

HUNZA PROPERTIES BERHAD

(Company No.: 461624-X)

(Incorporated in Malaysia under the Companies Act, 1965)

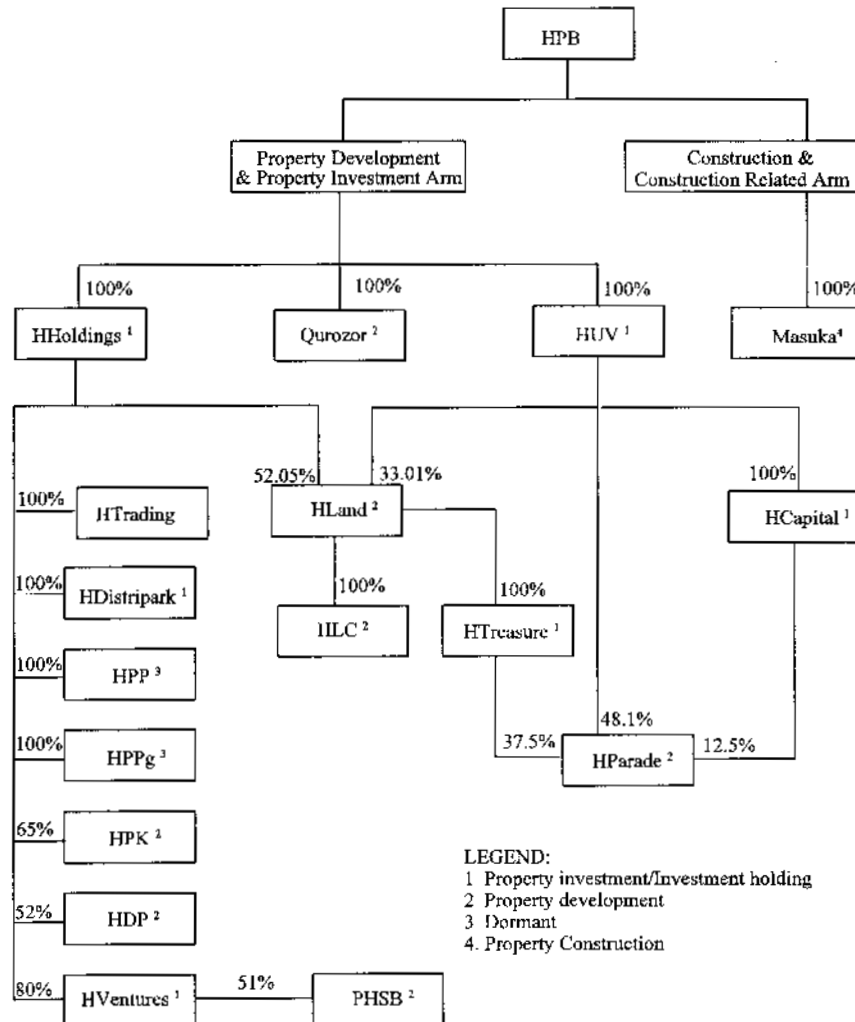
1. SUMMARY INFORMATION

The summary information set out below is derived from this Prospectus and should be read in conjunction with the full text of the Prospectus.

1.1 History and Business

HPB is principally an investment holding company while the principal activities of its subsidiary companies are involved in investment holding, property investment, property development, property construction and trading of building materials.

The HPB Group structure after the Acquisitions is as follows :-



1. SUMMARY INFORMATION (Cont'd)

The property development activities of the HPB Group are currently focused in Pulau Pinang with a proposed mixed development project at Sungai Petani, Kedah. As at 8 February 2000, the Group has completed projects with sales turnover worth RM355 million comprising 2,776 units of mainly apartments and condominiums. As at to date the Group has on-going projects worth RM112 million as well as future projects worth RM64 million. This comprise 167 units of condominium, 1,417 units of low and medium cost housing, 13 shoplots and 553 bungalow lots. Please refer to page 36 to 38 for the completed, on-going and future projects of the Group.

