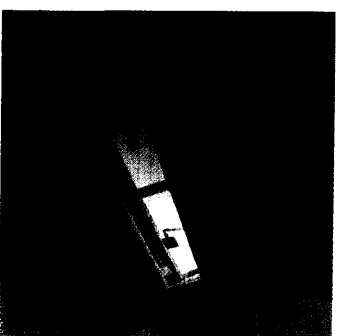
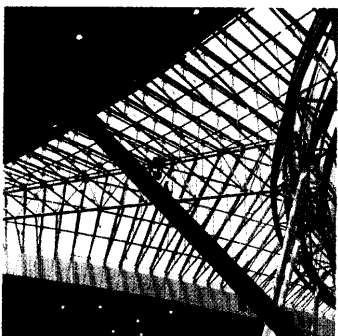
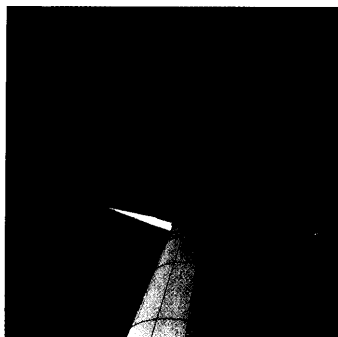


Prospectus



Malaysia Airports Holdings Berhad

Company No. 487092-W

Incorporated In Malaysia Under The Companies Act, 1965

INSTITUTIONAL PUBLIC ISSUE

OF 110,000,000 NEW ORDINARY SHARES OF RM1.00 EACH AT AN ISSUE PRICE OF RM2.50 PER NEW ORDINARY SHARE PAYABLE IN FULL ON APPLICATION

RETAIL OFFER FOR SALE

OF 88,000,000 ORDINARY SHARES OF RM1.00 EACH AT AN OFFER PRICE OF RM2.50 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION

ADVISER AND MANAGING UNDERWRITER



ASEAMBANKERS MALAYSIA BERHAD

A Member of The  Group

(Company No. 15938-H)

INTERNATIONAL FINANCIAL ADVISER AND
LEAD MANAGER FOR INTERNATIONAL OFFERING



Warburg Dillon Read

This Prospectus is dated 27 October 1999

THE APPROVAL OF THE MALAYSIAN SECURITIES COMMISSION SHOULD NOT BE TAKEN TO INDICATE THAT THE MALAYSIAN SECURITIES COMMISSION RECOMMENDS THE INSTITUTIONAL PUBLIC ISSUE AND RETAIL OFFER FOR SALE WHICH ARE THE SUBJECT OF THIS PROSPECTUS. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF ANY INVESTMENT.

THE ISSUE/OFFER PRICE OF RM2.50 PER SHARE WAS ENTIRELY DETERMINED AND AGREED UPON BY MALAYSIA AIRPORTS HOLDINGS BERHAD AND ASEAMBANKERS MALAYSIA BERHAD, AS THE MANAGING UNDERWRITER FOR THE INSTITUTIONAL PUBLIC ISSUE AND RETAIL OFFER FOR SALE, BASED ON VARIOUS RELEVANT FACTORS. INVESTORS SHOULD FORM THEIR OWN VIEWS ON THE VALUATION OF THE SECURITIES AND THE REASONABLENESS OF THE BASES USED.

THE PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS OF MALAYSIA AIRPORTS HOLDINGS BERHAD AND THE OFFEROR AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION GIVEN AND CONFIRM THAT THERE ARE NO OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN MISLEADING.

A COPY OF THE PROSPECTUS HAS BEEN LODGED WITH AND REGISTERED BY THE REGISTRAR OF COMPANIES, MALAYSIA WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

THE KUALA LUMPUR STOCK EXCHANGE ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR REPORTS DISCLOSED IN THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE MAIN BOARD OF THE KUALA LUMPUR STOCK EXCHANGE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF MALAYSIA AIRPORTS HOLDINGS BERHAD OR ITS ORDINARY SHARES.

DEFINITIONS

In this Prospectus, except where the context requires otherwise, **the** following abbreviations shall apply throughout:

“ADA ”	.	Authorised Depository Agent
“ADA Code”	:	ADA (Broker) Code
“Airports”	:	KLIA and the Designated Airports collectively
“Application”	:	Application for the Institutional Issue Shares And Retail Offer Shares by way of Application Forms or way of Electronic Share Application
“Application Form”	:	Application of the Institutional Issue Shares and Retail Offer Shares by way of a printed application form
“Approved Malaysian Institutional Investors”	.	Malaysian institutions, foundations, co-operatives, societies, companies and citizens approved by the Ministry of Finance
“ATM”		Automated Teller Machine
“Aseambankers”		Aseambankers Malaysia Berhad (Company No: 15938-H)
“CAMS”	:	Cambodia Airport Management Services Limited
“CDS”	:	Central Depository System
“Chicago Convention”	.	Convention on International Civil Aviation 1994 concluded at Chicago on 7 December 1994
“CIP”		Commercially Important Person
“Companies Act”	:	Companies Act, 1965 of Malaysia as it may, from time to time, be amended, extended, modified and re-enacted
“Company” or “MA Holdings”	:	Malaysia Airports Holdings Berhad (Company No: 487092-W)
“DCA”		Department of Civil Aviation
“Designated Airports”		The airports at Subang, Ipoh, Penang, Alor Setar, Langkawi, Kota Bahru, Kuala Terengganu, Kuantan, Johor Bahru, Malacca, Kuching, Sibul, Bintulu, Miri, Labuan, Kota Kinabalu, Sandakan, Tawau, Lahad Datu and the 17 STOLports
“Electronic Share Applications”	:	Application for the Institutional Issue Shares and Retail Offer Shares through a participating financial institution’s ATM
“EPS”		Earnings per share
“EPU”		Economic Planning Unit of Malaysia
“ESS”		Employee share scheme implemented for the benefit of eligible directors and employees of the Group
“Federal Lands Commissioner”		The officer appointed to be the Federal Lands Commissioner and his successors in office, pursuant to the Federal Lands Commissioner Act, 1957
“FIA”	.	Federal International de’ Automobile

DEFINITIONS (Cont 'd)

"FIC"	:	Foreign Investment' Committee of Malaysia
"Free Commercial Zone"	:	A total land area of 208 acres declared by the Minister of Finance to be a free commercial zone or free industrial zone which is situated at KLIA
"FOM"	:	Formula One Management
"GDC"	:	Gas District Cooling (KLIA) Sdn. Bhd. (Company No: 35 1873-V)
"Government"	:	Government of Malaysia
"Group" or "MA Holdings Group"	:	MA Holdings and its subsidiaries and associated companies, namely MAATS, MASB, MA Sepang, MA Niaga, MAMTS, MA Properties, SIC, KLAH, CAMS, UTW, MAAH and KAFS
"IATA"	.	International Air Transport Association (Geneva)
"ICAO"	.	International Civil Aviation Organisation
"Issuing House"	:	Malaysian Issuing House Sdn. Bhd. (Company No: 258345-X)
"Institutional Issue Shares"	:	The 11 0,000,000 new ordinary shares of RM 1 each to be issued pursuant to the Institutional Public Issue
"Issue/Offer Price"	:	RM2.50 for each Institutional Issue Share and Retail Offer Share
"Institutional Public Issue"	.	The issue of 11 0,000,000 new ordinary shares of RM1 each in the Company at an issue price of RM2.50 per share to Approved Malaysian Institutional Investors
"KAFS"	:	Kuala Lumpur Aviation Fuelling System Sdn. Bhd. (Company No: 395396-X)
"Khazanah"	.	Khazanah Nasional Berhad, a wholly owned subsidiary of MoF Inc. (Company No: 2 15505-K)
"KLAH"	:	K.L. Airport Hotel Sdn. Bhd. (Company No: 330863-D)
"KLAS"	:	K.L. Airport Services
"KLIA"	:	K.L. International Airport
"KLIAB"	:	Kuala Lumpur International Airport Berhad (Company No:265836-X)
"KLIA Concession"	:	The concession agreement dated 18 October, 1999 entered into between the Government and MA Sepang for the operation, development and management of the KLIA
"KLIA Master Plan"	.	The coordinated phased development plan for KLIA, designed for the implementation of the construction and development of KLIA as may be approved from and/or amended from time to time by the Government and the planning authority
"KLIA Land"	.	All that pieces of land for the purpose of KLIA measuring in area of approximately 24,236 acres subject to final demarcation and delineation by the Government, with a tenure of 50 years

DEFINITIONS (*Cont'd*)

"KLSE"	Kuala Lumpur Stock Exchange
"MA Holdings" or "Company"	Malaysia Airports Holdings Berhad (Company No: 487092-W)
"MA Holdings Group" or "Group"	MA Holdings and its subsidiaries and associated companies, namely MASB, MA Sepang, MA Niaga, MAMTS, MA Properties, SIC, KLAH, CAMS, UTW, MAAH and KAFS
"MA Niaga"	Malaysia Airports (Niaga) Sdn. Bhd. (Company No: 28 13 1 O-V)
"MA Properties"	Malaysia Airports (Properties) Sdn. Bhd. (Company No: 484656-H)
"MA Sepang"	Malaysia Airports (Sepang) Sdn. Bhd. (Company No: 320480-D)
"MAAH"	MAB Agriculture - Horticulture Sdn. Bhd (Company No: 467902-D)
"MAATS"	Malaysia Airports (Air Traffic Services) Sdn Bhd (Company No: 438244-H)
"Malaysian Public"	Citizens of Malaysia and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"MAMTS"	Malaysia Airports Management & Technical Services Sdn. Bhd. (Company No: 375245-X)
"MAS"	Malaysia Airline System
"MASB"	Malaysia Airports Sdn. Bhd. (formerly known as Malaysia Airports Berhad) (Company No: 230646-U)
"MCD"	Malaysian Central Depository Sdn. Bhd. (Company No: 165570- W) a subsidiary company of the KLSE
"Ministry of Finance"	Ministry of Finance of Malaysia
"Ministry of Transport "	Ministry of Transport of Malaysia
"MoF Inc."	Minister of Finance, Incorporated
"MPPA"	Million passenger per annum
"NTA "	Net tangible assets
"Offerings"	Institutional Public Issue and Retail Offer For Sale
"Offeror"	MoF Inc. which is a substantial shareholder of the Company
"PSC"	Passenger service charge
"Retail Offer For Sale" or "Retail Offer"	Offer for sale by MoF Inc. of 88,000,000 fully paid-up ordinary shares of RM1 each in the Company to the Malaysian Public at the offer price of RM2.50 per share
"Retail Offer Shares"	88,000,000 fully paid-up ordinary shares of RM 1 each in the Company, which are the subject of the Retail Offer

DEFINITIONS (Cont 'd)

“RM” and “sen”	Ringgit Malaysia and sen respectively
“ROC”	Registrar of Companies of Malaysia
“SC”	Securities Commission of Malaysia
“SIC”	Sepang International Circuit Sdn. Bhd <i>(formerly known as Malaysia Airports (Motorsports) Sdn Bhd)</i> (Company No. 457149-T)
“Shares”	Ordinary shares at par value of RM1 each in the Company
“Subang Airport”	Lapangan Terbang Sultan Abdul Aziz Shah
“Southern Common Amenities”	Commercial area located at the southern boundary of KLIA to serve the KLIA airport community
“Special Share”	Special rights redeemable preference share of RM1 each issued to MoF Inc.
“sq.m.”	Square meters
“STOLports”	Short Take-Off and Landing Airports at Kudat, Semporna, Long Pasia (all in Sabah) and Kapit, Belaga, Marudi, Bario, Long Seridan, Long Lellang, Limbang, Long Banga , Bakelalan, Mulu, Lawas and Mukah (all in Sarawak) and Pulau Pangkor and Pulau Tioman (in Peninsular Malaysia)
“TAMS”	Total Airport Management System
“tonne”	Metric tonne
“UNDP”	United Nation Development Programme
“U.S.\$”	United States Dollar
“UTW”	Urusan Teknologi Wawasan Sdn. Bhd. (Company No : 459878-D)
“VIP”	Very Important Person
“VVIP”	Very Very Important Person

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1. SUMMARY INFORMATION

The following information was derived from the full text of this Prospectus and should be read in conjunction with the full text of this Prospectus.

