to the pro-forma Group.

Ten (10) parcels of leasehold land together with the buildings thereon of the pro-forma Group have been revalued to **RM36,000,000** by the directors based on their open market value as ascertained by professional valuers in 1997, resulting in revaluation surplus of RM 15,085,171. The revaluation surplus has not been recorded in the books of the subsidiary companies concerned at 30 June 1999.

6.3 DEVELOPMENT EXPENDITURE

Development expenditure of the pro-forma Group consists of expenditure incurred on tree and oil palm planting.

Included in development expenditure is rental of premises amounting to RM7,200.

6.4 DEFERRED EXPENDITURE

	RM'000
Balance at 1 January 1999	795
Expenditure incurred during the period	234
Less: Amortisation during the period	(32)
Balance at 30 June 1999	997

6.5 STOCKS

	RM'000
Finished goods	9.644
Round logs (including work-in-progress)	6.942
Consumables	3.893
Balance at 30 June 1999	20.479

6.6 FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits amounting to **RM214,600** are pledged to a bank for performance guarantees issued to third parties on behalf of the pro-forma Group.

6.7 OTHER CREDITORS

included in other creditors is land premium payable to the Land and Survey Department as follows:-

	RM'000
Total amount payable	280
Amount payable within the next twelve months included in current liabilities	(56)
Amount payable after the next twelve months	224

11. ACCOUNTANTS' REPORT.. . cont 'd

Also included in other creditors and accruals are directors' remuneration payable of RM200,000 and dividends payable to directors (in their capacity as shareholders) of RM326,000.

6.8 TERM LOAN - SECURED

The term loan is secured by a first registered charge over three parcels of long-term leasehold land and a debenture over all fixed and floating assets of a company in the pro-forma Group (see Note 6.2). It is also jointly and severally guaranteed by certain directors of the pro-forma Group.

It bears interest at 1.75% per annum above the lender bank's base lending rate. The term-loan is repayable by sixty (60) equal monthly instalments of RM8,333 each commencing February 1995.

6.9 SHORT-TERM LOAN - SECURED

Short-term loan comprises bankers' acceptances which are secured in the same manner as the term loan (see Note 6.8). It bears interest at the prevailing discounting rate of the lender bank plus acceptance commission of 1.5%.

6.10 BANK OVERDRAFTS - SECURED

The pro-forma Group has two bank overdraft facilities. The first overdraft is secured by a debenture over all fixed and floating assets of certain companies in the pro-forma Group and also jointly and severally guaranteed by certain directors of the pro-forma Group.

The second bank overdraft is secured in the same manner as the term loan (see Note 6.8).

Both bank overdrafts bear interest at 1.25% per annum above the lender bank's base lending rate.

6.11 SHARE CAPITAL

	RM'000
Ordinary shares of RM1 each	
Authorised:	1,000,000
Issued and fully paid:	
Balance at 30 June 1999	*
Shares issued as part of the consideration for the acquisition of subsidiary companies	59,382
	<u>59,382</u>
Add: Rights issue	22,593
Public issue	18,025
	<u>100,000</u>
Enlarged share capital	<u>100,000</u>

* RM2 paid-up share capital

11. ACCOUNTANTS' REPORT.. . cont 'd

6.12 SHARE PREMIUM ACCOUNT

	RM'000
Premium arising from the issuance of 59,382,368 new ordinary shares of RM1 each at RM 1.35 per share for the acquisition of subsidiary companies	20,784
Premium arising from the proposed public issue of 18,025,000 new ordinary shares of RM1 each at an issue price of RM3.30 per share	41,457
	<u>62,241</u>
Less: Estimated listing expenses	(3,500)
	<u>58,741</u>

6.13 DEFERRED TAXATION

	RM'000
Balance at 1 January 1999	11
Current period's provision	127
Balance at 30 June 1999	<u>138</u>

The tax effect of the following items, the quantum of which has yet to be agreed with the Inland Revenue Board, has not been taken up in the accounts:-

	RM'000
Timing difference between the net book value and tax written down value of qualifying fixed assets	18,416
Unabsorbed capital allowance	2,604
Unutilised tax losses	2,348
Unabsorbed Investment Tax Allowance	3,443
	<u>26,811</u>

The potential deferred tax benefits not accrued for in the accounts amounts to, **RM7,507,000**.

6.14 SECTION 108 TAX CREDIT

The tax-waived profit of the pro-forma Group for the 1999 financial year is distributable as exempt dividends. The distributable reserves of a subsidiary company involved in the manufacture of plywood can be utilised to declare exempt dividends as well. **In addition**, the Group has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the balance of its distributable reserves as non-exempt dividends.

6.15 **CAPITAL COMMITMENTS**

	RM '000
Approved but not contracted for	14,255

11. ACCOUNTANTS' REPORT.. . cont'd**6.16 FORWARD FOREIGN EXCHANGE CONTRACTS**

In 1997, the pro-forma Group entered into several foreign **currency** contracts to sell forward US Dollars amounting to USD42.5 million to a licensed bank at the average contracted rate of between **USD1: RM2.64** and **RM2.65**. The purpose of entering into the foreign currency contracts was to hedge the export sales revenue denominated in US Dollars against fluctuation in exchange rates. Contracts, not fulfilled on the respective due dates had been rolled forward, as approved by Bank Negara Malaysia and realised subsequently at lower contract rates (such rates being determined by **incorporating** interest and other charges consequent on the extension of the maturity of the contracts). The contracts committed in 1997 which remain unfulfilled at 30 June 1999 totalling **USD5,030,000** were rolled forward and realised subsequent thereto.

Utilisation of forward foreign exchange contracts for the years/period review are as follows:-

	Balance brought forward (USD million)	Amount Committed (USD million)	Utilisation (USD million)	Balance carried forward (USD million)
Year ended 31.12.1997	.	42.5	7.5	35.0
Year ended 31.12.1998	35.0	.	15.5	19.5
6 months period ended 30.6.1999	19.5	.	1.5	3.0

6.17 PRO-FORMA NET TANGIBLE ASSETS COVER

Based on the pro-forma consolidated balance sheet at 30 June 1999, the pro-forma net tangible assets cover per ordinary share after the restructuring scheme mentioned in 1.4 above is calculated as follows:-

	RM'000
Net assets of pro&forma group per consolidated balance sheet at 30 June 1999	161.062
Less: Deferred expenditure	(997)
Pro-forma group's net tangible assets	<u>160.065</u>
Enlarged share capital	100.000

On the basis of the issued and paid-up share capital of Ta Ann of **100,000,000 ordinary shares** of RM 1 each, the net tangible assets per share is RM 1.60.

7. ACCOUNTS

No audited accounts **have been drawn up for any period subsequent** to 30 June 1999.

Yours faithfully

KPMG

Firm Number: AF0758
Public Accountants

CHIN CHEE KONG

Partner
Approval Number: 1481/1/01 (J)

12. DIRECTORS' REPORT
(Prepared for inclusion in this Prospectus)

9 October 1999

The Shareholders
Ta Ann Holdings Berhad
147, 3rd Floor
Kampong Nyabor Road
96000 Sibuluan
Sarawak

Dear Sir/Madam

On behalf of the Board of Directors, I wish to report after due inquiry that between the period from 30 June 1999 (being the date to which the last audited accounts of the Company and its subsidiary companies have been made up) to 9 October 1999 (being a date not earlier than fourteen days before the issue of this Prospectus), that:-

- (a) the business of the Company and its subsidiaries, in the opinion of the Board of Directors, has been satisfactorily maintained;
- (b) in the opinion of the Board of Directors, no circumstances have arisen subsequent to the last audited accounts of the Company and its subsidiaries which have adversely affected the operations or the value of the assets of the Company and its subsidiaries;
- (c) the current assets of the Company and its subsidiaries appear in the books at the values which are believed to be realisable in the ordinary course of business;
- (d) save as mentioned in Section 9.2 of this Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees given by the Company and its subsidiaries; and
- (e) save as disclosed in the proforma Consolidated Balance Sheets in Section 9.6 of this Prospectus, there have been no changes in the published reserves nor any unusual factors affecting the profit of the Company and its subsidiaries since the last audited accounts of the Company and its subsidiaries.

Yours faithfully
On behalf of the Board of Directors of
TA ANN HOLDINGS BERHAD

WONG KUOHEA
Managing Director

13. VALUERS' LETTER
(Prepared for inclusion in this Prospectus)

Hasmi & Associates (Sarawak) Sdn Bhd
Level 7 Westmoore House
2 ½ Miles Jalan Rock
93200 Kuching
Sarawak

9 October 1999

The Board of Directors
Ta Ann Holdings Berhad
No 147 3rd Floor
Kampong Nyabor Road
96000 Sibul
Sarawak

Dear Sirs

TA ANN HOLDINGS BERHAD
PROSPECTUS IN RELATION TO THE PUBLIC ISSUE OF **18,025,000** NEW ORDINARY
SHARES OF RM1.00 EACH AT AN ISSUE PRICE OF RM3.30 PER NEW ORDINARY
SHARE

This letter has been prepared for inclusion in the Prospectus to be dated 15 October 1999 in relation to the Public Issue of **18,025,000** new ordinary shares of RM1.00 each in Ta Ann Holdings Berhad at an issue price of RM3.30 per new ordinary share.

In accordance with the instructions from Ta Ann Holdings Berhad, we have assessed the Open Market Value of the landed properties belonging to Ta Ann Holdings Berhad as set out herein vide our valuation reports under reference. HA(S)/V/SN/97007/KCH and HA(S)/V/SN/97004/KCH. The valuation reports have been prepared based on the "Guidelines on Asset Valuations for submission to the Securities Commission" and valuation standards prescribed by the Board of Valuers, Appraisers and Estate Agents. We have valued the properties belonging to Ta Ann Holdings Berhad using the Depreciated Replacement Cost Method and in our opinion, the open market values of the landed properties, in their existing use, free from all encumbrances and with vacant possession are as follows:-

Properties held for owner occupation.

1.	Registered Proprietor/ Beneficial Owner	Ta Ann Plywood Sdn Bhd
2.	Title and Location	Lot 270, 271, 272, 273 & 274 Block 10 Engkilo Land District and Grant 2075 Rajang Residency, Sibul
3.	Date of valuation	20 th January 1997
4.	Report Reference	HA(S)/V/SN/97007/KCH
5.	Date of Update Valuation & Ref.	i) 8 th January 1999, HA(S)/V/SN/97004/KCH(99/1) ii) 24 th April 1998
6.	Description of property	industrial land with 1-storey plywood factory, 1 -storey warehouse, 1-storey workshop/store/1 -storey electrical and generator set building, storage sheds, 1-storey Korean quarters, a blocks 4-storey female quarters, 8 units of 1-storey male quarters, toilet blocks, guardhouses and sheds.