HPB's construction arm has successfully completed various projects involving earthworks and building construction. As at 8 February 2000, the Group has completed contracts worth RM181 million and currently has contracts on-hand worth RM54 million and future contracts worth RM67.6 million with construction works expected to carry on until Year 2001. Please refer to page 39 to 42 for the completed, on-going and future contracts of the Group.

1.2 Financial Highlights

The following table sets out a summary of the proforma consolidated results of the HPB Group for the past five (5) financial years ended 30 June 1999 and the four (4) months period ended 31 October 1999 and is based on the assumption that the Group has been in existence throughout the period under review.

The table should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 11 of this Prospectus:-

	←----- Year Ended 30 June ----->					4 months
	1995	1996	1997	1998	1999	Ended
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	55,954	67,070	59,234	62,216	45,957	12,737
Consolidated profit before taxation and exceptional item	13,943	19,534	19,403	17,330	18,676	4,266
Exceptional item	-	711	-	11,450	892	-
Consolidated profit before taxation after exceptional item	13,943	20,245	19,403	28,780	19,568	4,266
Taxation	(4,221)	(6,020)	(5,625)	(5,082)	(250)	(1,253)
Consolidated profit after taxation	9,722	14,225	13,778	23,698	19,318	3,013
Minority shareholders share of profit	(977)	(2,184)	(2,720)	(2,033)	(2,586)	(504)
Consolidated profit after taxation and minority interest	8,745	12,041	11,058	21,665	16,732	2,509
No. of ordinary shares in issue ('000)	47,417	47,417	47,417	47,417	47,417	47,417
Gross EPS (RM)	0.26	0.36	0.33	0.55	0.36	0.22*
Net EPS (RM)	0.18	0.25	0.23	0.46	0.35	0.16*

* Annualised

Note :-

(a) The financial year ends of the following subsidiary companies of certain years are not co-terminious with the financial year end of the Group of 30 June as shown below :-

Name of Subsidiaries	Financial Year Ends Which Are Not Co-terminious
Masuka	31 December 1994 to 1998
Qurozor	31 December 1994 to 1998

1. SUMMARY INFORMATION (Cont'd)

HParade 31 December 1994 to 1995

HDP 31 December 1994 to 1995

Accordingly, adjustments have been made on a time apportionment basis to arrive at the above results.

- (b) *There were no extraordinary items in all the financial years under review.*
- (c) *The substantial increase in turnover and consolidated profit before taxation for financial year ended 30 June 1996 was due to HParade's substantial progress on its Marina Bay Block A and C projects. Furthermore, Block C was sold at a higher price per square feet which has contributed to the higher profit margins. The higher selling price was attributed to the success of its projects.*
- (d) *In 1996, HDistripark made an exceptional gain of approximately RM711,000 from the compulsory acquisition by the government on a portion of its land. The exceptional items incurred in 1998 and 1999 of approximately RM11,450,000 and RM892,000 represent gain on disposal of investments in unquoted shares of an associated company and subsidiary companies by HHoldings and HUV respectively. These exceptional items were not subject to income tax.*
- (e) *The decrease in turnover and consolidated profit before taxation for financial year ended 30 June 1997 was due to most of the sales of Marina Bay Block A and C were done in 1996. Turnover was mainly due to HParade's sales from its remaining unsold unit of the said projects.*
- (f) *In 1997, the underprovision of taxation in prior years of RM2.8 million representing back duty taxes in respect of the Years of Assessment 1990 to 1993 has been excluded from the profit after tax figure.*
- (g) *The increase in turnover for financial year ended 1998 was due to higher sales but there is a decrease of consolidated profit before taxation compared with the previous financial year due to HParade writing back over provision of development expenditure on Block A and C of Marina Bay project amounting to RM1.6 million in financial year 1997.*
- (h) *The lower effective tax rate as compared to the statutory income tax rate in 1998 was due mainly to the exceptional gain on disposal of investments in unquoted shares of an associated company is not subject to income tax. Taxation for 1999 represents the time apportionment of taxation on profits of Masuka and Qurozor for the financial year ended 31 December 1998 as their financial year ends are not co-terminious with the Group. No provision for tax payable on profit from operations of all other companies are made as the Government has waived the tax on chargeable income earned by a company in the financial year 1999.*
- (i) *The decrease of turnover for financial year ended 1999 was mainly due to HLand's completion of its final block of Greenlane Heights project in 1999. Nevertheless, consolidated profit before taxation increased due to higher profit margin derived from successful sales of apartments to overseas buyers as well as writing back of certain provisions which have were provided for earlier projects, now completed.*
- (j) *Although the Group only achieved RM2.5 million of consolidated profit after taxation and minority interest for the four (4) months period ended 31 October 1999, the Group is expected to attain better results by December 1999 as a result of better sales from the Second House Ownership Campaign which was launched in November 1999.*
- (k) *The gross and net earnings per ordinary share for the respective financial years under review have been calculated based on the proforma profit before taxation but after minority interest and profit after taxation and minority interest respectively divided by the enlarged issued and paid-up share capital of 47,417,000 ordinary shares of RM1.00 each following the flotation scheme mentioned but before the Public Issue of 12,583,000 new ordinary shares.*
- (l) *There were no dividends paid or declared by HPB during the financial years under review.*