1.1 Principal Activities

The Company was incorporated in Malaysia as a public limited company on 28 June, 1999 under the Companies Act. It was established to become the investment holding company of the Group in conjunction with the listing of the Group on the Main Board of the **KLSE**. The principal activities of the Company's subsidiaries and associated companies are as follows:

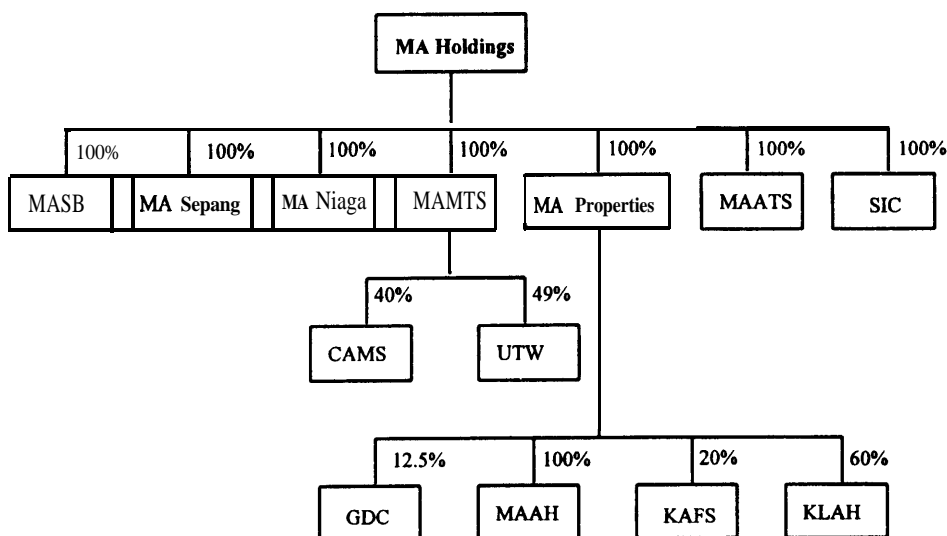
Subsidiary	Date Of Incorporation	Country Of Incorporation	Issued And Paid-Up Capital (RM)	% Held By The Company	Principal Activities
MASB	11 December, 1991	Malaysia	360,113,846	100	Management, operation and maintenance of Designated Airports and provision of airport related services
MA Sepang	20 October, 1994	Malaysia	50,000,000	100	Management, operation, maintenance and future development of KLIA and provision of airport related services
MA Niaga	11 November, 1993	Malaysia	5,000,002	100	Operation of duty free and non-duty free outlets and management and provision of services in respect of food and beverage outlets at the Airports
MAMTS	24 January, 1996	Malaysia	500,002	100	Provision of management, operation, maintenance and technical services in connection with the operation of airports and airport services
MA Properties	28 May, 1999	Malaysia	2	100	Investment holding, management and operation of car park, airside hotel, Free Commercial Zone and Southern Common Amenities at KLIA
MAAH	25 August, 1998	Malaysia	1,000,000	100	Cultivation and selling of oil palm, rubber and other agricultural products
SIC	23 January, 1998	Malaysia	10,000,000	100	Management and operation of the Sepang F1 Circuit and organisation and promotion of motor sports entertainment events
MAATS	7 July, 1997	Malaysia	2	100	Dormant. Intended principal activity is the provision of consultancy services in relation to air traffic management
KLAH	16 January, 1995	Malaysia	10,900,000	60	Owner of the hotel known as Pan Pacific KLIA

1. SUMMARY INFORMATION (Continued)

Subsidiary	Date Of Incorporation	Country Of Incorporation	Issued And Paid-Up Capital (RM)	% Held By The Company	Principal Activities
Associated Company					
CAMS	24 January, 1996	Cambodia	500,002	40	Operation, management and commercial promotion of the Pochentong Airport in Cambodia
UTW	25 March, 1998	Malaysia	500,000	49	Provision of mechanical, electrical and civil engineering services at KLIA
KAFS	24 July, 1996	Malaysia	5,360,000	20	Development, management and operation of aviation fuelling system at KLIA

Further information on the subsidiaries and associated companies are set out in Section 8.5 of this Prospectus.

The Group structure can be summarised as follows:



1.2 History And Background

MASB was incorporated on 11 December, 1991 under the Companies Act as a wholly owned subsidiary of MoF Inc. but was subsequently transferred to Khazanah which in turn is a wholly owned subsidiary of MoF Inc.

By a licence dated 1 November, 1992, the Government licensed MASB to operate and manage the 19 airports at Subang, Kuala Lumpur, Ipoh, Penang, Alor Setar, Langkawi, Tawau, Lahad Datu, Kota Bharu, Kuala Terengganu, Kuantan, Johor Baharu, Malacca, Kuching, Sibul, Bintulu, Labuan, Kota Kinabalu, Sandakan and 12 STOLports, at Kudat, Sempoma, Long Pasia (all in Sabah) and Kapit, Belaga, Marudi, Bario, Long Seridan, Long Lellang, and Bekalalan (all in Sarawak) and Pulau Tioman.

1. SUMMARY INFORMATION *(Cont 'd)*

Five **STOLports** developed at Pulau Pangkor, Mulu, Limbang, Mukah and **Lawas** were added to the airports operated and managed by MASB. MASB also operates the **STOLport** in Long **Banga** in Sarawak, which was transferred to MASB by the DCA of Sarawak. MASB has requested the Government to add Long **Banga** to the list of Designated Airports under the above licence. The aforesaid licence is for a period of 30 years effective from 1 November, 1992 and renewable at the option of the Government.

The KLIA was developed to replace Subang Airport as the main gateway to Malaysia as Subang Airport did not have sufficient capacity to deal with the increasing passenger and aircraft traffic given the lack of sufficient surrounding empty land near Subang Airport to develop additional facilities. Construction of KLIA at Sepang began in 1995 and was completed in 1998. The construction cost of KLIA of approximately **RM10.7** billion was borne by the Government and not by the Group. The KLIA was officially opened on 27 June, 1998 and is presently Malaysia's largest and busiest domestic and international airport both in terms of aircraft and passenger movements. The licence to manage and operate the **KLIA** was issued to MA Sepang on 5 May, 1998 for a period of 50 years. The aforesaid licence renewable at the option of the Government. The concession agreement between the Government and MA Sepang was executed on 18 October, 1999. MA Sepang is required to make various payments to the Government in accordance with the terms of the KLIA Concession. (See "Description of Business - Regulatory Framework")

In the report by the IATA Global Airport Monitor, KLIA was ranked first for "Overall Business Passenger Satisfaction for Airports with 15 to 25 **mppa**" and third for "Overall Passenger Satisfaction" for business travellers (April 1999). The IATA Global Airport Monitor provides comparative airport service performance indicators for 65 major international airports worldwide.

1. SUMMARY INFORMATION (Cont'd)

1.3 Financial Records

The table below which sets out a summary of the proforma consolidated results of the Group for the past five financial period/years ended 31 December, 1998 and the 5 month period ended 31 May, 1999, on the assumption that the current group structure has been in existence throughout the period under review, was extracted from the Accountants' Report in Section 13 of this Prospectus and should be read in conjunction with the notes thereto.

	Year ended 31 March,		1 April, 1995 to 31 December, 1995	Year ended 31 December,			1 January 1999 to 31 May 1999
	1994 RM	1995 RM	1995 RM	1996 ⁵ RM	1997 RM	1998 ⁶ RM	RM
	(thousands)	(thousands)	(thousands)	(thousands)	(thousands)	(thousands)	(thousands)
Turnover	282,801	346,483	310,003	525,271	614,334	658,586	330,363
Profit before taxation	153,770	180,754	156,692	309,659	348,630	323,553	107,021
Taxation	23,000	(737)	(51,795)	47,791	(112,248)	18,093	(121)
Profit after taxation and before minority interest	176,770	180,017	104,897	357,450	236,382	341,646	106,900
Minority interest	-	-	-	(59)	(110)	86	1,283
Exceptional items	-	-	-	-	-	-	-
Profit after taxation and minority interest	176,770	180,017	104,897	357,391	236,272	341,732	108,183
No. of ordinary shares assumed to be in issue ('000)	990,000	990,000	990,000	990,000	990,000	990,000	990,000
Gross EPS (RM)	0.16	0.18	0.16	0.31	0.35	0.33	0.11
Net EPS ⁴ (RM)	0.16	0.18	0.11	0.36	0.24	0.34	0.11
Gross dividend rate (%)	-	4	4	4	5	10	

Notes

1. The Company was incorporated on 28 June, 1999. As such, no audited accounts have been prepared for the Company. The proforma consolidated results of the Group presented are based on the audited consolidated accounts of MASB for the period under review.
2. There were no extraordinary items for the financial years under review.
3. In 1995, MASB changed its financial year end from 31 March to 31 December.
4. Net EPS is based on number of shares assumed to be in issue for the financial years under review.

1. SUMMARY INFORMATION (Cont 'd)

5. *The increase in turnover and profit before taxation in 1996 was as a result of the new pricing for PSC (the earlier RM20 charge for international flights was increased to RM40) and increases in passenger and cargo volume*
6. *The decrease in profit before taxation despite the higher turnover was as a result of the higher operating expenses incurred with the inclusion of the operations of KLIA from June onwards*

1.4 Principal Statistics Relating To The Offerings

SHARE CAPITAL
RM

Authorised :

2,000,000,000 ordinary shares of RM1 each and 1 Special Share	2,000,000,001
---	---------------

Issued and fully paid:

1 Special Share	1
-----------------	---

990,000,000 ordinary shares of RM1 each	990,000,000
---	-------------

To be issued pursuant to the Institutional Public Issue :

110,000,000 new ordinary shares of RM 1 pursuant to the Institutional Public Issue	110,000,000
--	-------------

Total	1,100,000,001
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ISSUE/OFFER PRICE (RM)	RM2.50
------------------------	--------

PROFORMA CONSOLIDATED NTA

Proforma Consolidated NTA as at 31 May, 1999 '(RM'000)	2,043.883
--	-----------

Proforma Consolidated NTA per ordinary share ² (RM)	1.85
--	------

Notes.

1. *Net of estimated listing expenses of RM14,000,000*
2. *Based on the enlarged issued and paid-up share capital of 1,100,000,000 ordinary shares of RM1 each after the Institutional Public Issue*

1. SUMMARY INFORMATION (Cont 'd)

PROFIT ESTIMATE AND FORECAST

The consolidated profit estimate and forecast for the financial years ending 31 December, 1999 and 31 December, 2000 are as follows:

Financial Year Ending 31 December,	1999 ⁵ RM (thousands)	2000 RM (thousands)
Consolidated profit before taxation but after minority interest	256,301	292,093
Consolidated profit after taxation and minority interest	256,301 ⁴	209,973
Gross EPS (RM)	1.47 ²	0.27 ³
Gross PE Multiple based on the Issue/Offer Price of RM2.50 per share (times)	1.70	9.26
Net EPS (RM)	1.47 ²	0.19 ³
Net PE Multiple based on the Issue/Offer Price of RM2.50 per share (times)	1.70	13.16

Notes:

1. The bases and assumptions upon which the above **consolidated** profit estimate and forecast have been prepared are set out in Section 11.3 of this Prospectus
2. The calculation of the estimated EPS is based on the estimated consolidated profit after taxation and minority interest and the weighted average paid-up share capital comprising **174,166,667** ordinary shares of **RM1** each
3. The calculation of the forecast EPS is based on the forecast consolidated profit after taxation and minority interest and the enlarged paid-up share capital comprising **1,100,000,000** shares of **RM1** each
4. **1999** is a tax free year
5. There is no pre-acquisition profit as the acquisition of **MASB** is accounted for under the merger method whilst the sale and purchase agreements for the cash acquisitions of other subsidiaries provide that the **profits** of all of these companies shall accrue to MA Holdings from **1 January, 1999**

1. **SUMMARY INFORMATION***(Cont'd)*

DIVIDEND ESTIMATE AND FORECAST

Financial Year Ending 31 December,	1999	2000
Gross dividend per share (sen)	5.0	5.0
Net dividend per share (sen)	5.0	3.6
Gross dividend cover (times)	4.7	5.3
Net dividend cover (times)	4.7	7.4
Gross dividend yield based on the Issue/Offer Price of RM2.50 per share (%)	2.0	2.0
Net dividend yield based on the Issue/Offer Price of RM2.50 per share (%)	2.0	1.4

Note :

1 Gross dividend per share in 1999 is tax exempt.

2. INTRODUCTION

This Prospectus is dated 27 October, 1999.

A copy of this Prospectus has been lodged with and registered by the ROC, Malaysia, which takes no responsibility for its contents.

Application will be made to the KLSE for permission to deal in and for quotation of all the shares of the Company including the Institutional Issue Shares and Retail Offer Shares which are the subject of this Prospectus. Such permission will be granted when the Company has been admitted to the Official List of the KLSE. Acceptance of the applications for the Institutional Issue Shares and Retail Offer Shares will be conditional upon permission being granted to deal in and quotation for all of the issued ordinary shares of the Company. Monies paid in respect of any application accepted will be returned if the said permission is not granted. The Shares will be admitted to the Official List of the Main Board of KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and all notices of allotment have been **despatched** to all successful applicants.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991 and Section 39(1)(j) of the Companies Act, the KLSE has prescribed the Company as a prescribed security. In consequence thereof, the shares offered through this Prospectus will be deposited directly with MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of MCD.

An applicant who has a CDS Account should state his CDS Account number in the space provided in the Application Form. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code.

The KLSE assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the Main Board of KLSE is not to be taken as an indication of the merits of the Company or of its shares.

The Institutional Public Issue and Retail Offer For Sale were approved by the SC on 15 October, 1999. The approval of the SC shall not be taken to indicate that the SC recommends the Offerings. Investors should rely on their own evaluation to assess the merits and risks of their investment.

No person is authorised to give any information or to make any representation not contained herein in connection with the Offerings and if given or made, such information or representation must not be relied upon as having been authorised by the Company. Neither the delivery of this Prospectus nor any issues made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Company or the Group since the date hereof.