13. VALUERS' LETTER.. . cont 'd

7. Tenure	Leasehold
8. Open Market Value	RM27,824,000
9. Method of Valuation	Depreciated Replacement Cost
1. Registered Proprietor/ Beneficial Owner	Lik Shen Sawmill Sdn Bhd
2. Title and Location	Lot 267, 268 & 269 Block 10 Engkilo Land District and Sibu Occupation Ticket 36458, Sibu
3. Date of valuation	30th April 1997
4. Report Reference	HA(S)/V/SN/97007/KCH
5. Date of Update Valuation & Ref.	: i) 8th January 1999 HA(S)/V/SN/97004/KCH(99/1) ii) 24th April 1998
6. Description of property	Industrial land with open sided I-storey sawmill, I-storey engine room, 2-storey office block, I-storey moulding factory, a 1-storey canteen, 11 units of raised floor workers quarters, a reinforced concrete wharf, a wooden shed and a toilet.
7. Tenure	Leasehold
8. Open Market Value	RM12,299,000
9. Method of Valuation	Depreciated Replacement Cost

Yours faithfully
For HASMI & ASSOCIATES (SARAWAK) SDN BHD

STEPHEN NG
MISM Registered Valuer
V-377

14. OTHER STATUTORY AND GENERAL INFORMATION

14.1 *Slime Capital*

- i) No Shares will be allotted on the basis of this Prospectus later than six(6) months after the date of this Prospectus.
- ii) There are no founder, management or deferred shares in the Company.
- iii) There is only one class of shares in Ta Ann, namely ordinary shares of RM 1 .00 each, all of which rank **pari passu** with one another.
- iv) Save for the Shares reserved for Directors and eligible employees of the Group as disclosed in Section 5.2 of this Prospectus, no person has, been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiary.
- v) There are no restriction on the transfer of the securities of the Company, except as otherwise required by law.
- vi) A Director is not required to hold any qualification share(s) in the Company.

14.2 *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:-

i) Transfer Of Shares, Registers And Record Of Depositors

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

Article 21 - Transfer in Writing

Subject to these Articles, the Rules , Central Depositories Act, the Kuala Lumpur Stock Exchange Listing Requirements, any member may transfer all or any of his shares by instrument in writing in the form prescribed and approved by the Kuala Lumpur Stock Exchange, the Act, and/or the Central Depositories Act as the case may be. All transfers **shall** be effected in accordance with the Central Depositories Act and the Rules.

Article 22 - Transfer of Shares

The transfer. of any shares or class of shares of the Company, which have been deposited 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 transfer of such shares.

14. OTHER STATUTORY AND GENERAL INFORMATION... *cont'd*

Article 23

Nothing in these Articles shall be construed as affecting the obligation of the Company to keep a Register of its members under section 158 of the Act and a register of option holders under section 68A of the Act and to open them for inspection in accordance with the provisions of the Act except that the Company shall not be obliged to enter in such registers the names and particulars of Depositors who are deemed to be members or option holders.

Article 24 - Transferor deemed holder until transferee registered

Subject to the Central Depositories Act and the Rules, the instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members and/or the Record of Depositors as the case may be in respect thereof.

Article 25

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Article 25A

The Company shall maintain a book called "Register of Transfers" which shall be kept by the Secretary or such other person authorised by the Directors. Subject to the provisions of the Central Depositories Act and the Rules and Article 49A, particulars of the transfer or transmission of every share shall be entered into the Register of Transfers.

Article 25B

With the exception of transfer in favour of the Central Depository and subject to the provisions of the Central Depositories Act and the Rules, the Directors may decline to register the transfer of any share (not **being** a fully paid share) and may also decline to register the transfer of any share on which the Company has a lien or if the registration of the transfer would result in a contravention of or failure to observe the provisions of a law in Malaysia.

Article 25C

The registration of transfers may be suspended at such time and 'for such period 'as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than **thirty(30)** days in any year. At least **eighteen(18)** Market Days' notice of such closure shall be given to the Exchange stating the period **and** the purpose or purposes of such closure. In relation to such closure, the Company shall give notice, in accordance with the Central Depositories Act and the Rules, to the Central Depository to enable the Central Depository to prepare the appropriate Record of Depositors.

Article 25D

A Record of Depositors requested by the Company as at any specified date and/or for any specified purpose when made available to the Company may be treated as the final Record of Depositors as at the specified date and/or for the specified purpose. If there shall be more than one Record of Depositors made available to the Company as at the specified date and/or for the specified purpose then the later' or last of the Record of Depositors prepared by the Central Depository shall be the final Record of Depositors as at the specified date and/or for the specified purpose.

Article 25E

There shall be paid to the company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title of any shares, such fee; not exceeding Ringgit Malaysia Three (RM3.00) or such other sum as may be permitted from time to time by the Exchange.

Article 25F

Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Article 25G - Refusal of Transfer

The Central Depository may refuse to register any transfer of deposited security that does not comply with the Central Depositories Act and the Rules.

Main Board Listing Requirements

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

Section 293A - Transfer of Securities

The transfer of any securities or class of securities of the company which have been deposited with the 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 of the Companies Act, 1965, but subject to sub-section 107C(2) of the Companies Act, 1965 and any exemption that may be made from compliance with sub-section 107C(1) of the Companies Act, 1965; the Company shall be precluded from registering and affecting 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

14. OTHER STATUTORY AND GENERAL INFORMATION... cont'd

- (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 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.
- (2) For the avoidance of doubt, no company which fulfills the requirements of paragraphs (a) and (b) of section 293B(1) shall allow any transmission of securities from the Malaysian Register in to the Foreign Register.

Companies Act, 1965

The provisions within the Companies Act, 1965 on the transferability of securities and restrictions on their free transferability are as follows:-

. Section 103 (I)

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 in the company has been transmitted by operation of law.

Section 103 (IA)

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 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.

14. OTHER STATUTORY AND GENERAL INFORMATION... cont 'd

Section 107C (1)

On or after the coming into operation 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 affecting 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.

Rules of the MCD

The rules within the MCD on the transferability of securities and restrictions on their free transferability 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 reason stipulated under Rule 8.03 (1) (c).

Rule 8.054

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 the 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 FTFO 10 (request for ordinary transfer of securities form) or Form FTFO 15 (request for express transfer of securities form) fully and properly completed in triplicate;
- (b) the Transferring Depositor has executed the Transferor portion of 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 of securities arising from the provisions of any written law or an order of the court of competent jurisdiction;

14. OTHER STATUTORY AND GENERAL INFORMATION... *cont'd*

- (ii) rectification of errors;
 - (iii) pledge, charge or mortgage;
 - (iv) mandatory offer pursuant to the provisions of the Malaysian Code on Takeovers 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 the Procedures Manuals.

ii) Directors Remuneration

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

Article 70

The remuneration of the directors shall from time to time be determined by the Board. That remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel, and other expenses properly incurred by them in attending and returning from meeting of the directors or any committee of the directors or general meetings of the company or in connection with the business of the company.

Article 70A

Fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Article 70B

Fees payable to non-executive directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries payable to executive directors may not include a commission or percentage of turnover.

iii) Voting And Borrowing Powers Of Directors

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

Article 73

The business of the company shall be managed by the directors who may pay all expenses incurred in promoting and registering the company, and may exercise all such powers of the company as are not, by the Act or by these regulations, required to be exercised by the company in general meeting, subject, **nevertheless**, to any of these regulations, to the provisions of the Act, and to such regulations, being not inconsistent with the aforesaid regulation or provisions as may be prescribed by the company in general meeting; but no regulation made by the company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

Article 73A

Any sale or disposal by the directors of a substantial portion of the Company's main undertaking or property shall be subject to ratification by shareholders in general meeting.

Article 74

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 of any third party.

Article 74A

The directors shall not borrow any money or mortgage or charge any of the company or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Article 75

The directors may exercise all the powers of the company in relation to any official seal for use outside Malaysia and in relation to branch register.

Article 76

The directors may from time to time by power of attorney appoint any corporation, firm, or person or body of persons, whether nominated directly or indirectly by the directors, to be the attorney or attorneys of the company for such **purposes and** with such powers, authorities, and discretions (not exceeding those vested in or exercisable by the directors under these regulations) and for such **period and** subject to such conditions as they may think **fit**, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities, and discretions vested in him.

14. OTHER STATUTORY AND GENERAL INFORMATION... *cont 'd*

Article 79

The directors may meet together for the **despatch** of business adjourned and otherwise regulate their meetings as they think fit. A director may at any time and the secretary shall on the requisition of a director summons a meeting of the directors by giving them not less than seven days notice thereof unless such requirement is waived by them.

Article 80

Subject to these regulation, questions, 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 have a second or casting vote.

Article 81

A director shall not vote in respect of any contract or proposed contract with the company in which he has directly or indirectly a personal interest, or any matter arising thereout, and if he does so vote his vote shall not be counted.

iv) Changes in Capital and Variations of Class Rights

The provisions in the Company's Articles of Association as to changes in capital or variation of class rights, which are stringent as those provided in the Companies Act, 1965 are as follows:-

Article 6

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

- (a) the total nominal value of preference shares issued shall not exceed the total nominal value of the issued ordinary shares at any time;
- (b) the holders of preference shares shall have the same rights as the holders of ordinary shares as regards receiving notices, reports and accounts and attending general meetings of the Company but shall only 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 of the Company or where the proposition to be submitted to the meeting directly affects their rights and **privileges**, or when the dividend **on** such shares is in arrears for more than six(6) months; and

14. OTHER STATUTORY AND GENERAL INFORMATION... *cont'd*

- (c) the Company shall not unless with the consent of the existing preference shareholders at a class meeting or pursuant to Article 4 1 hereof issue further preference capital ranking in priority above preference shares already issued but may issue preference shares ranking equally therewith.

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

Article 38

The Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

Article 38A

Except so far as otherwise provided by the condition of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company: All new shares shall be subject to the provisions herein contained with reference to allotments, the payment of calls and installments, transmissions, forfeiture, lien or otherwise and shall also be subject to the Rules.

Article 39

The Company may by Ordinary Resolution:-

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its **existing** shares; or
- (b) Sub-divide its existing shares, or any of them into shares of smaller amount that is fixed by the Memorandum of Association subject, nevertheless, to the provisions of the Act, and so that as between the resulting shares, one or more of such shares may by the resolution by which such sub-division is effected be given any preference or advantage as regards dividend, capital, voting or otherwise **over** the others or any other of such shares; or
- (c) Cancel any shares not taken or agreed to be taken by any person.

Article 40

The Company may by Special Resolution reduce its share capital and any capital redemption reserve fund in any manner authorised and subject to any conditions prescribed by the Act.

Article 41

Subject to the provisions of section **65** of the Act, all or any of the rights, privileges or conditions for the time being attached or belonging to any class of shares for the time being forming part of the share capital of the Company may from time to time be modified affected, varied, extended or surrendered in any manner with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the members of that class.

To any such separate meeting all the provisions of these Articles as to General Meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be members of the class holding or representing by proxy one-third of the share capital paid or credited as paid on the issued shares of the class. and every holder of shares of the class in question shall be entitled on a poll to one vote for every such share held by him.