1. SUMMARY INFORMATION (Cont'd)**1.3 Principal Statistics Relating To The Public Issue****(a) Share Capital**

<i>Authorised</i>	<i>RM</i>
100,000,000 shares of RM1.00 each	<u>100,000,000</u>
<i>Issued and fully paid-up</i>	
47,417,000 shares of RM1.00 each	47,417,000
To be issued pursuant to:	
- Public Issue	<u>12,583,000</u>
	<u>60,000,000</u>

(b) Issue Price Per Ordinary Share RM1.60

(c) Proforma Group NTA As At 31 October 1999

	RM'000	NTA Per Ordinary Share RM
Proforma Group NTA after the Public Issue	77,642 ¹	1.29 ²

¹ net of estimated listing expenses of RM2,500,000.

² based on the enlarged issued and paid-up share capital of 60,000,000 ordinary shares of RM1.00 each.

(d) Consolidated Profit Forecast

Financial Year Ending 30 June	2000 RM'000
Consolidated profit after minority interest and before taxation	18,634
Less: Taxation	<u>(5,782)</u>
Consolidated profit after taxation and minority interest before deduction of pre-acquisition profit	12,852
Less: Pre-acquisition profit	<u>(7,325)</u>
Consolidated profit after taxation and minority interest after deduction of pre-acquisition profit	<u>5,527</u>
Number of ordinary shares assumed in issue ('000)*	60,000
Weighted average number of shares in issue ('000)	23,432
Gross earnings per share (sen)+	34.20**
Net earnings per share (sen)+	23.59
Gross price-earnings multiple based on the issue price of RM1.60 per ordinary share (times)+	4.68

1. SUMMARY INFORMATION (Cont'd)

Net price-earnings multiple based on the issue price of RM1.60 per ordinary share (times)+ 6.78

- * Based on the enlarged issued and paid-up share capital of 60,000,000 taking into account the Public Issue Shares.
- ** Based on the consolidated profit before taxation after minority interest and pre-acquisition profit of RM8,014,000
- + Based on weighted average share capital of 23,432,230 ordinary shares of RM1.00 each assuming the Public Issue will be completed on 31 March 2000.

(e) Dividend Forecast

Financial Year Ending 30 June	Forecast 2000 RM'000
Gross dividend per ordinary share (sen)	7.50
Gross dividend yield based on the issue price of RM1.60 per ordinary share (%)	4.69
Net dividend yield (%)	3.38
Net dividend cover (times)	1.71

2. INTRODUCTION

This Prospectus is dated 18 February 2000. A copy of this Prospectus has been lodged with and registered by the ROC who takes no responsibility for its contents.