The distribution of this Prospectus and the sale of the Institutional Issue Shares and Retail Offer Shares in certain jurisdictions other than Malaysia may be restricted by law. Persons into whose possession this Prospectus may come are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation or an offer to buy any Institutional Issue Shares and Retail Offer Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are in any doubt or unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

3. CORPORATE INFORMATION

MALAYSIA AIRPORTS HOLDINGS BERHAD
(Incorporated in Malaysia under the Companies Act, 1965)

Board Of Directors

Name	Address	Occupation	Nationality
Tan Sri Dato' Haji Basir bin Ismail (Executive Chairman)	4, Lorong 14/47B 46100 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Izzuddin bin Dali	42, Jalan SS 21/1 Damansara Utama 47400, Petaling Jaya Selangor Darul Ehsan	Director Budget Division, Ministry of Finance	Malaysian
Mohamed bin Omar	6, Jalan Rodat 11/2H 40000 Shah Alam Selangor Darul Ehsan	Deputy Secretary General (Operations), Ministry of Transport	Malaysian
Tan Sri Dato' Thong Yaw Hong	90, Lorong Setiabistari Satu Bukit Damansara 50490 Kuala Lumpur	Company Director	Malaysian
Dato' Khairuddin bin Ibrahim (Managing Director)	11, Lengkok Setiabudi Bukit Damansara 50490 Kuala Lumpur	Company Director	Malaysian
Dato' Zaki bin Tun Azmi	B. 17, Bangsar Indah 247, Lorong Maarof Off Jalan Maarof 59000 Bangsar Kuala Lumpur	Company Director	Malaysian
Adnan bin Shamsuddin (Executive Director)	2, Jalan SS 1/39 Kampung Tunku 47300 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Rosman bin Abdullah (Executive Director)	9, Jalan 3/1 6B Bandar Baru Selayang 68 100 Batu Caves Selangor Darul Ehsan	Company Director	Malaysian

3. CORPORATE INFORMATION (*Cont'd*)

Audit Committee

Name	Responsibility	Directorship
Tan Sri Dato' Thong Yaw Hong	Chairman	Independent Non-Executive Director
Izzuddin bin Dali	Member	Independent Non-Executive Director
Dato' Zaki bin Tun Azmi	Member	Independent Non-Executive Director

Company Secretary : Muhammad bin Arshad
(LS 006975)
3, Jalan SS 19/4D
47500 Subang **Jaya**
Selangor Darul Ehsan

Registered Office : Head Office MAB
Sultan Abdul Aziz Shah Airport
47200 Subang
Selangor Darul Ehsan

Principal Bankers : **Malayan Banking Berhad**
Menara Maybank
100, Jalan Tun Perak
55 100 Kuala Lumpur

Bumiputera-Commerce Bank Berhad
Menara Bumiputra
Jalan Melaka
50913 Kuala Lumpur

Auditors And Reporting Accountants : Arthur Andersen & Co
Public Accountants
Level 1 -Block C (South)
Pusat Bandar Damansara
50490 Kuala Lumpur

Solicitors For The Offerings : Kadir, Tan & Ramli
8th Floor, Menara Safuan
Jalan **Ampang**
50450 Kuala Lumpur

Issuing House : Malaysian Issuing House Sdn Bhd
27th Floor, Menara Multi-Purpose
Capital Square, No. 8, Jalan Munshi Abdullah
56100 Kuala Lumpur

Registrars : Malaysian Share Registration Services Sdn Bhd
7th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

3. **CORPORATE INFORMATION** *(Cont'd)*

**Airport Traffic Consultant and
Aeronautical Charges Consultant**

Air Transport Group
Cranfield College of Aeronautics
Cranfield University
United Kingdom

Adviser and Managing Underwriter

Aseambankers Malaysia Berhad
33rd Floor, Menara **Maybank**
100, Jalan Tun Perak
50050 Kuala Lumpur

**International Financial Adviser and
Sole Lead Manager for the
International Public Offering**

Warburg Dillon Read, a division of UBS AG
20-25 One Exchange Square
8 Connaught Place
Central
Hong Kong

**Underwriters for the
Retail Offer For Sale**

Aseambankers Malaysia Berhad
33rd Floor, Menara **Maybank**
100, Jalan Tun Perak
50050 Kuala Lumpur

Amanah Merchant Bank Berhad
21st Floor, Bangunan Komplek Kewangan
82, Jalan Raja Chulan
50200 Kuala Lumpur

Arab-Malaysian Merchant Bank Berhad
22nd Floor, Bangunan Arab Malaysian
Jalan Raja Chulan
50200 Kuala Lumpur

Arab-Malaysian Securities Sdn Bhd
15th Floor, Bangunan Arab-Malaysian
Jalan Raja Chulan
50200 Kuala Lumpur

Bumiputera Merchant Bankers Berhad
15th Floor, Menara Aetna Universal
84, Jalan Raja Chulan
50200 Kuala Lumpur

3. **CORPORATE INFORMATION** (*Cont 'd*)

**Underwriters for the
Retail Offer For Sale** (*Cont 'd*)

Commerce International Merchant Bankers Berhad
Ground Floor, Commerce Square
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur

: Kuala Lumpur City Securities Sdn Bhd
Lot 3.07, Level 3
Bangunan Angkasaraya
Jalan **Ampang**
50450 Kuala Lumpur

: **Mayban** Securities Sendirian Berhad
30th Floor, Menara **Maybank**
100, Jalan Tun Perak
50050 Kuala Lumpur

: MIDF Consultancy and Corporate Services Sendirian
Berhad
1 2th Floor, Bangunan MIDF
195A, Jalan Tun Razak
50400 Kuala Lumpur

OSK Securities Berhad
10th Floor, Plaza OSK
Jalan **Ampang**
50450 Kuala Lumpur

Listing Sought

Main Board of the KLSE

4. **INVESTMENT CONSIDERATIONS**

In addition to other information contained elsewhere in this Prospectus, prospective investors should rely on their own evaluation of the Group and the terms of the Offerings including the following risks and investment considerations before applying for the Institutional Issue Shares and Retail Offer Shares.

Prior to making an investment decision, prospective investors should consider, along with **all** the other matters set out in this Prospectus, the following considerations:

Estimates And Forecasts

This Prospectus contains certain estimates and forecasts for the Group that are based on assumptions that are subject to substantial uncertainties and contingencies. Because of the subjective judgements and inherent uncertainties of estimates and forecasts and because events and circumstances frequently do not occur as expected, there can be no assurance that the estimates and forecasts contained herein will be realised and actual results may be materially different from those shown. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the estimates and forecasts that are contained herein.

Passenger And Aircraft Movements

The principal factors affecting the Group's financial performance and business prospects are the number of passengers and number and type of aircraft using the Airports as these factors affect aeronautical and **non-**aeronautical revenue. The number of passengers and number and type of aircraft using the Airports depend upon different factors many of which are beyond the Company's control, including the level of tourism and business travel within Malaysia and between other countries and Malaysia. These factors are in turn affected by developments in and the level of economic growth achieved in such countries, and in Malaysia. Passenger and aircraft traffic is also affected by competition from airports in neighbouring countries plus a number of other factors which are also beyond the Company's control such as changes in Malaysia's bilateral air services agreements, the price and availability of aviation fuel, labour actions by employees of airlines or Airport-related service providers, natural disasters, acts of terrorism and associated security issues and political disruptions. The Group's financial performance, in terms of sales revenue from its directly-managed trading activities and its royalty revenues, depends on the amount international and domestic passengers and other visitors spend at its Airports.

The Group's financial performance was particularly affected by the decrease in domestic passenger traffic of 16.3 per cent. from 1997 to 1998. Domestic passenger traffic accounted for 59 per cent. of the total passenger traffic at the Airports in 1998. The lower domestic traffic volume in 1998 was caused by a number of factors including the current economic downturn as there has been an overall reduction in the amount of domestic travel in Malaysia and passengers have opted for cheaper modes of transport, e.g. road and rail, on certain routes and consumer spending has been reduced.

There can be no assurance that passenger levels, cargo levels, aircraft movements and commercial activities at the Airports, or the growth rates thereof, will in the future be within the ranges achieved in the past.

4. **INVESTMENT CONSIDERATIONS** (*Cont 'd*)

In addition, a number of airlines are forming alliances and/or operating on a code share basis. Code shares represent those airlines which do not fly their own aircraft to an airport but rather have an arrangement with one or more other airlines that do operate to and from an airport to utilise those airlines' services for passengers booking through the code share airline. The consequence of airlines forming alliances or operating on a code share basis may be the marginalisation in terms of connectivity of a particular airport. Although the impact of these arrangements on the Airports to date has been minimal, no assurance can be given that an increase in airline alliances or code sharing arrangements will not adversely affect the Group's financial condition or results of operations.

Regulation Of The Airports

The Group's business is subject to extensive and evolving Malaysian law and regulation, adopted in some cases in response to regulatory policy and directives pursuant to the international conventions to which Malaysia is a party including the Chicago Convention. The DCA currently functions as the Government's principal regulator for the air transport sector and the Group companies are required to obtain the Government's or the **DCA's** approval with respect to a variety of matters directly affecting the Group's operations and financial results, including aeronautical charges and the charges for certain commercial activities.

The level of the components of aeronautical revenue including landing fees, aircraft parking fees and the passenger service charge has remained the same since the incorporation of MASB in 1992 except for the passenger service charge which was increased in 1996. The DCA has complete discretion as to the level of these fees and charges and no guidelines are provided at present in the relevant regulations. Accordingly, they can be varied without reference to the impact on the results of operations of the Group. With regards to PSC, domestic PSC remaining at RM5 while International PSC increased by 100% from **RM20** to **RM40** as of 1 January, 1996.

The Airports are operated pursuant to the licences granted by the Ministry of Transport to the Group's airport operating companies, MASB and MA Sepang, and substantially all of the Group's revenues for 1998 were derived from operations conducted pursuant to the licences. The licences, which extend for 30 years from 1 November, 1992 in the case of MASB and for 50 years from 5 May, 1998 in the case of MA Sepang, unless earlier terminated by the Ministry of Transport for reasons including default and public interest requirements, are subject to amendment through the adoption of new laws, regulations and policies by the Government. The Ministry of Transport also sets the levels for licence fees payable by the Group companies to the Government, consistent with the Government's regulation of Malaysian airport management companies.

MA Sepang has also executed a concession agreement with the Government and a lease agreement with the Federal Land Commissioner for the KLIA land, the terms of which are more fully described in Section 8 of this Prospectus. See "Regulatory Framework". MA Sepang has various financial obligations under the terms of the KLIA Concession. The financial obligations consist of a concession fee comprising an initial concession fee and lease payments. Under the terms of the **KLIA** Concession, the Company is also obliged to undergo further development of the KLIA Land in line with the KLIA Master Plan. Failure of MA Sepang to meet its payment obligations under the KLIA Concession could result in termination of the KLIA Concession. No assurance can be given that MA Sepang will be able to meet its payment obligations from cash flow from operating activities. With the exception of five **STOLports** which were subsequently developed, the Airports currently managed and operated by MASB were managed and operated by the DCA prior to the licensing of MASB and the statutory vesting of certain rights and liabilities in relation to the Airports in MASB. See "Description of Business - History". MASB has not executed a concession agreement with the Government in relation to the Designated Airports.

4. INVESTMENT CONSIDERATIONS (Cont'd)

MASB occupies the land on which the Designated Airports are situated pursuant to a letter dated 28 October, 1992 from the Ministry of Transport. MASB is currently in the process of finalising lease agreements with the Federal Lands Commissioner in relation to the land in question. The tenure of the land occupied by MASB is in line with the Licence Agreement and the Vesting Order issued on 1 November, 1992 by the Minister of Transport which indicates an operating licence of 30 years. The Company has been advised by its legal advisors as to Malaysian law, that MASB is entitled to occupy the airport land in question to manage and operate the relevant Designated Airports.

However, no assurance can be given that any delay in executing the relevant agreements or failure to do so will not affect the Group's ability to conduct its business. Furthermore, the Government may consider and promulgate new laws, amendments to existing laws, regulations and policies (or change the interpretation thereof) regarding a wide variety of matters that may adversely affect the Group's business and operating results.

Infrastructure Development; Financing

The Group's ability to increase its earnings from passenger traffic and commercial activities such as the collection of payments from retail and rental activities of duty free shops and offices, depends to a large extent on its ability to continue to maintain and expand the infrastructure of the Airports. The Group is responsible for the expansion and renovation of the infrastructure of the Airports. Furthermore, development of the KLIA is required, pursuant to the KLIA Concession, to be in accordance with the KLIA Master Plan.

The KLIA Master Plan is a co-ordinated phased development plan for KLIA, designed for the implementation of the construction and development of KLIA. However, from time to time this may be amended by the Government and the planning authority provided always such construction and development and/or amendment shall be made in consultation with the concessionaire in the best interest of KLIA.

The Government has historically provided substantial direct funding for infrastructure development. The Group does not expect that the Government will make available additional capital in the event that further expansion or renovation of the Designated Airports is necessary and the Group's long-term business plan assumes that additional capital from the Government will not be available and that the Group will itself fund future infrastructure development and airport expansion.

The majority of capital expenditure anticipated to be incurred by the Group in the next five to seven **years** will be associated with existing runway rehabilitation, the renovation and upgrading of terminal facilities and ongoing commercial building development at the Designated Airports but no major capital expenditure is required for KLIA. The Company expects to fund its capital expenditures from cash flow from operating activities and through additional borrowings and the issue of new equity. However, no assurance can be given that the Group will be able to finance its capital expenditure at acceptable costs.

The timely development of the Airports to meet capacity requirements is subject to receipt of approval from the relevant Governmental authorities, the cooperation of third party contractors and access to external sources of financing in a timely manner. As a result, there can be no assurance that project development delays will not occur in the future or that funds will be available in a timely manner. There can be no assurance that cost overruns and any delays in the development of the Designated Airports will not occur or that such cost overruns or delays, if they do occur, will not be material. See "Description of Business • Airport Development".

4. INVESTMENT CONSIDERATIONS (Cont 'd)

Control Of The Group; Influence Over The Group

Following the public flotation of the Company, the Government will directly or indirectly control at least 52 per cent. of the issued and paid-up share capital of the Company. MoF Inc. and Khazanah, will be the majority shareholders of the Company after the Offerings. As long as the Government directly or indirectly owns over 50 per cent, of the authorised and issued voting securities of the Company, it will be able to cause the adoption of any ordinary resolution properly brought before any ordinary or extraordinary meeting of the Company's shareholders and to prevent or initiate a change in control of the Group. Furthermore, the Airports are operated pursuant to licences to the airport management companies granted by the Minister of Transport. MA Sepang has also executed a concession agreement with the Government on 18 October, 1999. The Government, through MoF Inc., also has a Special Share in the Company and MA Sepang which requires them to obtain the approval of the Government before undertaking certain extraordinary transactions or effecting any significant changes in the operations of the companies in question. See "Regulatory Framework".