14.3 **Directors and Substantial Shareholders**

- i) The names, addresses and occupations of the Directors are set out in Section 2 of this Prospectus.
- ii) None of the Directors of the Company has any existing or proposed service contracts with the Company or its subsidiary companies. excluding contracts expiring or which are terminable by the employing company without payment or compensation (other than statutory compensation) within one(1) year.
- iii) Save as disclosed in Section **10**, no Director is interested in any contract or arrangement subsisting at the date of this Prospectus and which is significant **in** relation to the business **of the** Company and its subsidiary companies.
- iv) No Director, Senior Executive Officer or person nominated to become a Director or Senior Executive Officer of Ta Ann 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 was a partner or any corporation of which he was a Senior Executive Officer;
 - b) conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
 - c) the subject of any order, judgement or ruling of any court of competent jurisdiction 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.
- v) The aggregate remuneration and emoluments paid to the Directors of the Company for services rendered in all **capacities** to the Ta Ann Group in the last financial year ended 31 December 1998, on a collective basis, amounted to **RM905,309** and **RM655,109** respectively. For the current financial year ending 31 December 1999, the estimated amount payable to the Directors of the Company in the aforesaid capacities are **RM3.2** million and **RM3.0** million respectively.

14. OTHER STATUTORY AND GENERAL INFORMATION... *cont'd*

- vi) According to the Register of Directors' shareholdings as at 9 October 1999, the direct and indirect interests of the Directors in the Shares of the Company immediately before and after the IPO are as follows:-

	Before the IPO (No. of Shares held)				After the IPO (No. of Shares held)			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Datuk Abdul Hamed bin Haji Sepawi	11,877,385	14.5	¹ 27,044,846	33.0	⁵ 11,887,385	11.9	¹ 27,044,846	27.0
Wong Kuo Hea	2,850,352	3.5	² 29,613,287	36.1	⁵ 2,860,352	2.9	² 29,613,287	29.6
Sa'id bin Haji Dolah	-	-	³ 45,167,461	55.1	10,000	-	³ 45,167,461	45.2
Pui Chin Jang @ Pui Chin Yam	1,157,734	1.4	⁴ 27,186,006	33.2	⁵ 1,167,734	1.2	⁴ 27,186,006	27.2
Awang Bemeo bin Awang Ali. Basah	-	-	-	-	10,000	-	-	-
Datuk Abang Haji Abdul Karim bin Abang Haji Openg	-	-	-	-	10,000	-	-	-

Deemed interested by virtue of his interest in Mountex

- 2 *Deemed interested by virtue of his interest in Mountex and through his relatives*
- 3 *Deemed interested by virtue of his brother's own interest and also through his brother's interest in Mountex*
- 4 *Deemed interested by virtue of his interest in Mountex and his brother.*
- 5 *Including Shares from the pink forms allocation*

- vii) Based on the Register of Shareholders of Ta Ann as at 9 October 1999, the direct and indirect interest of the, substantial shareholders of the issued share capital of the Company before and after the IPO are as follows:-

	Before the IPO (No. of Shares held)				After the IPO (No. of Shares held)			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Datuk Wahab bin Haji Dolah	18,122,615	22.1	¹ 27,044,846	33.0	18,122,615	18.1	¹ 27,044,846	27.0
Datuk Abdul Hamed bin Sepawi	11,877,385	14.5	¹ 27,044,846	33.0	³ 11,887,385	11.9	¹ 27,044,846	27.0
Wong Kuo Hea	2,850,352	3.5	² 29,613,287	36.1	³ 2,860,352	2.9	² 29,613,287	29.6
Upaya Rajang ⁴	5,368,788	6.5	¹ 27,044,846	33.0	5,368,788	5.4	¹ 27,044,846	27.0
Ngui Ing Chuang	3,902,747	4.8	-	-	3,902,747	3.9	-	-
Raplex ⁴	2,440,313	3.0	-	-	2,440,313	2.4	-	-
Mountex ⁴	27,044,846	33.0	-	-	27,044,846	27.0	-	-

- 1 *Deemed interested by virtue of his/its interest in Mountex*
- 2 *Deemed interested by virtue of his interest in Mountex and through his relatives*
- 3 *Including Shares from the pink forms allocation*
- 4 *Details of the corporate shareholders are set out in the table below*

14. OTHER STATUTORY AND GENERAL INFORMATION...cont'd

Details of the corporate shareholders of Ta Ann are shown in the table below:-

Directors	Substantial Shareholders	Direct (%)	Indirect (%)	Principal activities
UPAYA RAJANG				
Ding Jack Ming	Transwill Sdn Bhd Datin Seri Lau Chui King	55.0 •	- ¹ 55.0	Investment in corporate securities
Ting Lina @ Ding Lina	Ting Sing Ning	-	² 55.0	
Wong Sin Kiong	Datuk Seri Ding Jack Sung Datin Seri Lau Chui King Ding Jack Ming & Son Sdn Bhd Ding Jack Ming	• • 45.0 •	³ 55.0 ⁴ 55.0 - ⁵ 45.0	
RAPLEX				
Tan Sri Datuk Amar Hj. Bujang Mohd. Nor	Sarawak Timber Industries Development Corporation Rassnorm Sdn Bhd	6.0 5.0	- -	Extraction and trading of logs
Pui Chin Jang @ Pui Chin Yam	Tan Sri Datuk Amar Haji Bujang bin Mohd Nor		⁶ 5.0	
Datuk Abdul Hamed bin Sepawi	Puan Sri Datin Amar Hajjah Lela binti Zawawi		⁷ 5.0	
Wong Kuok Kai	Norzan binti Datuk Haji Bujang	-	⁸ 5.0	
Sa'id bin Haji Dolah	Sabrina binti Datuk Haji Bujang Woodhead Sdn Bhd Upaya Rajang	• 57.0 •	⁹ 5.0 - 57.0	
Wong Kuo Hea (alternate director to Wong Kuok Kai)	Lau Hie Ping	•	¹⁰ 57.0	
Pui Chin Kim (alternate director to Pui Chin Jang @ Pui Chin Yam)	Lim Sin Foong		¹¹ 57.0	
Norzan binti Bujang (alternate director to Tan Sri Datuk Amar Haji Bujang Nor)	Ngui Ing Chuang Datuk Wahab bin Dolah Datuk Abdul Hamed bin Sepawi Chai Min Kian Wong Ung Tee Pu Shuh Ann Wong King Soon Wong Kuo Hea Tiong Sie Hee Mark Avenue Sdn Bhd Pui Chin Jang @ Pui Chin Yam	• • • • • • • • • • 32.0 •	¹² 57.0 ¹³ 57.0 ¹⁴ 57.0 ¹⁵ 57.0 ¹⁶ 57.0 ¹⁷ 57.0 ¹⁸ 57.0 ¹⁹ 57.0 ²⁰ 57.0 - ²¹ 32.0	
MOUNTEX				
Sa'id bin Haji Dolah Datuk Abdul Hamed bin Sepawi	Datuk Abdul Hamed Sepawi Datuk Wahab bin Dolah Upaya Rajang	30.9 24.4 16.2		Investment holding
Wong Kuo Hea	Wong Kuo Hea Tiong Sie Hee	14.6 6.4	²² 6.4	
Chai Min Kian	Chai Min Kian Pui Chin Jang @ Pui Chin Yam	4.0 3.5		
Ting Lina @ Ding Lina				
Pui Chin Jang @ Pui Chin Yam				

14. OTHER STATUTORY AND GENERAL INFORMATION...cont'd

Directors	Substantial Shareholders	Direct (%)	Indirect (%)	Principal activities
TRANSWILL SDN BHD				
Datuk Seri Ding Jack Sung	Datin Seri Lau Chui King	28.6		Investment in corporate securities
Ting Sing Ning	Ting Sing Ning	21.4		
Ting Sing Kee @ Keith Ding Sing Kee	Ting Li Feng @ Michelle Ding	14.3		
Ting Lina @ Ding Lina	Ting Lina @ Ding Lina	14.3		
Wong Sin Kiong	Remong Trading Sdn Bhd	21.4		
	Datuk Seri Ding Jack Sung		²³ 21.4	
	Ting Sing Kee @ Keith Ding Sing Kee		²⁴ 21.4	
WOODHEAD SDN BHD				
Wong Kuo Hea	Chai Min Kian	4.0		Timber trading and investment holding
Ting Lina @ Ding Lina	Chia Hon Thin	5.0		
Sa'id Bin Hj Dolah	Datuk Abdul Hamed bin Sepawi	2.5		
	Timber Glory Sdn Bhd	15.0		
	Lim Sin Foong		²⁵ 15.0	
	Lau Hie Ping		²⁶ 15.0	
	Chai Min Kian		²⁷ 15.0	
	Wong Ung Tee		²⁸ 15.0	
	Pu Shuh Ann		²⁹ 15.0	
	Wong King Soon		³⁰ 15.0	
	Wong Kuo Hea		³¹ 15.0	
	Tiong Sie Hee		³² 15.0	
	Upaya Rajang	24.0		
	Merbatu Sdn Bhd	25.0		
	Ngui Ing Chuang		"25.0	
	Wong Kuo Hea		"25.0	
	Tiong Sie Hee		³³ 25.0	
	WHS Holdings Sdn Bhd	24.5		
	Datuk Wahab Bin Hj Dolah		³⁶ 24.5	
	Datuk Abdul Hamed Bin Sepawi		"24.5	
MARK AVENUE SDN BHD				
Pui Chin Jang @ Pui Chin Yam	Pui Chin Jang @ Pui Chin Yam	7.5		investment holding
Pui Kian Sin	Pui Tin Soon	4.0		
	Sin Lee Sawmill Sdn Bhd	77.3		
DING JACK MING & SON SDN BHD				
Ding Jack Ming	Ding Jack Ming	69.5	³⁸ 30.5	Investment holding
Mark Mei San	Mark Mei San	10.0		
Adam Jackson Ding Sing Tung	Adam Jackson Ding Sing Tung	12.5		
	Vistoria Rose Ding Mee Kwai	8.0		

14. OTHER STATUTORY AND GENERAL INFORMATION...cont'd

Notes.