Approval-in-principal has been obtained from the KLSE for admission to the Official List and for dealing in and quotation for the entire issued and fully paid-up ordinary shares of HPB, including the Public Issue Shares which are the subject of this Prospectus, on the Main Board of the KLSE. These ordinary shares will be admitted to the Main Board of the 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 notices of allotment have been despatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted by the KLSE to deal in and quotation for all the issued shares of the Company on the Main Board of the KLSE. Monies paid in respect of any application accepted will be returned if the said permission is not granted. Admission to listing is not being sought on any other stock exchange.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991 and Section 39(1)(j) of the Companies Act, 1965, the KLSE has prescribed HPB as a CDS counter. 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 should state his/her CDS Account number in the space provided in the Application Form if he presently has such an account. Where an applicant does not presently have a CDS Account, he/she should state in the Application Form his/her preferred ADA Code.

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

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by HPB. Neither the delivery of this Prospectus nor any offer 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 HPB Group since the date hereof.

The distribution of this Prospectus and the sale of the Public Issue Shares in certain other jurisdictions may be restricted by law. Persons into whose possession of 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 of an offer to buy any Public Issue 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 about this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or any other professional adviser.

3. SHARE CAPITAL

<i>Authorised</i>	RM
100,000,000 shares of RM1.00 each	<u>100,000,000</u>
 <i>Issued and fully paid-up</i>	
47,417,000 ordinary shares of RM1.00 each	47,417,000
To be issued pursuant to:	
- Public Issue of 12,583,000 new ordinary shares of RM1.00 each	<u>12,583,000</u>
	<u>60,000,000</u>

The issue price of RM1.60 per Public Issue Share is payable in full upon application.

There is only one class of shares in the Company, namely, ordinary shares of RM1.00 each, all of which rank *pari passu* with one another. The Public Issue Shares will rank *pari passu* in all respects with the other existing issued ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary 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 the liquidation of the Company, in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company 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.

4. INVESTMENT CONSIDERATIONS

Applicants for the Public Issue Shares should carefully consider the following in addition to all the other relevant information contained elsewhere in this Prospectus, before applying for the Public Issue Shares:

(a) Marketability Of HPB Shares

Prior to this Public Issue, there has been no public market for HPB's shares and there can be no assurance regarding the future development of the market for the shares upon its listing on the Main Board of the KLSE. The issue price of RM1.60 per ordinary share has been determined after taking into consideration of a number of factors, including but not limited to, the Group's financial and operating history and standing, the future prospects of the Group and the industries in which the Group is involved, the net tangible assets of the Group, the valuation of all development properties of the Group, the market prices for shares of other companies engaged in businesses similar to that of the Group and the prevailing market condition at the time of application to the SC for the listing of HPB's shares.

There is no assurance that the issue price will correspond to the price at which HPB's shares will trade on the Main Board of the KLSE upon or subsequent to its listing or that an active market for HPB's shares will develop and continue upon or subsequent to its listing.

(b) Ownership And Control Of The Group

Upon completion of the Public Issue, the substantial shareholders of HPB are Hunza Usaha Sdn Bhd (12.9%), Taman Nibong Tebal Sdn Bhd (8.9%), Khor Teng Tong Holdings Sdn Bhd (8.2%), Jaya Sri Rambai Sdn Bhd (7.6%), Mandin Garden Sdn Bhd (7.4%), Dato' Hj Mohamed bin Yeop Abdul Raof (6.3%), Dr Rafi Ahmad bin Abdul Muthalip (6.8%), Mr Khor Peng Seah (4.5%), Encik Abdul Ghani bin Ali Kadir (3.5%), Ooi Lay See (2.3%) and Yayasan Bumiputera Pulau Pinang (9.1%). The ultimate shareholder of the above substantial corporate shareholders of the HPB Group is Dato' Khor Teng Tong. Collectively, Dato' Khor controls approximately 46.5% of the HPB Group. As such, these substantial corporate shareholders of the HPB Group together with Dato' Khor will be deemed to be parties acting in concert and will be able to effectively control the outcome of certain matters requiring the votes of the Company's shareholders. The management of the HPB Group will be under the direction of Ms Ooi Lay See who is the Managing Director of the HPB Group.