As a result of these factors, the Group is and will continue to be subject to significant control and/or influence from the Government. This control or influence may, in the future, be exercised in a manner which is inconsistent with the commercial interests of the Group and there can be no assurance that this will not adversely affect the Group's operations and financial condition.

Because the Government also has a Special Share in MAS and will remain the controlling shareholder of the Company following the completion of the Offerings, there continues to be the risk of a potential conflict of interest in the Government's influence over MAS and the Company and its subsidiaries.

Customer Concentration; Relationship With MAS

Due to the structure of the Malaysian airline industry, the Group's airline customer base is relatively concentrated.

Furthermore, as in the case of many flag carriers and their home airports, the relationship between MAS and the Group has historically been close. As the flag carrier for Malaysia, MAS remains the Airports' most important customer. In 1998, MAS carried 86 per cent of the Group's domestic passengers and 55 per cent of its international passengers. Furthermore, the Group leases land and other facilities to MAS. No other airline customer represented more than 10 per cent. of the Airports' total revenues in 1998 (Source : MASB). See "Description of Business - Principal Sources of Income."

The Company expects that sales to MAS and a relatively small number of airline customers namely Singapore Airlines, Cathay Pacific, Japanese Airlines, KLM and China Southern Airlines will continue to account for a substantial portion of the Group's turnover for the foreseeable future. As a result, the loss of one or more of such customers, a determination by MAS or any other major airline customer to reduce its services or operations or the failure of MAS or any other major airline customer to meet its obligations to the Group promptly or at all could materially and adversely affect the Group's cash flow, financial condition and results of operations.

4. **INVESTMENT CONSIDERATIONS** (*Cont'd*)

Cross Subsidisation

The Company operates the Airports as a single system applying the principle of “cross subsidisation”. Of the Airports, 16 made an operating profit in the year ended 31 December, 1998 in an aggregate amount of approximately RM3 18 million. For the same period, the total operating losses for the 22 loss making airports of which 17 are **STOLports** amounted to approximately RM3 million, whereby the profitable airports will continue to support the operations and management of the loss making airports so as a single system. Although the Company’s objective is to make all the Airports profitable, it believes that it is under a social and regulatory obligation, in that it is licensed to manage all the Airports, to provide airport services to rural communities. The Company believes that the Airports will continue to be viable as a whole despite less favorable performances by a number of the smaller airports and STOLports.

However, no assurance can be given that this policy will not adversely affect the Group’s financial condition and results of operations.

Handover Of KLIA

The development and construction of KLIA was supervised by a project company, KLIAB, which is wholly owned by the Government. Construction and operation and maintenance contracts relating to the KLIA were executed between KLIAB and third parties. Neither the Company, MA Sepang or any other subsidiaries and associated companies of the Company, is a party to these construction contracts or in a position to enforce them against third parties.

The Company intends to seek the assignment or novation of operation and maintenance contracts to MA Sepang or other Group companies in order to be in a position to enforce the relevant contracts warranties against the third party contractors.

There are no plans at present to seek the assignment or novation of construction contracts to MA Sepang although the Government has warranted in the KLIA Concession that it will procure that the existing arrangements in relation to any warranty for the making good of any defect, shrinkage or other faults of the first (present) phase of the development of **KLIA** will be assigned or transferred for the benefit of MA Sepang.

No assurance can be given that the Company will successfully complete its plans for the assignment or novation of these contracts from KLIAB to MA Sepang or that failure to do so in relation to certain contracts will not have an adverse effect on the financial condition, results of operations and operational efficiency of the Group.

Air Traffic Forecast Report Prepared By Cranfield

The forecasts of passenger, aircraft and cargo movements set out in Section 15 of this Prospectus were prepared by Cranfield University, independent Airport Traffic Consultants. The forecasts were made using various analytical methodologies and assumptions considered appropriate by Cranfield University. The forecasts are inherently subject to many uncertainties and unpredictable factors, including, among others, the rate of economic growth in Kuala Lumpur and the Malaysian economy, economic events and trends in other countries and other factors referred to in the report. Accordingly, the actual passenger, aircraft and cargo movements may differ materially from the forecast.

4. **INVESTMENT CONSIDERATIONS** *(Cont'd)*

Under no circumstances should the inclusion of such forecasts in the Prospectus be regarded as a representation or warranty by the Company or any other person with respect to the underlying assumptions used or the forecast results in fact being the actual outcome.

Non-core Business

The management and operation of airports is not the sole business of the Group and the Group has and will continue to operate non-core businesses such as the Sepang F1 Circuit and/or invest in non-core businesses such as the development of the Gateway Park see "Future Plans and Strategy". There can be no assurances that the Group has the business ability or the personnel to successfully develop these and other non-core activities or that such ventures will be profitable and will not negatively affect the Group's financial position and the results of operations.

Year 2000

The majority of computer software worldwide is programmed to process transactions using only two digits for the year of the transaction (e.g. "99" for 1999) rather than four digits. Computer systems which process year 2000 transactions (and beyond) with the year "00" will encounter significant processing inaccuracies and potentially even system failure.

In common with users of computers around the world, the Company is investigating if and to what extent the date change from 1999 to 2000 may affect the Group's systems. The Company has established a programme designed to ensure that the impact of the transition to the year 2000 on the Company is minimised by seeking to ensure that the Group's networks and systems are year 2000 compliant before 31 December, 1999. See "Business Description – Year 2000." The Group's operations may also be affected by the ability of third parties dealing with the Group (such as the airlines and the operators of the air traffic control system) to manage the effect of the year 2000 date change. No assurance can be given that year 2000 issues will not have an adverse effect on the business and results of operations of the Group.

Competition; Competing Forms Of Transportation; Competing Airport Operators

Although the Group does not have an exclusive right to the management and operation of any new airports developed in Malaysia, the Group currently manages and operates all existing commercial airports and **STOLports** in Malaysia (except for Kerteh airport in Terengganu which caters for the oil community in that area and is serviced by a limited number of flights from Subang Airport operated by a small domestic airline).

Although the Group does not face competition from other airports in Malaysia, the Airports, in particular KLIA, face competition from other regional airports, including Changi Airport, Singapore and Dong Muang, Bangkok, Thailand. Any attempts to make KLIA a hub for international airlines will involve competition with these airports. Although KLIA's aeronautical charges, including landing, parking and passenger charges, are among the lowest in the region, KLIA's status as a hub is also dependent on other factors like connectivity, i.e. the number of connecting flights there are out of KLIA for arriving airlines, and passenger comfort levels. There can be no assurance that competition from alternative forms of transportation or other airports in the region will not have an adverse effect on the Group's financial condition and results of operations.

In addition, the Airports and the airlines using the Airports do face competition, especially in relation to domestic services, from improving road and rail systems. The completion of the North South Highway from the northern tip of Peninsular Malaysia to Singapore has significantly reduced road travel times between airport towns and along its route. The completion of other road systems may further affect domestic passenger traffic on certain routes.

4. INVESTMENT CONSIDERATIONS *(Cont'd)*

The airport business is dependent on passenger and freight traffic from airlines, which in turn compete with alternative transport businesses. While airline prices, particularly for domestic passenger airline travel, have remained largely stable there can be no assurance that airline prices will be competitive against those of other forms of transportation.

To the extent that plans are developed for new airports, there can be no assurance that the Group will be permitted to operate and manage these new airports, or if they are, that such airports will be profitable and will not negatively affect the Group's financial condition and results of operations.

Reliance On, And Integration With, Other Entities And Operators

Many activities at the Airports are the responsibility of third parties. Air traffic control services for the Airports are provided by the DCA. The Malaysian Customs Department and the Malaysian Immigration Department are responsible for customs and immigration services respectively and other public authorities provide various other services. Airlines and other parties may provide other self-handling services such as check-in services, and may perform aircraft maintenance and operation. On a normal working day, over 91 per cent. of the personnel reporting for work at the Airports are employed by companies other than the Group. A substantial **disruption** in the operation of these entities (including as a result of events or actions over which the Group may not have any control) may materially and adversely affect the operation of the Airports and the Group's financial condition and results of operations.

Environmental And Planning Regulations

The Airports and the airlines using the Airports are subject to a variety of Governmental legislation and regulations relating to, among other things, airports, aircraft, and noise limitations. The Company believes that the Group's activities substantially comply with currently applicable environmental regulations; however, environmental claims or the failure to comply with present or future regulations could subject the Group to future liabilities including the assessment of damages, fines and orders to cease or modify certain construction projects. New regulations could require the Group to modify airport operations or incur other expenses that could have an adverse effect on the Company's results of operations. See "Regulatory Framework - Environmental Regulation".

Expansion and improvement of the Airports and the building of new airports also depend on the receipt of planning, zoning, environmental and other approvals granted by municipal, regional and other Malaysian public authorities. The Company expects to receive such permits and approvals **necessary** to complete the expansion and development contemplated by the KLIA Master Plan and present and future development plans for the other Airports. There can be no assurance, however, that the necessary approvals and authorisations will be available or would be granted in the event the Group seeks to. expand the infrastructure of the Airports or build new airports.

4. **INVESTMENT CONSIDERATIONS** *(Cont 'd)*

Transactions With Related Parties

The Group currently engages in, and expect from time to time to engage in, financial and commercial transactions with other Group companies, companies in which the Company has a minority interest and subsidiaries and affiliates of certain shareholders of the Company and its subsidiaries. The Group companies may enter into certain transactions with related companies in the future, and will seek to do so on an arm's length commercial basis and on terms that are fair and reasonable to the Group.

No Prior Market For Shares; Active Markets May Not Develop; Possible Volatility Of Share Prices

Prior to the Offerings there has been no public market for the Shares. There can be no assurance that an active trading market will develop for the Shares or that the Shares will trade in the public market subsequent to the Offerings at or above the initial offering price. The initial offering price for the Shares may not be indicative of the market price for the Shares after the Offerings.

The market price of the Shares following the Offerings may be volatile. Factors such as variations in the Group's operating revenue from aeronautical charges, international passengers, competition, regulatory changes, operating profit (loss) and cash flow, general trends in interest rates, Malaysian and international equity markets and the Malaysian economy, as well as certain other factors, could cause the market price of the Shares to fluctuate. In addition, the global stock markets have from time to time experienced extreme price and volume fluctuations which may adversely affect the market price of the Shares. Such fluctuations may materially adversely affect the market price of the Shares following the Offerings.

Application will be made to list the Shares on the KLSE. However, there can be no assurance that active trading markets for the Shares will develop or, if developed, that they will be maintained. See "Share Capital".

5. SHARE CAPITAL

SHARE CAPITAL	RM
Authorised :	
2,000,000,000 ordinary shares of RM1 each and 1 Special Share	<u>2,000,000,001</u>
Issued and fully paid:	
1 Special Share	1
990,000,000 ordinary shares of RM1 each	990,000,000
To be issued pursuant to the Institutional Public Issue :	
110,000,000 new ordinary shares of RM1 pursuant to the Institutional Public Issue	110,000,000
Total	<u>1,100,000,001</u>
 To be offered for sale to the Malaysian Public:	
88,000,000 ordinary shares of RM1 each	88,000,000

There are two classes of shares in the Company, namely ordinary shares of RM 1 each and the one Special Share.

The Special Share enables the Government through the Minister of Finance to ensure that certain major decisions affecting the operations of the Company are consistent with Government policies. The Special Share holder which may only be the Government or any representative or person acting on its behalf, is entitled to receive notices of meetings but not to vote at such meetings of the Company. However, the Special Share holder is entitled to attend and speak at such meetings. The Special Share holder has the right to appoint any person, but not more than six at any time to be directors. The Special Share holder has the right to require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate. The Special Share holder shall be entitled to repayment of the capital paid-up on the Special Share in priority to any repayment of capital to any other member. The Special Share holder does not have any right to participate in the capital or profits of the Company.

Certain matters which vary the rights attaching to the Special Share can only be effective with the consent in writing of the Special Share holder, in particular matters relating to the creation and issue of additional shares which carry different voting rights, the dissolution of the Company, substantial disposal of assets, amalgamations, mergers and takeovers.

5. SHARE CAPITAL (*Cont 'd*)

The Institutional Issue Shares and Retail Offer Shares will rank **pari** passu in all respects with the other existing issued and paid-up ordinary shares of the Company, including voting rights, and will be entitled to all rights and dividends that may be declared subsequent to the date of this Prospectus.

Subject to the special rights attaching to the Special Share and given to any share that may be issued by the Company in the future, the shareholders of ordinary shares in the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of liquidation of the Company.

At any general meeting of the Company, each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder, shall have one vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held.

6. PROCEDURE FOR APPLICATION AND ACCEPTANCE

6.1 Opening And Closing Of Application Lists

The Application Lists will open at 10.00 a.m. on 5 November, 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 the Company and/or the Offeror in their absolute discretion may decide.

6.2 Application Form

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

Institutional Issue Shares

Yellow Application Forms for application by Approved Malaysian Institutional Investors to subscribe for the Institutional Issue Shares.

Retail Offer Shares

White Application Forms for application by the Malaysian Public, of which at least 30 per cent is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions to subscribe for the Retail Offer Shares.

The Application Forms together with copies of this Prospectus may be obtained, subject to availability, from Aseambankers, member companies of the **KLSE**, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia and the Issuing House.

6.3 Procedure For Application Using Application Form

Application for the Institutional Issue Shares and Retail Offer Shares must be made on the 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. In accordance with Section 37(1) of the Companies Act, the Application Forms 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 Forms or Notes and Instructions printed therein or which are illegible will not be accepted.