1. Deemed interested by virtue of her interest in Transwill Sdn Bhd, a company which has interest in **Upaya Rajang**
2. Deemed interested by virtue of his interest in Transwill Sdn Bhd, a company which has interest in **Upaya Rajang**
3. Deemed interested by virtue of his interest through Remong Trading Sdn Bhd in Transwill Sdn Bhd, a company which has interest in **Upaya Rajang**
4. Deemed interested by virtue of her interest through Remong Trading Sdn Bhd in Transwill Sdn Bhd, a company which has interest in **Upaya Rajang**
5. Deemed interested by virtue of his interest in Ding Jack **Ming** and Sons Sdn Bhd, a company which has interest in **Upaya Rajang**
6. Deemed interested by virtue of his interest in Rassnorm Sdn Bhd, a company which has interest in **Raplex**
7. Deemed interested by virtue of her interest in Rassnorm Sdn Bhd, a company which has interest in **Raplex**
8. Deemed interested by virtue of her interest in Rassnorm Sdn Bhd, a company which has interest in **Raplex**
9. Deemed interested by virtue of her interest in Rassnorm Sdn Bhd, a company which has interest in **Raplex**
10. Deemed interested by virtue of his interest through Timber Glory Sdn Bhd in **Woodhead Sdn Bhd**, a company which has interest in **Raplex**
11. Deemed interested by virtue of her interest through Timber **Glory** Sdn Bhd in **Woodhead Sdn Bhd**, a company which has interest in **Raplex**
12. Deemed interested by virtue of his interest through Merbatu Sdn Bhd in **Woodhead Sdn Bhd**, a company which has interest in **Raplex**
13. Deemed interested by virtue of his interest through WHS Holdings Sdn Bhd in **Woodhead Sdn Bhd**, a company which has interest in **Raplex**
14. Deemed interested by virtue of his interest through WHS Holdings Sdn Bhd in **Woodhead Sdn Bhd**, a company which has interest in **Raplex**
15. Deemed interested by virtue of his interest in **Kian Kuo Enterprise Sdn Bhd**, a company which has interest through Timber **Glory Sdn Bhd** and **Woodhead Sdn Bhd** in **Raplex**
16. Deemed interested by virtue of his interest in **Kian Kuo Enterprise Sdn Bhd**, a company which has interest through Timber **Glory Sdn Bhd** and **Woodhead Sdn Bhd** in **Raplex**
17. Deemed interested by virtue of his interest in **Kian Kuo Enterprise Sdn Bhd**, a company which has interest through Timber **Glory Sdn Bhd** and **Woodhead Sdn Bhd** in **Raplex**
18. Deemed interested by virtue of his interest in **Kian Kuo Enterprise Sdn Bhd**, a company which has interest through Timber **Glory Sdn Bhd** and **Woodhead Sdn Bhd** in **Raplex**
19. Deemed interested by virtue of his family and his own interest in **Goldmakers Sdn Bhd**, a company which has interest through **Merbatu Sdn Bhd** and **Woodhead Sdn Bhd** in **Raplex**
20. Deemed interested by virtue of her family and her own interest in **Goldmakers Sdn Bhd**, a company which has interest through **Merbatu Sdn Bhd** and **Woodhead Sdn Bhd** in **Raplex**
21. Deemed interested by virtue of the collective interest (>15%) of his family members and his own in **Sin Lee Sawmill Sdn Bhd**, a company which has interest through **Mark Avenue Sdn Bhd** in **Raplex**
22. Deemed interested by virtue of his relationship with **Tiong Sie Hee**, who is his wife.
23. Deemed interested by virtue of her interest in **Remong Trading Sdn Bhd**, a company which has interest in **Transwill Sdn Bhd**.
24. Deemed interested by virtue of **his interest** in **Remong Trading Sdn Bhd**, a company which has interest in **Transwill Sdn Bhd**.

14. OTHER STATUTORY AND GENERAL INFORMATION...cont'd

25. Deemed interested by virtue of her interest in Timber Glory **Sdn Bhd**, a company which has interest in **Woodhead Sdn Bhd**.
26. Deemed interested by virtue of his interest in Timber Glory **Sdn Bhd**, a company which has interest in **Woodhead Sdn Bhd**.
27. Deemed interested by virtue of his interest through **Kian Kuo Enterprise Sdn Bhd**, in Timber **Glory Sdn Bhd**, a company which has interest in **Woodhead Sdn Bhd**.
28. Deemed interested by virtue of his interest through **Kian Kuo Enterprise Sdn Bhd**, in Timber **Glory Sdn Bhd**, a company which has interest in **Woodhead Sdn Bhd**.
29. Deemed interested by virtue of her interest through **Kian Kuo Enterprise Sdn Bhd**, in Timber **Glory Sdn Bhd**, a company which has interest in **Woodhead Sdn Bhd**.
30. Deemed interested by virtue of his interest through **Kian Kuo Enterprise Sdn Bhd**, in Timber **Glory Sdn Bhd**, a company which has interest in **Woodhead Sdn Bhd**.
31. Deemed interested by virtue of his own and his family's interest in **Goldmakers Sdn Bhd**, a company which has interest through **Kian Kuo Enterprise Sdn Bhd** and **Timber Glory Sdn Bhd** in **Woodhead Sdn Bhd**.
32. Deemed interested by virtue of her own and her family's interest in **Goldmakers Sdn Bhd**, a company which has interest through **Kian Kuo Enterprise Sdn Bhd** and **Timber Glory Sdn Bhd** in **Woodhead Sdn Bhd**.
33. Deemed interested by virtue of his interest in **Merbatu Sdn Bhd**, a company which has interest in **Woodhead Sdn Bhd**.
34. Deemed interested by virtue of his own and his family's interest through **Goldmakers Sdn Bhd** in **Merbatu Sdn Bhd**, a company which has interest in **Woodhead Sdn Bhd**.
35. Deemed interested by virtue of her own and her family's interest through **Goldmakers Sdn Bhd** in **Merbatu Sdn Bhd**, a company which has interest in **Woodhead Sdn Bhd**.
36. Deemed interested by virtue of his interest in **WHS Holdings Sdn Bhd**, a company which has interest in **Woodhead Sdn Bhd**.
37. Deemed interested by virtue of his interest in **WHS Holdings Sdn Bhd**, a company which has interest in **Woodhead Sdn Bhd**.
38. Deemed interested by virtue of his family's interest in **Ding Jack Ming & Son Sdn Bhd**

- viii) Save as disclosed in Section 10, no Directors has any interest, direct or indirect in the promotion of or in any assets which have, within the two preceding years of the date of the Prospectus, been acquired or proposed to be acquired or disposed or proposed to be disposed of by or leased or proposed to be leased to the Company or any of its subsidiaries, or any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Ta Ann Group taken as a whole.

14. OTHER STATUTORY AND GENERAL INFORMATION...cont'd

- ix) Save as disclosed below, no other Directors or substantial shareholders of the Company has any interest, direct or indirect, in any business carrying on a similar trade as the Company and its subsidiaries and which is not quoted on a recognised stock exchange.

Name of company in similar trade	Nature of business	Directors	Directors/substantial shareholders of Ta Ann deemed interested	Equity interest held	
				Direct (%)	Indirect (%)
Zedtee Sdn Bhd	Extraction and logging of timber logs	Ngui Ing Chuang	Ngui Ing Chuang		¹ 1500
Talented Foresight Sdn Bhd	Timber extraction and logging		Pui Chin Jang @ Pui Chin Yam		² 50.00
Borlin Sdn Bhd	Extracting and trading of timber logs	Datuk Abdul Hamed bin Sepawi Wong Kuo Hea	Datuk Abdul Hamed bin Sepawi Wong Kuo Hea	1900 25.00	
All Key Enterprise Sdn Bhd	Logging contract works	Wong Kuo Hea Chai Min Kian	Wong Kuo Hea Chai Min Kian Ngui Ing Chuang	17.80 4.00	³ 38.50
Mamingo Sdn Bhd	Logging contract works	Chai Min Kian Sa'id bin Haji Dolah	Wong Kuo Hea Datuk Wahab bin Haji Dolah Sa'id bin Haji Dolah	50.00	⁴ 50.00 ⁴ 50.00
Chip Foh Sawmill Co Sdn Bhd	Logging contractor, sawmilling and trading	Pui Chin Jang @ Pui Chin Yam	Pui Chin Jang @ Pui Chin Yam	4.00	⁴ 4.00
Timbaru Sdn Bhd	Timber contractor	Datuk Wahab bin Haji Dolah	Datuk Wahab bin Haji Dolah Sa'id bin Haji Dolah	99.90	⁴ 99.90
Rawood Sdn Bhd	Timber contractor	Chai Min Kian	Wong Kuo Hea Chai Min Kian Ngui Ing Chuang Upaya Rajang	13.00 - 25.00	⁶ 52.0 ³ 0.00 ⁸ 22.00
Ironwall Sdn Bhd	Timber logging contractor	Chai Min Kian	Wong Kuo Hea Pui Chin Jang @ Pui Chin Yam Chai Min Kian	- 10.0	⁹ 35.00 ⁴ 42.00
Ravenscourt Sdn Bhd	Logging and marketing of timber, cocoa plantation and sawmilling operation	Datuk Abdul Hamed bin Sepawi	Datuk Abdul Hamed bin Sepawi	24.20	
Kion Ling Timber Based Industries Bhd	Sawn-tilling, manufacturing and trading of laminated timbers	Ngui Ing Chuang	Ngui Ing Chuang	-	¹¹ 15.00
Sin Lee Sawmill Sdn Bhd	Sawmilling and logging	Pui Chin Jang @ Pui Chin Yam	Pui Chin Jang @ Pui Chin Yam	2.50	¹² 25.0
Zedtee Plywood Sdn Bhd	Concession owner and plywood manufacturing	Ngui Ing Chuang	Ngui Ing Chuang		¹³ 15.00
Zumida	Licencee of a planted forest	Datuk Abdul Hamed bin Sepawi Wong Kuo Hea Chai Min Kian	Datuk Wahab bin Haji Dolah Datuk Abdul Hamed bin Sepawi Wong Kuo Hea Chai Min Kian Sa'id bin Haji Dolah	5.00 2.50	¹⁴ 35.00 ¹⁵ 70.00 ¹⁶ 45.00 ¹⁴ 10.00 ¹³ 35.00

14. OTHER STATUTORY AND GENERAL INFORMATION...cont'd

Name of company in similar trade	Nature of business	Directors	Directors/substantial shareholders of Ta Ann deemed interested	Equity interest held
Woodhead Sdn Bhd	Timber trading and investment holding	Wong Kuo Hea Ss'id bin Haji Dolah	Datuk Wahab bin Haji Dolah Datuk Abdul Hamed bin Sepawi Wong Kuo Hea Chai Min Kian Ngui Ing Chuang Upaya Rajang Sa'id bin Haji Dolah	18 24.5 25 19 24.5 20 40.0 4.0 21 15.0 22 25.0 24.0 a 24.5
Growin Sdn Bhd	Trading of timber logs and sawn timber	Chai Min Kian	Wong Kuo Hea	- 23 99.90
Sumilinsa Sdn Bhd	Sales of timber logs and sawn timber		Datuk Abdul Hamed bin Sepawi Wong Kuo Hea	20.00 24 100
Enderl in Sdn Bhd	Timber merchant	Pui Chin Jang @ Pui Chin Yam	Pui Chin Jang @ Pui Chin Yam	- 25 50.00
Wasawood Sdn Bhd	Timber marketing	Datuk Wahab bin Haji Dolah	Datuk Wahab bin Haji Dolah Sa'id bin Haji Dolah	60 00 26 10.00 - " 70.00