(c) Business Risks

The HPB Group are subject to the inherent risks existing in both the property and construction industries. These include supply of materials, equipment and labour, changes in general economic business and credit conditions; and changes in government legislations and priorities. Although the HPB Group seeks to limit this risk, no assurance can be given that any change to these factors will not have a material adverse effect on the HPB Group's business.

(d) Competition

A good product is sometimes not enough, the developer not only has to drive home the message that the product is superior, but also to take steps to ensure that investors are convinced that it is a profitable and secure investment. The HPB Group with its innovative marketing strategy has successfully achieved its market positioning in terms of quality, services, business and consumer confidence since 1987. Despite the measures and strategies taken by the Group, there can be no assurance given that the Group will be able to maintain its market position in the future.

During the period of the run-up to the mid 1980s recession, the HPB Group has successfully launched the Greenlane Heights Block A, located at Green Lane, Pulau Pinang with 199 units (76%) sold in 1987 and the remaining 63 units sold in 1988.

4. INVESTMENT CONSIDERATIONS *(Cont'd)*

The period of 1997-1998 was expected to record lesser number of transactions partly because of the lack lustre stock market which had a rather direct impact on the property industry amongst other factors. However, the HPB Group managed to sell 75 units of the Kingfisher Series Apartments, located at Green Lane, Pulau Pinang to foreign buyers over the two months of early 1998.

(e) Quantity And Quality Of Land Bank

The success of development projects is very much dependent on the quantity and quality of its land bank in order to sustain its future profitability. Currently, the HPB Group has approximately 1,019.80 acres of land held for development which are located in the Sungai Petani, Kedah; Tanjung Tualang, Perak and Pulau Pinang. The outlook of the property market especially medium and low cost segments of these areas are encouraging with the Government's move to improve the property related sector via the proposal in Budget 2000 to waive stamp duty on transfer of houses costing below RM75,000 each and give a 50% discount on stamp duty for units costing between RM75,000 and RM150,000 [Source: The Star, 30 October 1999].

(f) Millennium Bug (Y2K Problem)

The Millennium Bug or the Year 2000 ("Y2K") Problem arises from the use of electronic equipment and computerised systems, data bases and applications that require dates in order to operate and store or use those dates as two (2) digits (eg 00) rather than four (eg 1900, 2000). As the year 2000 approaches, many computerised systems may respond as if it was 1900 again. This may expose users to the risk of system failures.

A Y2K Project Team, under the supervision of the Management Information System ("MIS") Department, was established to review the Group's existing software and to monitor all purchases/development of the software, hardware or equipment to ensure Y2K compliant. Furthermore, the Group also have ascertained that their registrar, PFA Registration Services Sdn Bhd (19234-W) is Y2K compliant.

The Group has successfully "crossed-over" to the new year 2000 without any hitch. The Y2K Project Team will continue to diligently monitor the MIS operations/activities over the next few months to ensure that the Millennium Bug has no impact on the Group's future financial conditions and operational activities.

5. CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Dato' Khor Teng Tong <i>(Non-Executive Chairman)</i>	3-S, Lorong Pantai Molek Tanjung Tokong 10470 Pulau Pinang	Company Director	Malaysian
Ooi Lay See <i>(Managing Director)</i>	1164, Jalan Permatang Tengah 13000 Butterworth Pulau Pinang	Company Director	Malaysian
Khor Peng Seah <i>(Executive Director)</i>	9 Solok Tembaga 4 11600 Pulau Pinang	Company Director	Malaysian
Dato' Hj Mohamed bin Yeop Abdul Raof	11-A, Lorong 10 Changkat Minden 11700 Gelugor Pulau Pinang	Company Director	Malaysian
Datuk Zubir bin Haji Ali	16, Jalan SS3/96, Kelana Jaya 47300 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Dr Goh Ban Lee <i>(Independent Non-Executive Director)</i>	228, Jalan Pemancar 11700 Bukit Glugor Pulau Pinang	Company Director	Malaysian
Ong Lye Seng <i>(Independent Non-Executive Director)</i>	30 Lengkok Sungai Dua 11700 Glugor Pulau Pinang	Company Director	Malaysian

AUDIT COMMITTEE

Name	Responsibility	Directorship
Dr Goh Ban Lee	Chairman of the Committee	Independent Non-Executive Director
Ong Lye Seng	Member of the Committee	Independent Non-Executive Director
Ooi Lay See	Member of the Committee	Managing Director

COMPANY SECRETARY

: Liew Li Mei
(MIA 11041)
607, Taman Kulim
09000 Kulim
Kedah Darul Aman

REGISTERED OFFICE

: 3rd Floor, Wisma Wang
251-A, Jalan Burma
10350 Pulau Pinang

5. CORPORATE INFORMATION (Cont'd)

PRINCIPAL BANKERS	<p>: Malayan Banking Bhd (3813-K) 18th Floor (West Wing) Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur Malaysia</p> <p>Malayan Banking Bhd (3813-K) 9 Union Street 10200 Penang</p> <p>Ban Hin Lec Bank Bhd (1147-M) 403 Jalan Burma 10350 Penang</p> <p>Hong Leong Finance Bhd (7797-V) 45 Jalan Burma 10050 Penang</p>
AUDITORS AND REPORTING ACCOUNTANTS	<p>: Kassim Chan & Co Public Accountants 4th Floor, Wisma Wang 251-A, Jalan Burma 10350 Pulau Pinang</p>
SOLICITORS FOR THE PUBLIC ISSUE	<p>: Ghazi & Lim 19th Floor, Plaza MWE 8 Lebuhr Farquhar 10200 Pulau Pinang</p>
PROFESSIONAL AND INDEPENDENT VALUERS	<p>: Rahim & Co Chartered Surveyors (Penang) Sdn Bhd (119499-A) 60-A Jalan Sri Bahari 10050 Pulau Pinang</p>
PROPERTY MARKET CONSULTANTS	<p>: Raine & Horne International Zaki and Partners Sdn Bhd (99440-T) 3rd Floor, 1E Penang Street 10200 Pulau Pinang</p>
ISSUING HOUSE	<p>: MIDF Consultancy And Corporate Services Sendirian Berhad (11324-H) 12th Floor, Bangunan MIDF 195A, Jalan Tun Razak 50400 Kuala Lumpur</p>
REGISTRARS	<p>: PFA Registration Services Sdn Bhd (19234-W) Level 13, Uptown 1 No. 1, Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan</p>

5. CORPORATE INFORMATION (Cont'd)

- ADVISER AND MANAGING UNDERWRITER** : Aseambankers Malaysia Berhad (15938-H)
33rd Floor Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
- UNDERWRITERS** : Aseambankers Malaysia Berhad (15938-H)
33rd Floor Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
- HLG Securities Sdn Bhd (12855-D)
21st Floor, Wisma HLA
Jalan Raja Chulan
50200 Kuala Lumpur
- Hwang-DBS Securities Berhad (14389-U)
Levels 2, 3, 4, 7 & 8
Wisma Sri Pinang
No. 60, Green Hall
10200 Pulau Pinang
- A.A. Anthony & Co Sdn Bhd (13622-K)
No. 41-1-1 & 41-2-1
Jalan Cantonment
10250 Pulau Pinang
- Soon Theam Securities Sdn Bhd (014147-K)
No. 111, Jalan Macalister
10400 Pulau Pinang
- Thong & Kay Hian Securities Sdn Bhd (14592-P)
Levels 5 & 6, Wisma Sri Pinang
No. 60, Green Hall
10200 Pulau Pinang
- Arab-Malaysian Merchant Bank Berhad (23742-V)
22nd Floor, Bangunan Arab-Malaysian
55, Jalan Raja Chulan
50200 Kuala Lumpur
- Kuala Lumpur City Securities Sdn Bhd (126994-W)
Lot 3.07, Level 3
Bangunan Angkasaraya
Jalan Ampang
50450 Kuala Lumpur
- LISTING SOUGHT** : Main Board of the Kuala Lumpur Stock Exchange