Only one application can be made by each applicant. Multiple applications will not be accepted. Each application must be for 1,000 ordinary shares or multiples thereof. The amount payable in full on application is **RM2.50** per ordinary 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 FORM MUST BE ACCOMPANIED BY A REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE EITHER BY:

- (1) BANKERS DRAFTER/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

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

- (2) 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
- (3) MONEY ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
- (4) GUARANTEED GIRO ORDER (GGO) FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- (5) ATM STATEMENT OBTAINED FROM ANY OF THE FOLLOWING:
- ARAB-MALAYSIAN BANK BERHAD (295576-U);
 - ARAB-MALAYSIAN FINANCE BERHAD (5493-X);
 - ASIA COMMERCIAL FINANCE (M) BERHAD (6521-U);
 - BAN HIN LEE BANK BERHAD (1147-M);
 - BANK OF COMMERCE (M) BERHAD (1349 1 -P);
 - BANK UTAMA (MALAYSIA) BERHAD (27714-A);
 - BSN COMMERCIAL BANK BERHAD
(formerly known as Bank Buruh (Malaysia) Berhad) (23877-T);
 - CREDIT CORPORATION MALAYSIA BERHAD (5023-H);
 - EON BANK BERHAD (9235 1 -V);
 - EON FINANCE BERHAD (9296-K);
 - HOCK HUA BANK BERHAD (11150 1 -D);
 - HONG LEONG BANK BERHAD (97 14 1 -X);
 - HONG LEONG FINANCE BERHAD (7797-V);
 - INTERNATIONAL BANK MALAYSIA BERHAD *(formerly known as Hock Hua Bank (Sabah) Berhad) (22671-U);*
 - MALAYAN BANKING BERHAD (3813-K);
 - MAYBAN FINANCE BERHAD (3905-T);
 - MBf FINANCE BERHAD (85 15-D);
 - MULTI-PURPOSE BANK BERHAD (88 103-W);
 - ORIENTAL BANK BERHAD (845-W);
 - ORIENTAL FINANCE BERHAD (50555-A);
 - PHILEO ALLIED BANK (MALAYSIA) BERHAD *(formerly known as Allied Bank (Malaysia) Berhad) (306350-K);*
 - PUBLIC BANK BERHAD (6463-H);
 - PUBLIC FINANCE BERHAD (647 1-U);
 - RHB BANK BERHAD *(formerly known as DCB Bank Berhad) (6171-M);*
 - SABAH BANK BERHAD (45788-D);
 - THE PACIFIC BANK BERHAD (5024-T); OR
 - UNITED MERCHANT FINANCE BERHAD (3838-T).

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

AND MUST BE MADE OUT IN FAVOUR OF “**MIH SHARE ISSUE ACCOUNT NO. 161**” AND CROSSED “A/C 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).

THE NAME AND ADDRESS OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN THE APPLICANTS IDENTITY CARD, **NRIC**, RESIT PENGENALAN SEMENTARA (JPN 1/9) OR CHANGE OF ADDRESS CARD (RESITPENUKARAN **KAD** PENGENALAN JPN 1/22) IN THE CASE OF AN INDIVIDUAL APPLICANT EXCEPT FOR THE ADDRESS OF ARMED FORCES/POLICE PERSONNEL WHICH SHOULD BE BASED ON THE ADDRESS OF THE APPLICANT’S RESPECTIVE CAMP/BASE/STATION. IN THE CASE OF A CORPORATE/INSTITUTIONAL APPLICANT, THE NAME OF THE APPLICANT MUST BE EXACTLY THE SAME AS THE APPLICANTS CERTIFICATE OF INCORPORATION AND THE ADDRESS MUST BE EXACTLY THE SAME AS THE REGISTERED ADDRESS.

APPLICATIONS ACCOMPANIED BY ANY MODE OF PAYMENT OTHER THAN THOSE STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCE OR INAPPROPRIATE BANKER’S DRAFTS/CASHIER’S ORDERS/MONEY ORDERS/GGO WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE APPLICATION FORM.

Directors and employees of Malaysian Issuing House Sdn. Bhd. and their immediate family are strictly prohibited from applying for the shares.

Each completed Application Form must be **despatched** by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn. Bhd. (258345-X)
27th Floor, Menara Multi-Purpose
Capital Square
8 Jalan Munshi Abdullah
56 100 Kuala Lumpur
P.O Box 13269
50804 Kuala Lumpur

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, 50 100 Kuala Lumpur, so as to arrive not later than 8.00 p.m. on 5 November, 1999.

Application may also be delivered in a drive-in manner at Stadium Hoki Tun Razak, Jalan Duta, Kuala Lumpur on 5 November, 1999, between 8.30a.m. and 8.00 p.m. only,

No acknowledgment of the receipt of Application Forms or application monies will be made by the Company and/or the Offeror.

6.4 **Application And Acceptance**

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

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

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

In the event of an over-subscription, acceptance of applications will be subject to a ballot to be conducted in the manner approved by the Directors. Due consideration will be given to the desirability of distributing the ordinary shares to a reasonable number of applicants with a view of broadening the shareholding base of the Company. The final allocation to any single applicant will be made to ensure that the Company complies with SC's shareholding spread requirement that at least 25 per cent of the issued and paid-up share capital of the Company is in the hands of a minimum of 1,250 public shareholders holding not less than 1,000 shares each. Applications will be selected in a manner to be determined by the Directors of the Company.

In the event of an under-subscription by the Malaysian Public, all ordinary shares not applied for will be made available for subscription by the Underwriters in the proportions specified in the underwriting agreement dated 25 October, 1999.

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, SHALL BE REFUNDED WITHOUT INTEREST TO THE APPLICANT WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF FINAL BALLOT OF THE APPLICATION LISTS BY ORDINARY POST OR REGISTERED POST RESPECTIVELY AT THE ADDRESS SHOWN ON THE APPLICATION FORM AT THE APPLICANTS OWN RISK.

THE ISSUING HOUSE RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND FROM PARTIALLY SUCCESSFUL BUMIPUTERA APPLICANTS WHICH WILL SUBSEQUENTLY BE REFUNDED WITHOUT INTEREST WITHIN 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.

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

6.5 CDS Account

Pursuant to Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in the Company shares will be by book entries through CDS Accounts. No share certificates will be issued to successful applicants.

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. A list of the ADA Codes is set out in Section 6.10 of this Prospectus. Where an applicant already has a CDS Account, he/she SHOULD NOT complete the preferred ADA Code. If a successful applicant fails to state either his/her CDS Account number or his/her preferred ADA Code, the Company may, in the exercise of its absolute discretion, instruct the Issuing House to insert a preferred ADA Code on the Application Form and further instruct MCD to open a CDS Account on the applicant's behalf at the specified ADA and credit the shares allotted to the applicant into the applicant's CDS Account.

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

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 by way of keying in his CDS Account Number if the instruction 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 and 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 Applications defers from those in MCD's records, such as the identity card number, names and nationalities.

6.6 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 30 days after the final ballot of the application. This is the only acknowledgement of acceptance of the application.

6.7 Formalising Of CDS Account

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

6.8 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 the **ATMs** are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section 69 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.

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

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

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 that 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 Offerors, Company or 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 Issue/Offer Shares on 5 November, 1999 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 Issue/Offer 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 its 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 ACCOUNTNUMBER 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 6.2 and 6.4 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 predesignated 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 I am submitting.
 - 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 MIH and other relevant authorities.

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

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 FOR 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 PUBLIC ISSUE/ OFFER 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 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 applicants agree 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 the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares,
- (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 applicants may check their accounts on the fifth market day from the balloting date.

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

Where an Electronic Share Application is accepted 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 receipt of confirmation from MIH. 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 21 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 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, MIH or the Participating Financial Institution, for the shares applies irrevocably agrees that if.-
 - (i) the Company or MIH does not receive the applicant's Electronic Share Application; and
 - (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.
- (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 will be sent to his registered address last maintained with MCD.

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

- (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 for 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 agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application Scheme and/or any 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 reserves the right to require any successful applicant to appear in person at the registered office of MIH within 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.
- (n) The Directors of the Company reserves the right to reject applications which do not conform to these instructions.
- (o) Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their **branches**:-

ARAB-MALAYSIAN BANK BERHAD (295576-U)

ARAB-MALAYSIAN FINANCE BERHAD (5493-X)

BANK BUMIPUTRA MALAYSIA BHD (6175-X)
(at selected branches in the Klang Valley only)

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

HSBC BANK MALAYSIA BERHAD (127776-V)
(formerly known as Hongkong Bank Malaysia Berhad)

MALAYAN BANKING BERHAD (3813-K)

MAYBAN FINANCE BERHAD (3905-T)

OCBC BANK (MALAYSIA) BERHAD (5493-X)

ORIENTAL BANK BERHAD (845-W)

STANDARD CHARTERED BANK MALAYSIA BERHAD (115793-P) (at selected branches only)

- (P) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

6.9 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 initial public share offering via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application is set out in Section 13.8 under 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

6.10 List Of Authorised Depository Agents

A list of the ADAs and their respective codes are as follows:-

Name	Address And Telephone Number	Broker Code
KUALA LUMPUR		
ARAB-MALAYSIAN SECURITIES SDN BHD (92977-U)	15th Floor, Bangunan Arab-Malaysian 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2382788	086-001

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

Name	Address And Telephone Number	Broker Code
AFFIN-UOB SECURITIES SDN BHD (43 1338-P)	Level 3 , Menara Keck Seng 203, Jalan Bukit Bintang 55 100 Kuala Lumpur Tel No. : 03-2438668	028-00 1
BBMB SECURITIES SDN BHD (164534-K)	Level 2, 3,, 4 & 17 , Menara Olympia Letter Box No. 2 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2019900	099-00 1
BIMB SECURITIES SDN BHD (290 163-X)	1st & 2nd Floor, Podium Block Bangunan AMDB No. 1 , Jalan Lumut 50350 Kuala Lumpur Tel. No. : 03-4433533	024-00 1
CAPITALCORP SECURITIES SDN BHD (2 10959-K)	Level 1 & 2 , Block G (Central) Pusat Bandar Damansara 50490 Kuala Lumpur Tel. No. : 03-2549966	018-001
CIMB SECURITIES SDN BHD (163712-V)	9th Floor, Commerce Square Jaian Semantan Damansara Heights 50490 Kuala Lumpur Tel. No. : 03-2532288	065-001
HLG Securities Sdn Bhd (127855-D) (formerly known as Zalik Securities Sdn Bhd)	21st Floor, Wisma HLA Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2022778	066-00 1
INTER-PACIFIC SECURITIES SDN BHD (1273 8-U)	Level 7, Menara Shahzan Insas 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No. : 03-2441888	054-00 1
JUPITER SECURITIES SDN BHD (48703-W) (formerly known as HA Securities Sdn Bhd)	7th -9th Floors Manara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2041888	055-001
KUALA LUMPUR CITY SECURITIES SDN BHD (126994-W)	Lot 3.07, Level 3, Bangunan Angkasaraya Jalan Ampang 50450 Kuala Lumpur Tel. No. : 03-2449322	076-00 1
K & N KENANGA BHD (15678-H)	8th Floor Pernas International Building 801, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No. : 03-2613066	073-00 1

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

Name	Address And Telephone Number	Broker Code
LEONG & CO SDN BHD (8789-P)	Level 18, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur Tel. No. :03-2928899	061-001
MAYBAN SECURITIES SENDIRIAN BERHAD (165630-M)	30th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel. No. : 03-2323822	098-00 1
MGI SECURITIES SDN BHD (formerly known as Charles Bradburne & Co. (I 930) Sdn Bhd) (682-X)	1st & 2nd Floor, Wisma MGIC 38, Jalan Dang Wangi 50 100 Kuala Lumpur Tel. No. :03-2911889	052-00 1
MIDF SISMA SECURITIES SDN BHD	17&18 Floor, Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel No. : 03-2668888	026-00 1
OSK SECURITIES BHD (14 152-V)	10th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel. No. : 03-2624388	056-00 1
PB SECURITIES SDN BHD (20027-W)	27 th Floor, Bangunan Public Bank 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-20 130 11	051-001
PENGKALEN SECURITIES SDN BHD (66299-A)	Ground, Mezzanine & 1st Floor Menara Pengkalen No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel. No. : 03-2448055	064-00 1
RASHID HUSSAIN SECURITIES SDN BHD (95060-A)	LEVEL 1, 2, 3 & 5 Tower One, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No. : 03-9852233	087-00 1
KAF SEAGROATT & CAMPBELL SECURITIES SDN BHD (13463 I-U)	26th - 30th Floor, The Weld Tower 76, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2081600	053-001
TA SECURITIES BHD (16029-V)	34th Floor, Menara TA One 22, Jalan P.Ramlee 50250 Kuala Lumpur Tel. No. : 03-2321277	074-00 1
SIME SECURITIES SDN BHD (165878-V) (formerly known as UMBC Securities Sdn Bhd)	21st Floor, Bangunan Sime Bank 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No. : 03-2749288	097-001