Notes:

- @ Deemed interested by virtue of his relationship with Datuk Wahab bin Haji Dolah, who is his brother
- Deemed interested by virtue of his interest in Dalcan Holdings Sdn Bhd, a company which has interest in Zedtee Sdn Bhd.
- Deemed interested by virtue of his and his family's interest in Sin Lee Sawmill Sdn Bhd, a company which has interest in Talented Foresight Sdn Bhd.
 - Deemed interested by virtue of his and his family's interest in Goldmakers Sdn Bhd, a company which has interest in All Key Enterprise Sdn Bhd; and also by virtue of his brothers' interest in All Key Enterprise Sdn Bhd.
 - Deemed interested by virtue of his and his family's interest in Goldmakers Sdn Bhd, a company which has interest in Mamingo Sdn Bhd.
 - Deemed interested by virtue of his brothers' interest in Chip Foh Sawmill Sdn Bhd
 - Deemed interested by virtue of his and his family's interest in Merbatu Sdn Bhd and Timber Glory Sdn Bhd, both companies which have interest in Rawood Sdn Bhd.
 - Deemed interested by virtue of his interest in Timber Glory Sdn Bhd, a company which has interest in Rawood Sdn Bhd.
 - Deemed interested by virtue of his interest in Merbatu Sdn Bhd, a company which has direct interest in Rawood Sdn Bhd.
 - Deemed interested by virtue of his and his family's interest in Goldmakers Sdn Bhd, a company which has interest in Ironwall Sdn Bhd; and also by virtue of his brothers' and brother-in-law's interest in Ironwall Sdn Bhd.
 - Deemed interested by virtue of his and his family's interest in Sin Lee Sawmill Sdn Bhd, a company which has interest in Ironwall Sdn Bhd; and also by virtue of his family's interest in Ironwall Sdn Bhd.
 - Deemed interested by virtue of his interest in Marcourt Co. Ltd., a company which has interest in Kion Ling Timber Industries Bhd.
 - Deemed interested by virtue of his and his family's interest in Sin Lee Sawmill Sdn Bhd.
 - Deemed interested by virtue of his interest in Dalcan Holdings Sdn Bhd, a company which has interest in Zedtee Plywood Sdn Bhd.

14. OTHER STATUTORY AND GENERAL INFORMATION...cont'd

14. *Deemed interested by virtue of his interest in WHK Enterprise Sdn Bhd, a company which has interest in Zumida*
 15. *Deemed interested by virtue of his interest in WHK Enterprise Sdn Bhd and Custodev Sdn Bhd, both companies which have interest in Zumida.*
 16. *Deemed interested by virtue of his, his family's and brother-in-law's interest in WHK Enterprise Sdn Bhd and Ecobay Sdn Bhd, both companies which have interest in Zumida*
 17. *Deemed interested by virtue of his and his family's interest in Ecobay Sdn Bhd, a company which has interest in Zumida*
 18. *Deemed interested by virtue of his interest in WHS Holdings Sdn Bhd, a company which has interest in Woodhead Sdn Bhd.*
 19. *Deemed interested by virtue of his interest in WHS Holdings Sdn Bhd, a company which has interest in Woodhead Sdn Bhd.*
 20. *Deemed interested by virtue of his and his family's interest in Merbatu Sdn Bhd and Timber Glory Sdn Bhd, both companies which have interest in Woodhead Sdn Bhd.*
 21. *Deemed interested by virtue of his interest in Timber Glory Sdn Bhd, a company which has interest in Woodhead Sdn Bhd.*
 22. *Deemed interested by virtue of his interest in Merbatu Sdn Bhd, a company which has interest in Woodhead Sdn Bhd.*
 23. *Deemed interested by virtue of his and his family's interest in Oakpark Sdn Bhd, a company which has interest in Growin Sdn Bhd.*
 24. *Deemed interested by virtue of his family's interest in Sumilinsa Sdn Bhd*
 25. *Deemed interested by virtue of his, his son's and his brothers' interest in Sin Lee Sawmill Sdn Bhd, a company which has interest in Enderlin Sdn Bhd.*
 26. *Deemed interested by virtue of his brother's interest in Wasawood Sdn Bhd.*
- x) No Director or expert has any interest in the promotion of the IPO.

14.4 General

- i) The nature of the Ta Ann Group's business is described in Section 6.3 of this Prospectus. The details of the corporations deemed to be related to Ta Ann by virtue of Section 6 of the Companies Act, 1965 are set out in Section 6 of this Prospectus.
- ii) The last day and time of the opening of the Application Lists is set out in Section 15 of this Prospectus.
- iii) The amount payable in full on application is RM3.30 per Share.
- iv) Save for the IPO Shares, no Shares or debentures of the Company or its subsidiaries have been issued or is proposed to be issued as partly or fully paid-up for cash or otherwise than for cash within the two preceding years of the date of this Prospectus.
- v) As at the date of this Prospectus, neither the Company nor its subsidiaries have any convertible debt securities.

14. OTHER STATUTORY AND GENERAL INFORMATION...cont'd

- vi) As at the date of this Prospectus, other than the 4,345,000 Shares reserved for eligible Directors, employees and persons who have contributed to the success of the Ta Ann Group, no person has been or is entitled to be given any option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries. Further, no option for any securities of the Company or its subsidiaries has been granted to or exercised by any Director.
- vii) Underwriting commission is payable by the Company at 1.00% of the IPO price of RM3.30 per share for the Shares allocated to the Directors, employees and suppliers and persons who have contributed to the success of the Ta Ann Group and 1.75% of the IPO price of RM3.30 per share for Shares to be made available for subscription by the Malaysian public.
- A placement fee of 1.00% of the IPO price of RM3.30 per Share is payable to the Placement Manager in respect of 1,500,000 Placement Shares and 1.75% of the IPO price of RM3.30 per Share in respect of any subsequent TAH Shares successfully placed out.
- Brokerage** at the rate of 1% of the issue price of RM3.30 per Share is payable by the Company in respect of successful applications bearing the stamp of Arab-Malaysian, member companies of the KLSE, members of the Association of Merchant Banks in Malaysia, members of the Association of Banks in Malaysia or MIH.
- Expenses incidental to the listing and quotation of the entire issued and paid-up share capital of the Company on the KLSE amounting to approximately RM3,500,000 will be borne by the Company.
- viii) Save for item (vii) above, no commission, discount, brokerage or other special terms have been paid, granted or is payable by the Company within the two(2) years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company or its subsidiaries and in connection with the issue or sale of any capital of the Company or its subsidiaries and no Director, proposed Director, promoter or expert is or are entitled to receive any such payment.
- ix) 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.
- x) The name and address of the Auditors is set out in Section 2 of this Prospectus.
- xi) The Group has not established a place of business outside Malaysia.
- xii) Save as disclosed in Section 5.5 of this Prospectus, no property has been acquired or is proposed to be acquired by the Company or its subsidiaries in contemplation of the IPO.
- xiii) Save for the 4,345,000 Shares reserved for employees, Directors and persons who have contributed to the success of the Ta Ann Group pursuant to this Prospectus, there are at present no other schemes involving the staff in the capital of the Company or its subsidiaries as at the date of this Prospectus.
- xiv) Save as disclosed in this Prospectus, the Directors of the Company are not aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company or its subsidiaries.

14. OTHER STATUTORY AND GENERAL INFORMATION...cont'd

- xv) Save as disclosed in this Prospectus, the financial conditions and operations of Ta Ann and its subsidiaries are not affected by any of the following:-
- a) known trends or known demands, commitments, events or uncertainties that will result or that are reasonably likely to result in Ta Ann Group's liquidity increasing or decreasing in any material way;
 - b) unusual or infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from operations;
 - c) known trends or uncertainties that have had or that Ta Ann Group reasonably expects will have a material favourable or unfavourable impact on the revenue or operating income; and
 - d) material commitment for capital expenditure.
- xvi) The Ta Ann Group has no outstanding loan capital, outstanding or, created but unissued mortgages or charges.
- xvii) The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set out in Section 15 of this Prospectus.

14.5 **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 within the two(2) years preceding the date of this prospectus:-

- i) Underwriting Agreement dated 23 September, 1999 between Ta Ann and the Underwriters for the underwriting of **8,025,000** Shares in Ta Ann. The underwriting commission is at 1.00% for the **4,345,000** Shares allocated to the Directors, employees and suppliers and persons who have contributed to the success of the Ta Ann Group and 1.75% for the **3,065,000** Shares to be made available for subscription by the Malaysian public.
- ii) Placement Agreement dated 23 September 1999 between Ta Ann and the Placement Manager for the placement of 1 0,000,000 Shares in Ta Ann. A placement fee of 1% is payable in respect of **1,500,000** Placement Shares and 1.75% in respect of subsequent Placement Shares successfully placed out.
- iii) Conditional Sale and Purchase Agreement dated 1 October 1999 entered into between Ta Ann and **Questate** as described in Section 6.2 for the acquisition of 49% the issued and paid-up capital of TAP for a total cash consideration of **RM28,806,042**. The acquisition was completed on 1 October 1999.
- iv) Conditional Sale and Purchase Agreement dated 1 October 1999 entered into between Ta Ann and **Pasin** as described in Section 6.2 for the acquisition of 3.93% of the issued and paid-up capital of TAP for a total cash consideration of **RM2,309,522**. The acquisition was completed on 1 October 1999.
- v) Conditional Sale and Purchase Agreement dated 1 October 1999 entered into between Ta Ann and **Questate** as described in Section 6.2 for the acquisition of 30% of the issued and paid-up capital of LSS for a total cash consideration of **RM2,564,541**. The acquisition was completed on 1 October 1999.