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

Name	Address And Telephone Number	Broker Code
SELANGOR DARUL EHSAN		
JF APEX SECURITIES SDN BHD (47680-X) <i>(formerly known as Apex Securities Sdn Bhd)</i>	3rd Floor, Wisma Apex 145A-C , Jalan Bukit P. O. Box No. 16 43007 Kajang Selangor Darul Ehsan Tel. No. : 03-8361118	079-001
AMSTEEL SECURITIES (M) SDN BHD (5 1253-A) <i>(formerly known as Klang Securities Sdn Bhd)</i>	2nd, 3rd & 4th Floors, Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 4 1050 Klang Selangor Darul Ehsan Tel. No. : 03-3439999	080-001
HALIM SECURITIES SDN BHD (107442-X)	No. 68, Jalan 52/4 New Town Centre P. O. Box No. 561 46770 Petaling Jaya Selangor Darul Ehsan Tel. No. : 03-7555777	091-001
MOHAIYANI SECURITIES SDN BHD (140238-A)	2nd & 3rd Floors Plaza Damansara Utama No. 2, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel. No. : 03-7197345	095-001
HWANG-DBS SECURITIES BERHAD (14389-U)	Tingkat 18 - 20, Plaza Masalam 2, Jalan Tengku Ampuan Zabedah E9/E, Section 9 4 1000 Shah Alam Selangor Darul Ehsan Tel. No. : 03-5533288	089-001
SJ SECURITIES SDN BHD (141671-T)	Level 3, Holiday Villa No. 9, Jalan SS12/1 47500 Subang Jaya Selangor Darul Ehsan Tel. No. : 03-7340202	096-001
MELAKA		
MALACCA SECURITIES SDN BHD (16121-H)	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang P. O. Box No. 248 75750 Melaka Tel. No. : 06-3371533	012-001
OCBC SECURITIES (MELAKA) SDN BHD (18884-P)	579, 579A & 579B Taman Melaka Raya 75000 Melaka Tel. No. : 06-2825211	072-001

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

Name	Address And Telephone Number	Broker Code
STRAITS SECURITIES SDN BHD (74070-T)	Lot 9 & 10 , 1st Floor Bangunan Tabung Haji Jalan Bandar Kaba P.O. Box No. 209 75740 Melaka Tel. No.: 06-2833622	011-001
PERAK DARUL RIDZUAN		
BOTLY SECURITIES SDN BHD (14948-M)	1st Floor, Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel. No. : 05-2531313	058-001
KIN KHOON & CO. SDN BHD (17816-P)	23 & 25, Wisma Kota Emas Jalan Dato' Tahwil Azhar P. O. Box No. 421 30910 Ipoh Perak Darul Ridzuan Tel. No. : 05-2543311	017-001
MBf NORTHERN SECURITIES SDN BHD (14782-V)	No.71, Jalan Lim Bo Seng 30300 Ipoh Perak Darul Ridzuan Tel. No.: 05-2548999	067-001
M&A SECURITIES SDN BHD (15017-H)	M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel. No. : 05-2559500	057-001
PHILEO ALLIED SECURITIES SDN BHD (25397-M)	No. 63, Persiaran Greenhill Wisma Allied Bank 30450 Ipoh Perak Darul Ridzuan Tel. No. : 05-2558233	071-001
SBB SECURITIES SDN BHD (100518-M)	5 1-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2530888	090-001
TAIPING SECURITIES SDN BHD (113521-K) <i>formerly known as Nadzri & Ng Securities Sdn Bhd</i>	Bangunan Koperasi Pegawai- Pegawai Kerajaan Taiping Berhad No. 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No. : 05-8060888	092-001

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

Name	Address And Telephone Number	Broker Code
PERAK DARUL RIDZUAN (<i>Cont'd</i>)		
PREMIER CAPITAL SECURITIES SDN BHD (64149-M)	Wisma Premier Capital 21 - 25, Jalan Seenivasagam 30450 Ipoh Perak Darul Ridzuan Tel. No. : 05-2415100	082-00 1
PULAU PINANG		
A.A. ANTHONY & CO SDN BHD (13622-K)	No. 41-1-1 & 41-2-1 Jalan Cantonment 10250 Pulau Pinang Tel. No. : 04-22993 18	014-001
HWANG-DBS SECURITIES BERHAD (14389-U)	Levels 2, 3, 4, 7 & 8, Wisma Sri Pinang No. 60, Green Hall 10200 Pulau Pinang Tel. No. : 04-2636996	068-001
KE-ZAN SECURITIES SDN BHD (89986-P)	2nd & 3rd Floors Wisma Ke-Zan No. 64, Bishop Street 10200 Pulau Pinang Tel. No. : 04-2634222	085-001
MERCURY SECURITIES SDN BHD (113193-W)	2nd Floor, Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Prai Tel. No. : 04-3322123	093-001
SMITH ZAIN SECURITIES SDN BHD (13901-H)	7th & 8th Floor, Menara PSCI No. 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No. : 04-2283355	016-001
SOON THEAM SECURITIES SDN BHD (14147-K)	No. 111, Jalan Macalister 10400 Pulau Pinang Tel. No. : 04-2281868	060-001
THONG & KAY HIAN SECURITIES SDN BHD (14592-P)	Levels 5 & 6, Wisma Sri Pinang No. 60, Green Hall 10200 Pulau Pinang Tel. No. : 04-2635481	070-00 1
UT SECURITIES SDN BHD (207 10-W)	12th Floor, Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel. No. : 04-2626644	059-00 1

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

Name	Address And Telephone Number	Broker Code
KEDAH DARUL AMAN		
ALOR SETAR SECURITIES SDN BHD (123654-H)	Lot T-30 , 2nd Floor Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel. No. : 04-7317088	094-001
PERLIS INDERA KAYANGAN		
UPEN SECURITIES SDN BHD (254920-D)	2nd Floor, Podium Block Bangunan KWSP 01000 Kangar Perlis Indra Kayangan Tel. No. : 04-9765299	023-001
NEGERI SEMBILAN DARUL KHUSUS		
KIMARA EQUITIES SDN BHD (228587-U)	2nd, 9th & 10th Floor Bangunan Yayasan Negeri Sembilan Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No. : 06-7638999	084-00 1
MALPAC SECURITIES SDN BHD (159143-V) <i>(formerly known as Seremban Securities Sdn Bhd)</i>	1st, 2nd & 3rd Floors Nos. 19, 20 & 21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel. No. : 06-7623131	063-001
JOHOR DARUL TAKZIM		
KESTREL SECURITIES SDN BHD (97 150-A) <i>(formerly known as MBf Securities Sdn Bhd)</i>	1st & 2nd Floors 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel. No. : 07-9532222	088-00 1
ENG SECURITIES SDN BHD (53333-T)	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel. No. : 07-2231211	081-001
PENINSULA SECURITIES SDN BHD (57258-V) <i>(formerly known as Hamid & Chua Securities Sdn Bhd)</i>	Level 2, Menara Pelangi No. 2, Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No. : 07-3333600	077-00 1

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

Name	Address And Telephone Number	Broker Code
JOHOR DARUL TAKZIM <i>(Cont'd)</i>		
JB SECURITIES SDN BHD (17812-U)	Level 6, 7 & 8 Menara Sarawak Enterprise No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No. : 07-3332000	078-001
PJB PACIFIC SECURITIES SDN BHD	Podium 2A & 3, Menara Ansar 65, Jalan Trus 80000 Johor Bahru Johor Darul Takzim Tel No. : 07-2222692	027-00 1
SOUTH JOHORE SECURITIES SDN BHD (53647-D)	3rd Floor, Penggaram Complex No. 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No. : 07-4342282	069-001
PAHANG DARUL MAKMUR		
WK SECURITIES SDN BHD (70978-V)	A-397, A-399 and A-401 Taman Sri Kuantan III Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel. No. : 09-5660800	083-00 1
KELANTAN DARUL NAIM		
KOTA BHARU SECURITIES SDN BHD <i>(formerly known as Lee & Kee Securities Sdn Bhd)</i> (15629-M)	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel. No. : 09-7482798	075-00 1
TERENGGANU DARUL IMAN		
FA SECURITIES SDN BHD (251711-V)	3rd Floor, Wisma UMNO Jalan Masjid Abidin 20 100 Kuala Terengganu Terengganu Darul Iman Tel. No. : 09-6238128	021-001
PTB SECURITIES SDN BHD	1st, 2nd & 3rd Floor No.61 , Jalan Sultan Ismail Peti Surat 151 Pejabat Pos Besar 20700 Kuala Terengganu Terengganu Darul Iman Tel No. : 09-6235546	025-00 1

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

Name	Address And Telephone Number	Broker Code
SARAWAK		
SARAWAK SECURITIES SDN BHD (219322-W)	Wisma Mahmud Jalan Sungai Sarawak 93 100 Kuching Sarawak Tel. No. : 082-338000	019-001
UTAMA SECURITIES SDN BHD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No. : 085-435577	029-001
SABAH		
INNOSABAH SECURITIES SDN BHD (194990-K)	No. 11, Equity House, Block K Sadong Jaya , Kompleks Karamunsing 88100 Kota Kinabalu Sabah Tel. No. : 088-234099	020-00 1
LABUAN		
LABUAN SECURITIES SDN BHD (239683-W)	Level 2, Wisma Oceanic Jalan OKK Awang Besar 87007 Wilayah Persekutuan Labuan Tel. No. : 087-410621	022-00 1

7. PARTICULARS OF THE OFFERINGS

7.1 Details Of The Offerings

The Offerings shall be subject to the **terms** and conditions of this Prospectus and the Application Forms, and will be allocated in the following manner :-

7.1.1 Institutional Public Issue

The Institutional Public Issue is an invitation by the Company to Approved Malaysian Institutional Investors to apply for 110,000,000 new ordinary shares of **RM1** each in the Company at an Issue Price of **RM2.50** per share payable, in full on application.

The Institutional Issue Shares have been fully underwritten subject to the terms and conditions of the relevant underwriting agreement.

7.1.2 Retail Offer For Sale

The Retail Offer for Sale is an invitation by **MoF Inc.** to the Malaysian Public to apply for a total of 88,000,000 ordinary shares of **RM1** each in the Company at an Offer Price of **RM2.50** per share, payable in full on application.

The Retail Offer Shares have been fully underwritten subject to the terms and condition for the relevant underwriting agreement.

Acceptance of applications in respect of the Retail Offer Shares to be offered to the Malaysian Public shall be subject to ballot in the case of an oversubscription.

None of the Institutional Issue Shares and Retail Offer Shares will be reserved for employees and Bumiputera investors.

7.2 Purpose Of The Offerings

The purpose of the Offerings are as follows:

- (i) To enable the Company to gain access to the capital markets and to tap external sources of debt and equity funds for future expansion and growth of the Group;
- (ii) To provide an opportunity for the employees and directors of the Group, Malaysian Public and Approved Malaysian Institutional Investors to participate in the continuing growth of the Group by way of equity participation;
- (iii) To provide an opportunity for the Government through **MoF Inc.** and Khazanah to realise its investments in the Group; and
- (iv) To facilitate the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Board of the KLSE and to comply with the listing requirements of the KLSE and the SC in respect of the minimum shareholding spread.

7. PARTICULARS OF THE OFFERINGS *(Cont'd)*

7.3 Proceeds Of The Offerings

Proceeds from the Institutional Public Issue will accrue entirely to the Group. The gross amount expected to be raised from the Institutional Public Issue is **RM275,000,000**. Underwriting commission and brokerage in respect of the Institutional Public Issue and all other expenses incidental to the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of KLSE estimated at **RM14,000,000**, shall be borne by the Group. The net proceeds of the Institutional Public Issue accruing to the Group is **RM261,000,000**.

Details on the utilisation of proceeds from the Institutional Public Issue are set out in Section 8.3 of this Prospectus.

The entire gross proceeds of the Retail Offer for Sale will accrue to **MoF Inc.** and no part will be receivable by the Group or any other party.

7.4 Underwriting Commission And Brokerage

The Underwriter for the Institutional Issue Shares have agreed to underwrite the Institutional Issue Shares to be offered to the Malaysian Institutions for an underwriting commission of 1% of the Issue Price of **RM2.50** per share. The Retail Offer Shares are also underwritten for an underwriting commission of 1% of the Offer Price of **RM2.50** per share. The underwriting commission with respect to the Institutional Issue Shares is payable by the Company whilst underwriting commission in respect of the Retail Offer Shares is payable by the Offeror.

Brokerage commission with respect to the **88,000,000** Retail Offer Shares to be issued pursuant to the Retail Offer is payable by the Offeror at a rate of 1% of the Offer Price of **RM2.50** per share in respect of successful applications which bear the stamp of Aseambankers, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or the Issuing House.

8. INFORMATION ON THE GROUP

8.1 Incorporation Of The Company

The Company was incorporated in Malaysia under the Companies Act, on 28 June, 1999. It was established to become the investment holding company for the Group in preparation for the Group's listing on the Main Board of the KLSE.

The Company has eight subsidiaries, namely MASB, MA Sepang, MA Niaga, MAMTS, MA Properties, MAAH, KLAH and SIC and three associated companies, CAMS, UTW and KAFS.

8.2 Flotation Scheme

As an integral part of the listing of and quotation for the entire issued and paid-up capital of the Company on the Main Board of the KLSE, the Company undertook a flotation scheme which was approved by the SC, EPU, FIC and Ministry of Finance on 15 October 1999, 6 October, 1999, 9 October, 1999 and 23 October, 1999 respectively. The flotation scheme comprises the following*

Stage I - Acquisitions Of MASB And Its Subsidiaries Namely MA Sepang, MA Niaga, MAMTS, SIC And MAATS By MA Holdings And Acquisitions Of MAAH, KAFS, KLAH And GDC By MA Properties

On 22 October, 1999 the Company entered into several conditional sale and purchase agreements pursuant to which it:

- (a) acquired from Khazanah 360,113,845 ordinary shares of RM1 each representing the entire issued and paid-up capital of MASB for a purchase consideration of RM1,663,094,840 which was satisfied by the issuance of 989,999,998 new ordinary shares on RM1 each in the Company at an issue price of RM 1.68 per share which is based on audited NTA as at 31 December 1998;
- (b) acquired from MASB for RM97,689,523 in cash 50,000,000 ordinary shares of RM 1 each representing the entire issued and paid-up capital of MA Sepang;
- (c) acquired from MASB for RM 16,475,490 in cash 5,000,000 ordinary shares of RM1 each representing the entire issued and paid-up capital of MA Niaga;
- (d) acquired from MASB for RM1 in cash 500,000 ordinary shares of RM1 each representing the entire issued and paid-up capital of MAMTS which holds the following investments :
 - 40 per cent. of CAMS; and
 - 49 per cent. of UTW;
- (e) acquired from MASB for RM9,890,441 in cash 10,000,000 ordinary shares of RM 1 each representing the entire issued and paid-up capital of SIC;
- (f) acquired from MASB for RM 1 in cash 2 ordinary shares of RM1 each representing the entire issued and paid-up capital of MAATS; and

8. INFORMATION ON THE GROUP (Cont 'd)

MA Properties, a wholly-owned subsidiary of the Company, had also entered into several conditional sale and purchase agreements pursuant to which it acquired from MASB the following:

- (a) 405,750 ordinary shares of RM 1 each representing 12.5 per cent. of the issued and paid-up capital of GDC for **RM7,471,444** in cash;
- (b) 1,000,000 ordinary shares of RM 1 each representing 20 per cent. of the issued and paid-up capital of **KAFS** for **RM18,234,333** in cash;
- (c) 6540,000 ordinary shares of RM 1 each representing 60 per cent. of the issued and paid-up capital of **KLAH** for **RM54,656,938** in cash; and
- (d) 1,000,000 ordinary shares of **RM1** representing the entire issued and paid-up capital of **MAAH** for **RM4,986** in cash.

The purchase considerations for the acquisitions of MASB, MA Sepang, MA Niaga, MAMTS, MAATS, **MAAH** and **KLAH** was arrived at based on the audited **NTAs** of the respective companies as at 31 December, 1998. The purchase consideration for the acquisition of **SIC** was based on its audited NTA as at 31 December, 1998 adjusted for the increase in paid-up capital from RM2 to RM 10,000,000 in 1999. The purchase consideration for the acquisitions of **KAFS** and GDC were based on the audited **NTAs** as at 31 March, 1999.

The audited **NTAs**, of MASB, MA Sepang, MA Niaga, MAMTS, MAATS, **KLAH** and **MAAH** as at 31 December, 1998 are as follows :-

	MASB RM	MA Sepang RM	MA Niaga RM	MAMTS RM	MAATS RM	KLAH RM	MAAH RM
Share Capital	360,113,845	50,000,002	5,000,002	500,002	2	10,900,000	1,000,000
Retained Profits	1,303,242,995	49,129,521	11,475,488	(1,402,368)		(225,083)	(995,014)
Reserves	-				-	89,100,000	
	1,663,356,840	99,129,523	16,475,490	(902,366)	2	99,774,917	4,986
Less:							
Intangible Assets	(262,000)	(1,440,000)			(152,530)	(8,680,021)	
NTA	1,663,094,840	97,689,523	16,475,490	(902,366)	(152,528)	91,094,896	4,986
% acquired	100.0	100.0	100.0	100.0	100.0	60.0	100.0
Purchase Consideration (RM)	1,663,094,840	97,689,523	16,475,490	1	1	54,656,938	4,986

8. INFORMATION ON THE GROUP (Cont'd)

The audited NTA of SIC as at 31 December, 1998 of SIC adjusted for the increase in paid-up capital is as follows :-

	RM
Share Capital as 31 December 1998	2
Increase in paid-up capital	9,999,998
Retained Profits	
Reserves	
	1 0,000,000
Less:	
Intangible Assets	(109,559)
NTA	<u>9,890,441</u>
% acquired	100
Purchase Consideration (RM)	9,890,441

The audited NTAs of KAFS and GDC as at 31 March, 1999 are as follows :-

	GDC RM	KAFS RM
Share Capital	3,550,000	5,360,000
Retained Profits		
Reserves	56,280,556	85,824,413
	59,830,556	91,184,413
Less: Intangible Assets	(59,008)	(12,750)
NTA	<u>59,771,548</u>	<u>91,171,663</u>
% acquired	12.5	20.0
Purchase Consideration (RM)	7,471,444	18,234,333

The above acquisitions were completed on 23 October, 1999 and financed by internally generated funds.

Stage II-The Offerings

Details of the Offerings are set out in Section 7 of the Prospectus.

The SC vide their letter dated 15 October, 1999 also approved the disposal of 110,000,000 ordinary shares in the Company by Khazanah to Jalinan Etika Sdn Bhd and the subsequent transfer of shares to eligible directors and employees of MA Holdings.

The SC's approval for the flotation scheme is subject to the following conditions:

- (i) The promoters of the Company provides a letter of undertaking prior to the listing and quotation of the Company of the Main Board of the KLSE that they will place a certain amount of the Company's Shares with Aseambankers as stakeholders, immediately after the listing and quotation of the Company for the purpose of complying with the 25 per cent. shareholding spread requirement; and

8. INFORMATION ON THE GROUP (Cont'd)

- (ii) The Company will comply with the 25 per cent. public shareholding spread requirement before 31 March, 2000. In the event the condition is not met by the said date, Aseambankers is to sell the Company's shares which are placed by the promoters, to the public in order to comply with 25 per cent. public shareholding spread requirement.

8.3 Utilisation Of Proceeds

Gross proceeds of **RM275,000,000** to be raised from the Institutional Public Issue will accrue entirely to the Group whilst the gross proceeds of **RM220,000,000** to be raised from the Retail Offer will accrue entirely to the Offeror.

The gross proceeds arising from Public Issue of **RM275,000,000** which will be accrue entirely to MA Holdings will be utilised in the following manner:

	RM'000
Part payment of concession fee under the KLIA Concession ⁽¹⁾	261,000,000
Estimated listing expenses	14,000,000
Total proceeds	275,000,000

Refer to Section 8.4 of this Prospectus for details of the Group's obligations under the KLIA Concession. (The concession fee under the KLIA Concession amounts to RM1,308,350,000 comprising RM175,000,000 payable within two months of 18 October 1999 and annual payments of RM226,670,000 in each of the years 2000 to 2004.) See "Regulatory Framework-KLIA Concession".

8.4 Description Of Business

Principal Business Activities

The Group's principal business activity is the management and operation of airports in Malaysia.

By a licence dated 1 November 1992, (issued pursuant to the Civil Aviation Act 1969), the Government licensed MASB to operate and manage the 19 airports at Subang, Kuala Lumpur, Ipoh, Penang, Alor Setar, Langkawi, Tawau, Lahad Datu, Kota Bharu, Kuala Terengganu, Kuantan, Johor Baharu, Malacca, Kuching, Sibul, Bintulu, Miri, Labuan, Kota Kinabalu and Sandakan and 12 short take-off and landing airports (STOLports) at Kudat, Semporna, Long Pasia (all in Sabah). Kapit, Belaga, Marudi, Bario, Long Seridan, Long Lellang, Long Semado, and Bakelalan (all in Sarawak) and Pulau Tioman in Peninsular Malaysia. Five STOLports developed at Pulau Pangkor, Mulu, Limbang, Mukah and Lawas were added to the airports operated and managed by MASB. The Group currently manages and operates all the commercial airports in Malaysia except for Kerteh airport in Terengganu which caters for the oil community in that area and is serviced by a limited number of flights from Subang Airport operated by a small domestic airline.

Subsequently, KLIA was developed to replace Subang Airport as the main gateway to Malaysia, as Subang Airport did not have sufficient capacity to deal with the increasing passenger and aircraft traffic given the lack of sufficient surrounding empty land to develop additional facilities. Construction of KLIA at Sepang began in 1995 and was completed in 1998. KLIA was officially opened on 27 June, 1998 and is presently Malaysia's largest and busiest domestic and international airport in terms of both aircraft and passenger movements. The licence to manage and operate KLIA was issued to MA Sepang on 5 May, 1998. The concession agreement between the Government and MA Sepang was executed on 18 October, 1999. See also "Regulatory Framework".

8. INFORMATION ON THE GROUP (Continued)

In the report by the IATA Global Airport Monitor, KLIA was ranked third for “Overall Passenger Satisfaction*” for business travellers (April 1999). The **IATA** Global Airport Monitor provides comparative airport service performance indicators for 65 major international airports worldwide.

Of the 38 airports operated and managed by the Group, five are major international airports namely Penang, Langkawi, Kuching, Kota Kinabalu and KLIA from which regular, scheduled international and domestic flights are operated.

Operating the Airports involves the development, management and maintenance of existing terminal buildings, runways, roads, car parks and other airport facilities as well as the provision of a wide range of services to airlines and their passengers.

At the Airports, the Group also conducts, on its own or through sub-concessions, commercial activities such as the management and operation of retail services and food and beverage outlets and the leasing of advertising space. The Group also leases premises, e.g. office and warehouse space to airlines, car rental companies, limousine services and ground handlers.

The Group’s other business activities involve :-

- the management and operation of an extensive range of retail services, including **duty-** and non-duty free shops and specialist shops, through its wholly-owned subsidiary, MA Niaga;
- the supervision of food and beverage outlets at KLIA through MA Niaga;
- the provision of management and technical services through a wholly-owned subsidiary, MAMTS;
- the management and operation of 1,740 hectares of oil palm plantation on KLIA Land and certain other horticultural activities through a wholly-owned subsidiary, **MAAH**;
- the operation of the Free Commercial Zone;
- the operation of car parking facilities at KLIA by MA Properties;
- the operation of the 80-room **Airside** Transit Hotel at KLIA by MA Properties;
- the operation of the 44 1 -room Pan Pacific Hotel at KLIA through a 60 per cent. owned subsidiary, KLAH;
- the operation of the Sepang **F1** Circuit through a wholly owned subsidiary, SIC;
- investments in a joint venture, CAMS, which operates and manages the Pochentong Airport in Cambodia; and
- investments in various joint ventures providing airport services and facilities at KLIA such as GDC, which provides electricity and chilled water, KAFS, which operates the aircraft fuelling system, and UTW which provides certain maintenance and engineering facilities at KLIA.

See also “Description of Business - Principal Sources of Revenue”.

Operational efficiency, the safety and security of passengers and aircraft and fulfilment of environmental requirements are of primary importance. In the year ended 31 December, 1998, around 40 per cent. of the Group’s staff were employed in safety and security functions, chiefly in the fire and rescue services and in controlling access to restricted areas and performing security checks on departing passengers.

8. INFORMATION ON THE GROUP *(Cont'd)*

Many activities at the Airports are the responsibility of other parties. The DCA currently provides air traffic control services. The Government is responsible for immigration and customs controls, and the police provide security services which are not handled by the airport security services. Airlines and other parties provide many services for passengers, such as check-in and baggage handling, and are responsible for aircraft maintenance and operation. About 90 per cent. of the people who work at the Airports are employed by airlines, concessionaires, the DCA and other parties.

History

Before November 1992, the operation and management of all airports in Malaysia was carried out by the DCA. In 1991, the Civil Aviation (Amendment) Act 1991 and the Airports and Aviation Services Operating Company Act 1991 were enacted. The new legislation facilitated the transfer of the operation and management of airports in Malaysia to MASB. See "Regulatory Framework". MASB was incorporated in Malaysia as a wholly owned subsidiary of MoF Inc. but was subsequently transferred to **Khazanah** which is in turn a wholly owned subsidiary of MoF Inc., The Airports and Aviation Services Operating Company Act 1991 provided for the transfer of certain assets, rights and liabilities to an operating company nominated by the Government. The assets (*i.e. monies in civil aviation fund up to 31 October 1992, cash, fixed deposits and vehicles*), rights (*i.e. attributable to commercial and tenancy arrangement*) and liabilities (*i.e. claims involving civil aviation debts up to 31 October 1992 or personal injury/damage in the areas of the Designated Airports up to 31 October 1992*) (excluding land and buildings) set out in a Vesting Order dated 1 November, 1992 were transferred to MASB as an operating company under that Act. Consideration for the transfer of assets, rights and liabilities was paid in terms of licence fee and lease payment. Details of licence fee and payment for occupation of lands are provided in "Regulatory Framework-MASB".

The Airport and Aviation Services Operating Company Act, 1991 and the Vesting Order dated 1 November 1992 regulate the vesting of the assets in the operating company.

By a licence also dated 1 November, 1992, the Government licensed MASB to operate and maintain the Designated Airports. MASB was granted the licence pursuant to Section 24A of the Civil Aviation Act 1969 by the Minister of Transport.

By a letter dated 28 October, 1992, the Ministry of Transport agreed to lease to MASB, the lands on which the Designated Airports were situated for a period of thirty years with effect from the commencement of the licence (1 November, 1992) and gave MASB permission to occupy the Designated Airports for the purposes specified in the licence.

The licence to manage and operate the KLIA was issued to MA Sepang of 5 May, 1998 and MA Sepang has been granted the right to use and occupy the KLIA land for 50 years from 5 May, 1998. The KLIA Concession was executed on 18 October, 1999 between MA Sepang and the Government.

Principal Sources of Revenue

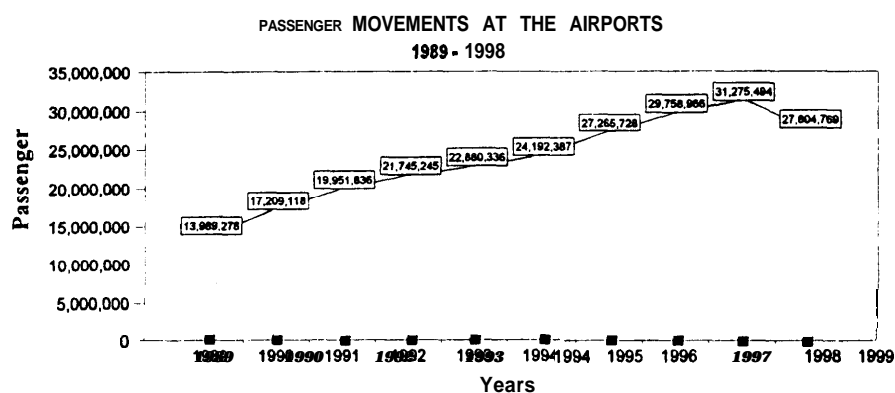
The Group's revenues may be divided into two categories: aeronautical revenue derived principally from airport charges and non-aeronautical revenue comprising primarily of concession income, fees from parking facilities, sales revenues from the Group's directly operated retail outlets, rents and charges for services paid by airlines and other airport tenants and from other miscellaneous services.