14. OTHER STATUTORY AND GENERAL **INFORMATION**...cont'd

- vi) Conditional Sale and Purchase Agreement dated 1 October 1999 entered into between Ta Ann and **Pasin** described in Section 6.2 the acquisition of 35.70% of the issued and paid-up capital of LSS for a total cash consideration of RM3,051,808. The acquisition was completed on 1 October 1999.
- vii) Conditional Sale and Purchase Agreement dated 1 October 1999 entered into between Ta Ann and the vendors of TAP as described in Section 6.2 for the acquisition of 47.07% of issued and paid-up capital of TAP for a total consideration of RM27,672,271 satisfied by the issue and allotment of 20,497,979 new Ta Ann Shares at an issue price of RM1.35 per Share. The acquisition was completed on 1 October 1999.
- viii) Conditional Sale and Purchase Agreement dated 1 October 1999 entered into between Ta Ann and the vendors of LSS as described in Section 6.2 for the acquisition of 34.30% of the issued and paid-up capital of LSS for a total consideration of RM2,932,130 satisfied by the issue and allotment of 2,171,948 new Ta Ann Shares at an issue price of RM 1.35 per Share. The acquisition was completed on 1 October 1999.
- ix) Conditional Sale and Purchase Agreement dated 1 October 1999 entered into between Ta Ann and the vendors of Hariwood as described in Section 6.2 for the acquisition of the entire issued and paid-up capital of Hariwood for a total consideration of RM4,778,868 satisfied by the issue and allotment of 3,539,902 new Ta Ann Shares at an issue price of RM 1.35 per Share. The acquisition was completed on 1 October 1999.
- x) Conditional Sale and Purchase Agreement dated 1 October 1999 entered into between Ta Ann and the vendors of Woodley as described in Section 6.2 for the acquisition of the entire issued and paid-up capital of Woodley for a total consideration of RM5,978,458 satisfied by the issue and allotment of 4,428,486 new Ta Ann Shares at an issue price of RM1.35 per Share. The acquisition was completed on 1 October 1999.
- xi) Conditional Sale and Purchase Agreement dated 1 October 1999 entered into between Ta Ann and the vendors of **Questate** for the acquisition of the entire issued and paid-up capital of **Questate** for a total consideration of RM32,888,985 satisfied by the issue and allotment of 24,362,212 new Ta Ann Shares at an issue price of RM 1.35 per Share. The acquisition was completed on 1 October 1999.
- xii) Conditional Sale and Purchase Agreement dated 1 October 1999 entered into between Ta Ann and the vendors of **Pasin** for the acquisition of the entire issued and paid-up capital of **Pasin** for a total consideration of RM5,915,485 satisfied by the issue and allotment of 4,381,841 new Ta Ann Shares at an issue price of RM1.35 per Share. The acquisition was completed on 1 October 1999.

14.6 *Material Litigation*

Ta Ann and its subsidiaries are not engaged in any material litigation either as plaintiff or defendant and the Directors do not have knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the position or business or the Ta Ann Group.

14. OTHER STATUTORY AND GENERAL **INFORMATION...cont'd**

14.7 **Public Take-Overs**

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

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

14.8 **Contingent Liabilities**

As at the date of this Prospectus, the Company does not have any outstanding contingent liabilities.

14.9 **Consents**

- i) The consents of the Adviser and Managing Underwriter, Placement Manager, Underwriters, Solicitors, Principal Bankers, Registrars, Company Secretaries and Issuing House to the inclusion in this Prospectus of their names in the form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- ii) The consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report and their letters relating to the Consolidated Profit Forecasts and Proforma Consolidated Balance Sheets in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn: and
- iii) The consent of the Valuers to the inclusion in this Prospectus of their name and their letter in the manner and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

14.10 **Documents for Inspection**

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

- i) Memorandum and Articles of Association of the Company and its subsidiaries;
- ii) Directors' Report and Accountants' Report as included herein;
- iii) Auditors' Letters relating to the Consolidated Profit Forecasts and Proforma Consolidated Balance Sheets as included herein;
- iv) Valuers' letter on the properties;
- v) Valuation reports for the properties;
- vi) Audited accounts of TAP for the two(2) financial years ended 30 September 1995, **fifteen(15)** months ended 31 December 1996, two(2) financial years ended 31 December **1998** and **six(6)** months period ended 30 June 1999;

14. OTHER STATUTORY AND GENERAL INFORMATION...cont'd

- vii) Audited accounts of LSS for the **five(5)** financial years ended 31 December 1998 and six(6) months period ended 30 June 1999;
- viii) Audited accounts of Hariwood for the two(2) financial years ended 31 March 1996, nine(9) months period ended 31 December 1996, two(2) financial years ended 31 December 1998 and six(6) months period ended 30 June 1999;
- ix) Audited accounts of Woodley for the past two(2) financial years ended 30 June 1996, six(6) month period ended 31 December 1996, two(2) financial years ended 31 December 1998 and six(6) months period ended 30 June 1999;
- x) Audited accounts of **Questate** for the **five(5)** financial years ended 31 December 1998 and six(6) months period ended 30 June 1999;
- xi) Audited accounts of **Pasin** for the past **five(5)** financial years ended 31 December 1998 and six(6) months period ended 30 June 1999;
- xii) The material contracts referred to under Section 14.5 of this Prospectus;
- xiii) The letters of consent referred to under Section 14.9 of this Prospectus;
- xiv) Log supply agreement between THSB and TAP dated 28 June 1999;
- xv) Log supply agreement between Raplex and TAP dated 28 June 1999;
- xvi) Log supply agreement between Zumida and TAP dated 2 May 1997;
- xvii) Log supply agreement between Mitsumoku Sdn Bhd and TAP dated 2 May 1997;
- xviii) Log supply agreement between Brilliant Wood and TAP dated 2 May 1997; and
- xix) Log extraction agreement between Kintameru Sdn Bhd and Woodley dated 1 July 1997.

14.II Responsibility

- i) Arab-Malaysian acknowledges that, to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts about the IPO and the Ta Ann Group, and is satisfied that the consolidated profit forecasts (for which the Directors of the Company are solely responsible) have been stated by the Directors of the Company after due and careful inquiry; and
- ii) This Prospectus has been seen and approved by the Directors of the Company 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 material facts the omission of which would make any statement herein misleading.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

15.1 Opening and Closing of Application Lists

The Application Lists for the IPO will open at 10.00 am on **28** October 1999 and will remain open until 8.00 p.m. on the same day or for such further period or periods as the Directors of Ta Ann in their absolute discretion may decide.

15.2 General Conditions for Application

The Applications shall be made in connection with and subject to the terms of this Prospectus and the Memorandum of Articles and Association of the Company.

(i) Application by Eligible Employees of Ta Ann Group

Applications for the 4,345,000 Shares reserved for Directors and eligible employees of the Ta Ann Group must be made only on the special Pink Application Forms provided and NOT on any other Application form or by way of Electronic Share Application through a Participating Financial Institution's ATM.

(ii) Application by the Malaysian Public

Applications for the 3,680,000 Shares made available for applications by the Malaysian investing public must be made on the White Application Forms provided or by way of Electronic Share Application through a Participating Financial Institution's ATM.

Directors and employees of **MIH** and their immediate family are strictly prohibited from applying for the Public Shares.

Application for the Public Shares must be made on the respective 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 Form or by way of Electronic Share Application through a Participating Financial Institution's ATM. In accordance with **Section 37(1)** of the Companies Act, 1965, the Application Form together with the Notes and Instructions printed therein shall constitute an integral part of this Prospectus. Applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or Notes and Instructions printed therein or which are illegible **will** not be accepted.

Only one(1) Application can be made by each applicant. Multiple applications will not be accepted. Each Application must be for 1,000 shares or multiples thereof. The amount payable in full on application is RM3.30 per share. Persons submitting applications by way of Application Forms may not submit applications by way of Electronic Share Applications and vice versa. A corporation or institution cannot apply for shares by way of Electronic Share Application..

Each completed Application Forms must be **despatched** by ORDINARY POST in the official envelopes provided, to the Issuing House at the following **address:-**

Malaysian Issuing House Sdn Bhd
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50 100 Kuala Lumpur

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE... *cont'd*

or DELIVERED BY HAND AND DEPOSITED in the Drop-in Boxes provided at the back portion of Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur, so as to arrive not later than 8.00 pm on 28 **October 1999.**

Applications may also be delivered in a drive-in manner at Stadium Hoki Tun Razak, Jalan Duta, Kuala Lumpur on 28 October 1999, between 8.30 am to 8.00 pm only.

IN THE CASE OF AN INDIVIDUAL APPLICANT OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME, NATIONAL REGISTRATION IDENTITY CARD NUMBER AND ADDRESS OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN:-

- (a) (i) THE APPLICANT'S IDENTITY CARD;
 - (ii) CHANGE OF ADDRESS CARD OR "RESIT PENUKARAN KAD PENGENALAN (JPN 1/22)"; OR
 - (iii) THE APPLICANT'S RESIT PENGENALAN SEMENTARA (JPN 1/9) ISSUED PURSUANT TO PERATURAN 5(5) PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND
- (b) THE RECORDS OF MCD.

WHERE THE APPLICANT IS A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME, AND THE ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN HIS AUTHORITY CARD AND THE ADDRESS OF THE APPLICANT MUST BE THE ADDRESS OF THE APPLICANT'S RESPECTIVE CAMP/BASE/STATION.

IN THE CASE OF A CORPORATE/INSTITUTIONAL APPLICANT, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS THE APPLICANT'S CERTIFICATE OF INCORPORATION AND THE ADDRESS MUST BE EXACTLY THE SAME AS THE REGISTERED ADDRESS.

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

15.3 Applications and Acceptances

The Directors of Ta Ann 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 DOES NOT NECESSARILY MEAN THAT THE APPLICATION WILL BE SUCCESSFUL.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE. . . cont'd

In the event of over-subscription, acceptance of applications will be subject to ballot to be conducted in the manner as approved by the Directors. Due consideration will be given to the desirability of distributing the Public Shares to a reasonable number of applicants with a view to broadening the shareholding base of the Company and to establish an adequate market in the Shares of the Company. Acceptance of application will be made, in a manner so as to comply with the SC's shareholding spread requirements that at least 25% of the issued and paid-up capital is in the hands of public shareholders and a minimum number of 1,250 public shareholders holding not less than 1,000 shares each.

Applicants will be selected in a manner to be determined by the Directors of Ta Ann. In the event the shareholding spread is not met, the Company may not be allowed to proceed with its listing.

In the event of an under-subscription by the Malaysian public, the Public Shares not applied for will be made available for subscription by the Underwriters in proportions stipulated in the Underwriting Agreement dated 23 September 1999. Any shares not subscribed by the eligible employees and Directors of the Ta Ann Group will be made available for application by the Malaysian public.

WHERE AN APPLICATION IS REJECTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE RETURNED 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 APPLICANTSOWN RISK.

THE ISSUING HOUSE RESERVES THE RIGHT TO BANK IN ALL MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICATIONS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTERA APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN TWENTY-ONE(2.1) 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 APPLICANTSOWN RISK.

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

15.4 CDS Accounts

Pursuant to Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in the Public Shares will be by book entries through CDS Accounts. No share certificates will be issued to successful applicants. A list of ADA codes is set out in Section 15.7 of this Prospectus.

In the case of an application by way of an Application Form, an applicant should state his CDS Account number in the space provided on the Application Form if he presently has such an account. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code in the space provided. Where an applicant already has a CDS Account he should not complete the preferred ADA Code.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

If a successful applicant fails to state either his CDS Account number or his 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 successful applicant into the successful applicant's CDS Account.

In the case of an application by way of Electronic Share Application, only an applicant who has a CDS Account can make an Electronic Share Application and the applicant shall furnish his CDS Account Number to the Participating Financial Institution or by way of keying in his CDS Account Number if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so.