8. INFORMATION ON THE GROUP (Cont'd)

The following table shows a breakdown of the Group's annual revenues.

	Year ended 31 March,				1 April, 1995 to 31 December,		Year ended 31 December,						1 Jan to 31 May	
	1994 RM	%	1995 RM	%	1995 RM	%	1996 RM	%	1997 RM	%	1998 RM	%	1999 RM	%
	(thousands)													
Aeronautical	223,350	79	245,302	71	189,034	61	344,547	66	400,997	65	388,661	59	151,051	46
Non-aeronautical	59,451	21	101,181	29	120,969	39	180,724	34	213,337	35	269,925	41	179,322	54
Total	282,801	100	346,483	100	310,003	100	525,271	100	614,334	100	658,586	100	330,373	100

Generally, non-aeronautical revenues have increased steadily over the last five years. Aeronautical revenues increased steadily in the four years from 1994 to 1997, followed by a dip in 1998. Important determinants of both aeronautical and non-aeronautical revenues are the number of passengers who pass through the airport terminals, aircraft movements and cargo movements at the Airports. Passenger traffic at the Airports, on average, grew substantially in the ten years ended 31 December 1998, as shown in the graph below. The decline in aeronautical revenue in 1998 was in line with the decline in air traffic movements and passenger volume.



At the Airports, passenger movements increased 124 per cent. from 13,989,278 in 1989 to 31,275,494 in 1997, or an average annual growth rate of 10.6 per cent., indicating the strong underlying trend in passenger growth. From year to year, the rate of growth has varied, generally in line with economic cycles. The passenger traffic at the Airports comprises a mix of Malaysian and foreign residents and of business and leisure passengers.

The following table shows the percentage of passenger growth at Malaysian airports as compared to world and Asia Pacific passenger growth for the seven years ended 31 December, 1998:

	World Scheduled Passenger Growth 1992-1998						
	Year ended 31 December,						
	1992	1993	1994	1995	1996	1997	1998
Malaysia	9.0	5.2	5.7	12.7	9.1	5.1	-11.1
Asia Pacific	11.1	5.9	10.6	11.9	3.1	2.7	-4.3
World	3.0	0.9	5.4	4.6	1.7	3.1	2.2

The average growth of passenger traffic at Malaysian airports for the seven years ended 31 December, 1998 was 5.1 per cent compared to the average growth in the Asia Pacific region of 5.9 per cent and average world growth of 3.0 per cent.

Source: ICAO, the World Of Civil Aviation
AC/ Worldwide Traffic Report, July, 1999
Airports Statistics, MASB

8. INFORMATION ON THE GROUP (Cont'd)

The following table shows the international, domestic and transit passenger movements per annum at the Airports.

International, Domestic and Transit Passenger Movements per annum at the Airports, 1994-1999

	1994	%	1995	%	Year ended 31 December, 1996	%	1997	%	1998	%	1 Jan 1999 to 31 July 1999 [^]	%
Kuala Lumpur international airports*	11,347,668	47	12,776,877	47	14,556,879	49	15,819,863	51	14,788,335	53	8,447,727	51
Penang	2,654,485	11	2,860,203	10	2,941,370	10	2,907,033	9	2,452,523	9	1,410,474	9
Kota Kinabalu	2,096,241	9	693,990	3	2,622,190	9	2,732,146	9	2,393,431	9	1,546,463	9
Kuching	1,568,296	7	2,150,746	8	2,927,493	8	2,257,214	7	2,022,160	7	1,244,233	8
Langkawi	873,144	4	888,291	3	867,541	3	839,064	3	739,771	3	417,242	3
Johor Bahru	708,310	3	940,624	3	989,622	3	1,081,681	3	866,710	3	512,591	3
Other airports	4,625,704	19	6,954,997	26	5,508,871	18	5,638,493	18	4,541,839	16	2,731,049	17
Total	24,192,387	100	27,265,728	100	29,758,966	100	31,275,494	100	27,804,769	100	16,309,779	100

* Figures reflect passenger movements at Subang Airport from 1994 to mid 1998 and Subang Airport and KLIA from mid-1998 to the end of that year.

[^] There was a slight increase in passenger movements of 1% as compared to 1998 due to the improved economic conditions.

At the Airports, cargo movements increased 244 per cent. from 189,279 tonnes in 1989 to 651,601 tonnes in 1997, or an average annual growth rate of 16.7 per cent. Aircraft movements increased at a lower annual growth rate of 4.9 per cent., or an increase of 46 per cent. from 352,973 movements in 1989 to 516,547 movements in 1997.

The following table shows the cargo movements at the Airports.

Cargo Movement (tonnes) at the Airports, 1994-1999

	1994	%	1995	%	Year ended 31 December, 1996	%	1997	%	1998	%	1 Jan 1999 to 31 July 1999 [^]	%
Kuala Lumpur international airports*	262,053	69	325,871	68	372,339	69	413,695	63	326,435	60	233,958	65
Penang	60,962	16	87,470	18	101,716	18	122,176	19	137,021	25	89,964	25
Kota Kinabalu	24,270	6	29,537	6	23,099	4	37,203	6	27,942	5	15,037	4
Kuching	14,622	4	16,154	3	20,420	4	22,542	3	17,447	3	11,515	3
Langkawi	257	-	391	-	444	-	349	-	420	-	166	-
Johor Bahru	2,275	1	3,183	1	4,082	1	2,068	1	1,411	1	1,064	-
Other airports	16,972	4	19,426	4	19,316	4	53,568	8	33,569	6	9,293	3
Total	381,411	100	482,032	100	541,416	100	651,601	100	544,245	100	360,297	100

* Figures reflect cargo movements at Subang Airport from 1994 to mid 1998 and Subang Airport and KLIA from mid 1998 to the end of that year.

[^] There was an increase in cargo of around 13.1% as compared to 1998 due to cheaper exports and improvement in trading environment.

The following table shows the aircraft movements at the Airports.

Aircraft movement (tonnes) at the Airports 1994-1999

	1994	%	1995	%	Year ended 31 December, 1996	%	1997	%	1998	%	1 Jan 1999 to 31 July 1999	%
International	81,575	21	95,790	24	104,344	24	111,324	26	105,192	27	61,014	29
Domestic	302,147	79	310,548	76	337,252	76	314,501	74	284,278	73	153,700	71
Total	383,722	100	406,338	100	441,596	100	425,825	100	389,470	100	214,714	100

8. INFORMATION ON THE GROUP (Cont'd)

Recent Passenger, Cargo and Aircraft Movements

Prior to 1998, passenger volumes increased steadily from 13 million passengers in 1989 to 31.3 million passengers in 1997. In 1998, a total of 27.8 million passengers passed through the Airports, 3.5 million or 11 per cent. less than 1997. Six airports, KLIA, Subang Airport and the international airports at Penang, Langkawi, Kota Kinabalu and **Kuching**, accounted for 81 per cent. of passenger movements and 94 per cent. of cargo movements. Domestic passengers decreased by 16.3 per cent. and international passengers decreased by 2.7 per cent. Subang Airport handled the largest number of passengers (8.3 million) followed by KLIA which handled 6.5 million passengers from July, 1998 when it began operations. KLIA and Subang Airport together handled 14.8 million passengers. This is 6.5 per cent. lower than the number of passenger movements in 1997. The number of international passengers handled at KLIA and Subang Airport together remained relatively unchanged from 1997. However domestic passengers dropped by 15.5 per cent. Passenger **traffic** at the airports at Labuan, Miri, **Alor** Setar, Ipoh and Kuantan each decreased by more than 20 per cent. All airports other than Pulau Tioman experienced negative domestic passenger growth. For international passengers, only KLIA and Subang Airport and the airports at Kota Kinabalu, Pulau Tioman and Tawau had positive growth.

Cargo movements at the Airports decreased by 16.5 per cent. in 1998 as compared to 1997. A total of 544,245 tonnes of cargo was handled at the Airports in 1998 compared to 651,601 tonnes in 1997. International cargo movements decreased by 11 per cent. whereas domestic cargo decreased by 31 per cent. The airports at Penang, Langkawi, Malacca and Kuala Terengganu registered positive cargo increases. Penang's positive growth which was consistent throughout the year was due to an increase in international cargo. Kuala Terengganu's positive growth was due to an increase in domestic cargo. Subang Airport handled the largest volume of cargo of 166,793,797 kg in 1998 followed by KLIA. Combined, the two airports handled 326,435 tonnes of cargo, 21 per cent. less than Subang Airport in 1997 (comprising a 45 per cent. decrease in domestic and 12 per cent. decrease in international cargo). The cargo carriers currently operating at KLIA are as follows:

Cargolux	EVA Air
Continental Micronesia	Korean Airlines
Federal Express	Japan Airlines
MAS Kargo	Lufthansa
United Parcel Services	Nippon Cargo Airlines
	Indian Airlines

Commercial aircraft movements at the Airports decreased by 8.5 per cent. in 1998. The airport at Kuala Terengganu experienced positive growth in aircraft movements. All the other airports experienced decreases in aircraft movements. KLIA, combined with Subang Airport, suffered a 4 per cent. decrease in aircraft movements. In terms of percentage, the largest decreases were for Malacca, Labuan, Johor **Baharu** and Bintulu.

The sharp decline in passenger traffic and cargo as well as aircraft movements in 1998 can be attributed to various factors. In the final quarter of 1997, many South East Asian currencies experienced a sharp devaluation against currencies such as the U.S. Dollar and the resulting economic crisis contributed to a decrease in passenger and cargo traffic from South East Asian countries, although such decline has been offset to some extent **by an** increase in passenger traffic from Europe.

The economic crisis has also had a significant impact on domestic passenger and cargo movements as there was an overall reduction in the amount of domestic travel in Malaysia and travellers on certain routes opted for cheaper forms of transport e.g. road and rail. The transfer of domestic services to KLIA for part of 1998 prior to the return of certain of these services to Subang Airport in October 1998 increased the costs of travel as well as the travel time to KLIA for most users in the KLIA primary catchment area which also resulted in lower domestic passenger movements.

8. INFORMATION ON THE GROUP (Cont'd)***Aeronautical Revenue***

The following table shows a breakdown of the Group's annual aeronautical revenues :-

	Year ended 31 March,				1 April, 1995 to 31 December,		Year ended 31 December,						1 Jan, 1999 to 31 May,	
	1994 RM	%	1995 RM	%	1995 RM	%	19% RM	%	1997 RM	%	1998 RM	%	1999 RM	%
Landing fees	100,523	36	112,075	32	88,644	29	132,307	28	141,959	23	150,954	23	61,517	18
Passenger Service Charge	103,928	37	113,892	33	85,226	27	190,410	42	234,986	38	214,805	32	78,700	24
Aircraft Parking Fees	3,012	1	3,420	1	3,088	1	4,579	1	4,855	1	4,645	1	1,821	1
Check-in Counter	5,896	2	6,447	2	4,946	2	6,877	1	6,576	1	5,213	1	2,065	1
Acrobridge	5,918	2	6,074	2	4,166	1	5,598	1	5,943	1	6,556	1	2,991	1
Other Services*	4,073	1	3,394	1	2,964	1	4,776	1	6,678	1	6,488	1	3,957	1
Total	223,350	79	245,302	71	189,034	61	344,547	66	400,997	65	388,661	59	151,051	46

* Other Services mainly comprise constitutes security charges, trunk radio charges and foreign aircraft security services.

Key components of aeronautical revenue at the Airports include landing fees, the passenger service charge and parking fees. MASB, in conjunction with external consultants, is seeking to formulate a tariff structure to be presented to the Ministry of Transport which would allow a regular review of key aeronautical charges, namely landing fees, passenger service charge and aircraft parking fee.

Air traffic control remains the responsibility of the DCA and the DCA receives all the revenue associated with those services.

Landing Fees : Landing fees are uniform across the Airports. The level of landing charges is fixed by the Ministry of Transport and has not been varied since the formation of MASB in 1992.

Landing fees are determined by weight class and type of aircraft

Passenger Service Charge : MA Sepang and MASB charge each international passenger departing from the Airports a passenger service charge of **RM40** and each domestic passenger a passenger service charge of **RM5** except for passengers at some **STOLports** where no charge is made and for certain other limited exceptions. The passenger service charge for international passengers is not imposed on transit passengers. The passenger service charge has remained at this level since 1996 when it was raised from **RM20**. The passenger service charge is regulated and the Group currently has no discretion to vary it without consultation with, and the permission of, the Ministry of Transport.

Aircraft Parking Fees : Parking fees are charged at the Airports based on the surface area of the apron occupied by the aircraft and the period of time for which the aircraft is parked. These fees are also regulated by the Ministry of Transport and have not been varied since 1992.

Landing fees, aircraft parking fees and passenger service charge constitute aeronautical charges which are prescribed pursuant to the Civil Aviation Act, 1969. Under the terms of the KLIA Concession, MA Sepang is entitled to submit to the Government by way of memorandum containing proposals to amend, vary or introduce changes from time to time in accordance with provision of the Civil Aviation Act 1969. See "Variation of Aeronautical and Non- aeronautical Charges".