Failure to comply with these specific 'instructions as the Electronic Share Application requires 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 or inaccurate application. Applications may also be rejected if the applicant's particulars provided in their Application Forms, or in the case of Electronic Share Applications, if the records of the Participating Financial Institutions at the time of making the Electronic Share Applications differ from those in MCD's records, such as the identity card number, names and nationalities.

z5.5 *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** to the successful applicants to their addresses shown in the Application Form at the applicant's own risk within thirty (30) days after the final ballot of the application. This is the only acknowledgement of acceptance of the application.

15.6 *Formalising of CDS Accounts*

Successful applicants whose CDS Accounts have been opened by MCD at 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 accounts has been formally opened.

15.7 *List of ADA*

A list of the ADA (Broker) Codes is as follows:-

Name	Address and Telephone Number	Broker Code
<u>KUALA LUMPUR</u>		
AFFIN-UOB SECURITIES SDN BHD	Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55 100 Kuala Lumpur Tel No: 03-2438668	028-001
ARAB-MALAYSIAN SECURITIES SDN BHD	15th Floor, Bangunan Arab-Malaysian 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2382788	086-001

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE... *cont'd*

Name	Address and Telephone Number	Broker Code
BBMB SECURITIES SDN BHD	Level 2 and 3, 4, 17 Letter Box No. 2. Menara Olympia 8 Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2088800	099-00 I
BIMB SECURITIES SDN BHD	1st and 2nd Floor, Podium Block Bangunan AMDB I, Jalan Lumut 50350 Kuala Lumpur Tel No: 03-4433533	024-00 I
FIMA SECURITIES SDN BHD	Level I and 2. Block G (Central) Pusat Bandar Damansara 50490 Kuala Lumpur Tel No: 03-2549966	018-001
CIMB SECURITIES SDN BHD	9th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel No: 03-2532288	065-001
HLG SECURITIES SDN BHD	21st Floor, Wisma HLA Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2452998	066-00 I
INTER-PACIFIC SECURITIES SDN BHD	Level 7, Menara Shahzan Insas 30. Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-244 1888	054-00 I
JUPITER SECURITIES SDN BHD	7th-9th Floor, Menara Olympia 8 Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-204 1888	055-00 I
K & N KENANGA BERHAD	8th Floor, Pemas International Building 801, Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-26 13066	073-00 I
KUALA LUMPUR CITY SECURITIES SDN BHD	3.07, Level 3. Bangunan Angkasaraya Jalan Ampang 50450 Kuala Lumpur Tel No: 03-2449322	076-00 I
LEONG & COMPANY SDN BHD	Level 18 , Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur P O Box 10943 50730 Kuala Lumpur Tel No: 03-2928888	061-001
MAYBAN SECURITIES SENDIRIAN BERHAD	30th Floor, Menara Maybank 100 , Jalan Tun Perak 50050 Kuala Lumpur Tel No: 03-2323822	098-00 I

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

Name	Address and Telephone Number	Broker Code
MGİ SECURITIES SDN BHD	1st and 2nd Floor. Wisma MGIC 38, Jalan Dang Wangi 50 100 Kuala Lumpur Tel No: 03-29 11889	052-00 1
MIDF SISMA SECURITIES SDN BHD	17 and 18 Floor. Empire Tower 182. Jalan Tun Razak 50400 Kuala Lumpur Tel No: 03-2668888	026-001
OSK SECURITIES BERHAD	10th Floor. Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No: 03-2624388	056-00 1
PB SECURITIES SDN BHD	27th Floor. Bangunan Public Bank 6. Jalan Sultan Sulaiman 30000 Kuala Lumpur Tel No: 03-20 13011	051-001
PENKALEN SECURITIES SDN BHD	Ground Mezzanine and 1st Floor Menara Pengkalen <i>(formerly known as Il'isma Pekerti)</i> No. 2. Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No: 03-2448055	06-t-00 1
RASHID HUSSAIN SECURITIES SDN BHD	Level 1, 2, 3 and 5 , Tower One RHB Centre. Jalan Tun Razak 50400 Kuala Lumpur Tel No: 03-9852233	087-00 1
KAF SEAGROATT & CAMPBELL SECURITIES SDN BHD	26th -30th Floor. The Weld Tower 76. Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-208 1600	053-00 1
SIME SECURITIES SDN BHD	2 1st Floor. Bangunan Sime Bank Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No: 03-2749288	097-00 1
TA SECURITIES BERHAD	TA One Tower 22 . Jalan P.Ramlee 50250 Kuala Lumpur Tel No: 03-232 1277	074-001
<u>SELANGORDARUL EHSAN</u>		
AMSTEEL SECURITIES (M) SDN BHD	No. 1, Lintang Pekan Baru (2, 3 and 4 th Floors). Off Jalan Meru . 4 1050Klang Selangor Darul Ehsan Tel No: 03-3439999	080-00 1
JF APEX SECURITIES BERHAD	3rd Floor. Wisma Apex 145A-C , Jalan Bukit P.O.Box 16 43007 Kajang . Selangor Darul Ehsan Tel No: 03-836 11 18	079-001

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

Name	Address and Telephone Number	Broker Code
MOHAIYANI SECURITIES SDN BHD	2nd and 3rd Floor, Plaza Damansara Utama No. 2 Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No: 03-7 197345	095-001
SJ SECURITIES SDN BHD	Level 3, Holiday Villa No. 9, Jalan SS 12/1, Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel No: 03-7340202/7340 101	096-001
HALIM SECURITIES SDN BHD	68, Jalan 52/6, New Town Centre P.O. Box 561 46770 Petaling Jaya Tel No. 03-7555777	091-001
HWANG-DBS SECURITIES BERHAD	18 th -20 th Floor, Plaza Masalam 2, Jalan Tengku Ampuan Zabedah E9/E, Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No. 03-5533288	068-002
<u>MELAKA</u>		
MALACCA SECURITIES SDN BHD	No. 1, 3 and 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang P O Box 248 75250 Melaka Tel No: 06-3371533	012-001
OCBC SECURITIES (MELAKA) SDN BHD	579, 579A and 579B, Taman Melaka Raya 75000 Melaka Tel No: 06-282521 1	072-001
STRAITS SECURITIES SDN BHD	Lot 9 and IO. 1st Floor Bangunan Tabong Haji Jalan Bandar Kaba P.O. Box 209 75740 Melaka Tel No: 06-2833622	011-001
<u>PERAK DARULRIDZUAN</u>		
BOTLY SECURITIES SDN BHD	1st Floor, Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel No: 05-253 13 13	058-001
KIN KHOON and CO SDN BHD	23 and 25 Wisma Kota Emas Jalan Dato' Tahwil Azhar P.O. Box 421 30910 Ipoh Tel No: 05-25433 1 1	017-001

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

Name	Address and Telephone Number	Broker Code
MBf NORTHERN SECURITIES SDN BHD	No. 7 I, Jalan Lim Bo Seng 30300 Ipoh Perak Darul Ridzuan Tel No: 05-2548999	067-00 I
M and A SECURITIES SDN BHD	M and A Building 52A. Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No: 05-24 19800	057-001
PHILEO ALLIED SECURITIES SDN BHD	62. Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2558233	071-001
SBB SECURITIES SDN BHD	51-53. Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2530888	090-001
TAIPING SECURITIES SDN BHD	21. Jalan Stesen 30400 Taiping Perak Darul Ridzuan Tel No: 05-8060888	092-00 I
PREMIER CAPITAL SECURITIES SDN BHD	Wisma Premier Capital 21-25. Jalan Seenivasagam 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2415 100	082-00 I
<u>PULAU PINANG</u>		
AA ANTHONY and COMPANY SDN BHD	No. 41-1-1 and 41-2-1 Jalan Cantonment 10250 Pulau Pinang Tel No: 04-22993 18	014-001
HWANG-DBS SECURITIES BERHAD	Level 2,3,4, 7 and 8. Wisma Sri Pinang 60. Green Hall 10200 Penang Tel No: 04-2636996	068-00 I
KE-ZAN SECURITIES SDN BHD	Wisma Ke-Zan 64. Bishop Street 10200 Pulau Pinang Tel No: 04-2634222	085-00 I
MERCURY SECURITIES SDN BHD	2nd Floor, Wisma UMNO Lorong BaganLuar Dua 12000 Butterworth Seberang Prai Pulau Pinang Tel No: 04-3322 123	093-00 I
SMITH ZAIN SECURITIES SDN BHD	7th and 8th Floors. PSCI Tower 39. Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2283355	016-001

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

Name	Address and Telephone Number	Broker Code
SOON THEAM SECURITIES SDN BHD	No. 11 I, Jalan Macalister 10400 Pulau Pinang Tel No: 04-228 1868	060-001
THONG and KAY HIAN SECURITIES SDN BHD (<i>formerly known as Thong KHJC Sdn Bhd</i>)	Level 5 and 6, Wisma Sri Pinang 60 Green Hall 10200 Pulau Pinang Tel No:04-2635481	070-001
UT SECURITIES SDN BHD	12th Floor, Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel No: 04-262375 1	059-001
<u>KEDAH DARUL AMAN</u>		
ALOR SETAR SECURITIES SDN BHD	Lot T-30, 2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Tel No: 04-73 18205	094-001
<u>PERLIS INDRA KAYANGAN</u>		
UPEN SECURITIES SDN BHD	2nd Floor, Podium Block Bangunan KWSP 0 1000 Kangar Perlis Indra Kayangan Tel No: 04-9765200	023-001
<u>NEGERI SEMBILAN DARUL KHUSUS</u>		
KIMARA EQUITIES SDN BHD	2nd, 9th and 10th Floor Bangunan Yayasan Negeri Sembilan Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7638888	084-001
MALPAC SECURITIES SDN BHD (<i>formerly known as Seremban Securities Sdn Bhd</i>)	1st, 2nd and 3rd Floors 19.20 and 21 Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7623 13 1	063-001
<u>JOHOR DARUL TAKZIM</u>		
ENG SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-223 12 11	081-001
JB SECURITIES SDN BHD	Level 6, 7 and 8, Menara Sarawak Enterprise No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No: 07-3332000/3332800	078-001

15. **PROCEDURE FOR APPLICATION AND ACCEPTANCE...** *cont'd*

Name	Address and Telephone Number	Broker Code
KESTREL SECURITIES SDN BHD	No. 57, 59 and 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No: 06-9532222	088-001
PENINSULA SECURITIES SDN BHD	Level 2, Menara Pelangi , Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-3333600	077-001
PJB PACIFIC SECURITIES SDN BHD	Podium 2A and 3, Menara Ansar 65 Jalan Trus 80000 Johor Bahru Johor Darul Takzim Tel No: 07-2222692	027-001
SOUTH JOHOR SECURITIES SDN BHD	3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No: 07-43 17033	069-001
<u>PAHANGDARULMAKMUR</u>		
WK SECURITIES SDN BHD	A-397, A-399 and A-JO 1 Taman Sri Kuantan III Jalan Berserah 23300 Kuantan Pahang Darul Makmur Tel No: 09-5660800	083-001
<u>KELANTAN DARUL NAIM</u>		
KOTA BHARU SECURITIES SDN BHD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No: 09-7433388	075-001
<u>TERENGGANU DARUL IMAN</u>		
FA SECURITIES SDN BHD	3rd Floor, Wisma UMNO Jalan Masjid Abidin 20100 Kuala Terengganu Terengganu Darul Iman Tel No: 09-6238128	021-001
PTB SECURITIES SDN BHD	Tingkat 1, 2 and 3 No. 61, Jalan Sultan Ismail Peti Surat 15 I Pejabat Pos Besar 20700 Kuala Terengganu Tel No: 09-6235546	025-001

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

Name	Address and Telephone Number	Broker Code
<u>SABAH</u>		
INNOSABAH SECURITIES SDN BHD	11, Equity House, Block K Sadong Jaya, Karamuning 88 100 Kota Kinabalu Sabah Tel No: 6088-234099	020-001
<u>SARAWAK</u>		
SARAWAK SECURITIES SDN BHD	Wisma Mahmud Jalan Sungai Sarawak 93 100 Kuching Sarawak Tel No: 082-338000	019-001
U-I-AMA SECURITIES SDN BHD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri, Sarawak Tel No: 085-435577	029-001

15.8 Terms and Conditions for Applications Using Application Forms

Applications by way of Application Forms shall be made on, and subject to, the terms and conditions appearing below:-

- (1) Application for the Shares must be made on the Application Form issued together with this Prospectus and must be completed in accordance with the Notes and Instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 37 (I) of the Companies Act 1965, the Application Form together with the Notes and Instructions printed therein, shall constitute an integral part of this Prospectus. Applications which do not STRICTLY conform to the terms of this Prospectus or Application Form or Notes and Instructions printed therein or which are illegible will not be accepted.
- (2) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCES IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY:-
 - (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) CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES IN MALAYSIA AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
 - (C) MONEY ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE... *cont'd*

(D) GUARANTEED GIRO ORDER (GGO) FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR

(E) ATM STATEMENT OBTAINED FROM:-

- ARAB-MALAYSIAN BANK BERHAD;
- ARAB-MALAYSIAN FINANCE BERHAD;
- ASIA COMMERCIAL FINANCE (M) BERHAD;
- BAN HIN LEE BANK BERHAD;
- BSN COMMERCIAL BANK (MALAYSIA) BERHAD;
- BANK OF COMMERCE (M) BERHAD;
- BANK UTAMA (MALAYSIA) BERHAD;
- CREDIT CORPORATION MALAYSIA BERHAD;
- EON BANK BERHAD;
- EON FINANCE BERHAD;
- HOCK HUA BANK BERHAD;
- HONG LEONG FINANCE CORPORATION BERHAD;
- HONG LEONG BANK BERHAD;
- INTERNATIONAL BANK MALAYSIA BERHAD (*formerly known as Hock Hua (Sabah) Berhad*);
- HOCK HUA CORPORATION FINANCE 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;
- **SABAHBANK** BERHAD;
- SIME BANK BERHAD;
- THE PACIFIC BANK BERHAD;OR
- UNITED MERCHANT FINANCE BERHAD;

AND MUST BE MADE OUT IN FAVOUR OF "MIH SHARE ISSUE ACCOUNT NO. 160" AND CROSSED "AK PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM). APPLICATIONS ACCOMPANIED BY ANY MODE OF PAYMENT OTHER THAN THOSE STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES WILL NOT BE ACCEPTED. DETAILS OF THE REMITTANCE MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

(3) AN APPLICANT SHOULD STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM IF HE PRESENTLY HAS SUCH AN ACCOUNT. WHERE AN APPLICANT **DOES** NOT PRESENTLY HAVE A CDS ACCOUNT, HE SHOULD STATE IN HIS APPLICATION FORM HIS PREFERRED ADA CODE.

15. **PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd**

- (4) THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM) MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER, CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES OR GUARANTEED GIRO ORDER (GGO) FROM BANK SIMPANAN NASIONAL.
- (5) The Directors of the Company reserve the right to require any successful applicant to appear in person at the registered office of MIH within **fourteen**(14) days of the date of the notice issued to him/her to ascertain the regularity or propriety of the application. The Directors of the Company shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (6) The Directors of the Company reserve the right to reject applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (7) The Directors of the Company reserve the right not to accept any application or accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
- (8) Where an application is not accepted, the full amount of the application monies, without interest, will be returned 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.
- (9) MIH reserves the right to bank in all application monies from unsuccessful Bumiputera applicants and partially-successful applicants, which would subsequently be refunded without interest by registered post.
- (10) PLEASE DIRECT ALL ENQUIRIES IN RESPECT 'OF THE FORM OF APPLICATION TO MIH.

15.9 ***Terms and Conditions for Electronic Share Applications***

The procedures for Electronic Share Applications at **ATMs** of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "**Steps**"). For illustration purposes, the procedures for Electronic Share Applications at **ATMs** are set out in "**Steps for Electronic Share Application through a Participating Financial Institution's ATM**" in Section 15.10 of this Prospectus. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and **conditions** for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to the "**applicant**" in the terms and conditions for Electronic Share Applications and the Steps shall mean the applicant who applies for shares through an ATM of any of the Participating Financial Institutions.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

In the case of Electronic Share Applications, only an applicant who is an individual with a CDS Account is eligible to utilise the facility.

The applicant must have an existing bank account with, and be an ATM cardholder of, one of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of the Participating Financial Institution. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of his Electronic Share Application transaction, the applicant will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by the Company or the Issuing House. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

Upon the closing of the offer for the application for the Public Shares on (date) at 8.00 p.m. ("**Closing Date and Time**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Public Shares to MIH as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the applicant making only one application.

AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING.

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained in Section 14.8 as well as the terms and conditions appearing below:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of the Company.
- (b) The applicant is required to confirm the following statements (by depressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:-
 - I have attained 18 years of age as at the closing date of the share application.
 - I am a Malaysian citizen residing in Malaysia.
 - I have read the relevant Prospectus and understood and agreed with the terms and conditions of this application.
 - This is the only application that I am submitting.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE . . . cont'd

- I hereby give consent to the Participating Financial Institution and MCD to disclose information pertaining to myself and my account with the Participating Financial Institution and MCD to the Issuing House and other relevant authorities.

The application **will not be** successfully completed and cannot be recorded as a completed transaction at the ATM unless the applicant completes all the steps required by the Participating Financial Institution. By doing so, the applicant shall be treated as signifying his confirmation of each of the above statements as **well** as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act 1989 and Section 45 of the Securities Industry (Central Depositories) Act 1991 to the disclosure by the relevant Participating Financial Institution or MCD, as the case may be, of any of the applicant's particulars to the relevant Issuing House, or any relevant regulatory bodies.

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR SHARES AS NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE SAID SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.
- (d) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, **failing** which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (e) The applicant agrees and **undertakes** to subscribe for or purchase and to accept **the** number of shares applied for as stated on the Transaction Record or any lesser number of shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that the Company decides to **allot or** allocate any lesser number of such shares or not to allot or allocate any shares to the applicants, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key on the ATM) of the number of shares applied for shall signify, and shall be treated as, his acceptance of the number of shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of the Company.
- (f) The Company reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE... *cont'd*

- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful applications. Where an Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into the applicant's account with that Participating Financial Institution within two(2) market days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two(2) market days of the balloting date. The applicant may check their accounts on the **fifth** market day from the balloting date.

Where an Electronic Share Application is successful in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with that Participating Financial Institution within two(2) market days after the receipt of confirmation from the Issuing House. A number of applications will, however, be held in reserve to replace any successfully balloted applications which are subsequently rejected. For such applications which are subsequently rejected, the application monies without interest will be refunded to applicants by MIH by way of cheques issued by MIH. The cheques will be issued not later than 2 1 days from the day of the final ballot of the application list.

Should applicants encounter any problems in their applications, they may refer to the Participating Financial Institutions.

- (h) The applicant requests and authorises the Company:-
- (i) to credit the shares allotted or allocated to the applicant into the CDS account of the applicant; and
 - (ii) to issue share certificate(s) representing such shares allotted or allocated in the name of MCD Nominees Sdn Bhd and send the same to MCD.
- (i) The applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of the Company, the Issuing House or the Participating Financial Institution, irrevocably agrees that **if**:-
- (i) the Company or MIH **does** not receive the applicant's Electronic Share Application;
 - (ii) data relating to the applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to the Company or MIH,

the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against the Company, MIH or the Participating Financial Institutions for the shares applied for or for any compensation, loss or damage.

- (j) All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and the Company, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE... *cont'd*

- (k) The applicant shall ensure that his personal particulars as recorded by both MCD and the relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The applicant must inform MCD promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to his registered address last maintained with MCD.
- (l) **By making and completing an Electronic Share Application, the applicant agrees that:-**
- (i) in consideration of the Company agreeing to allow and accept the making of any application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
 - (ii) the Company, the Participating Financial Institutions, MCD and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to the Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of the Company, the acceptance of the offer made by the applicant to subscribe and purchase the shares for which the applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the said shares;
 - (iv) the applicant irrevocably authorises MCD to complete and sign on his behalf as transferee or **renouncee** any instrument of transfer and/or other documents required for the issue or transfer of the shares allotted or allocated to the applicant; and
 - (v) the Company agree that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or Electronic Share Application Scheme and/or terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that the Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (m) The Directors of the Company reserve the right to require any successful applicant to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to him/her to ascertain the regularity of propriety of the application. The Directors of the Company shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (n) The Directors of the Company reserve the right to reject applications which do not conform to these instructions.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE... cont'd

- (o) Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches-
- ARAB-MALAYSIAN BANK BERHAD;
 - ARAB-MALAYSIAN FINANCE BERHAD;
 - BANK BUMIPUTRA MALAYSIA BERHAD; (at selected branches in Klang Valley only)
 - HSBC BANK MALAYSIA BERHAD;
 - MALAYAN BANKING BERHAD;
 - MAYBAN FINANCE BERHAD;
 - OCBC BANK (MALAYSIA) BERHAD;
 - ORIENTAL BANK BERHAD;
 - STANDARD CHARTERED BANK MALAYSIA BERHAD. (at selected branches only).
- (p) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

15.10 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (a) Applicant must have an account with a **Participating** Financial Institution and an ATM card issued by that Participating Financial Institution to access the account.
- (b) Applicant must have a CDS account.
- (c) Applicant is to apply for the Public Share via the ATM of the Participating Financial Institution, by choosing the Electronic Share Application option. Mandatory statements required in the application is set out on Section 15.9 of the Terms and Conditions for Electronic Share Applications. Applicant is to enter at least the **following** information through the ATM where the instructions on the ATM screen at which he enters, his Electronic Share. Application requires him to do so:-
- Personal Identification Number (PIN).
 - Share Issue Number.
 - CDS Account Number.
 - Number of Shares applied for and/or the Ringgit amount to be debited from the account.
 - Confirmation of several mandatory statements.