6. PARTICULARS OF THE PUBLIC ISSUE

6.1 Opening And Closing Of Application Lists

The Application Lists will open at 10.00 a.m. on 3 March 2000 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 HPB in their absolute discretion may decide.

6.2 Details Of The Public Issue

The Public Issue shall be subject to the terms and conditions of this Prospectus and upon acceptance, the Public Issue Shares will be allocated in the following manner:

(i) Eligible Directors And Employees

609,000 Public Issue Shares will be reserved for eligible Directors and employees of the HPB Group;

(ii) Approved Bumiputera Investors And Institutions

6,483,000 Public Issue Shares will be reserved for Bumiputera Investors and Institutions approved by MITI;

(iii) Malaysian Public

5,491,000 Public Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

The ordinary shares under paragraphs (i) and (ii) above do not require to be underwritten and are therefore not underwritten. However, in the event that any of the Public Issue Shares under paragraph (i) above are not taken up by the eligible Directors and employees of the HPB Group, such Public Issue Shares will be made available for application by members of the Malaysian investing public. All the Public Issue Shares under paragraph (iii) above have been fully underwritten together with any ordinary shares not subscribed for by eligible Directors and employees of the Group under paragraph (i) above.

6.3 Purposes Of The Public Issue

The purposes of the Public Issue are as follows:

- (a) to provide an opportunity for the Malaysian public and eligible Directors and employees of the HPB Group to participate in the continuing growth of the Group;
- (b) to provide HPB Group with access to the capital market to raise funds to finance the future growth and expansion of the Group; and
- (c) to obtain a listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of the KLSE.

6.4 Proceeds Of The Public Issue

The Public Issue are expected to raise gross proceeds of RM20,132,800 which shall accrue to the Company. The estimated RM2,500,000 in respect of expenses and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of HPB on the Main Board of the KLSE, inclusive of underwriting and brokerage commission, shall be borne by the Company.

6. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

The gross proceeds arising from the Public Issue estimated to be RM20,132,800 will be utilised by the Group in the following manner:

	RM'000
Repayment of Group borrowings	11,580
Working capital	6,053
Estimated listing expenses	2,500
	<u>20,133</u>

The total amount of HPB Group borrowings as at 8 February 2000 amounts to approximately RM27.5 million. There will be an interest savings of approximately RM1.04 million per annum from the repayment of the Group's borrowings. The interest rates range from 8.80% to 10.20% per annum for the abovesaid long term borrowings.

6.5 Underwriting Commission And Brokerage

The Underwriters mentioned earlier in this Prospectus have agreed to underwrite the 5,491,000 Public Issue Shares which are made available to the Malaysian public and any ordinary shares not subscribed for by eligible Directors and employees of the Group under paragraph 6.2(i) above. Underwriting commission relating to the Public Issue Shares to be underwritten is payable by the Company at the rate of 1.5% of the issue price of RM1.60 per ordinary share.

Brokerage relating to the Public Issue Shares is payable by the Company at the rate of 1.0% of the issue price of RM1.60 per ordinary share in respect of successful applications which bear the stamp of Aseambankers, a member company of the KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIDF Consultancy and Corporate Services Sendirian Berhad.

6.6 Basis Of Arriving At The Issue Price

The issue price of RM1.60 per share was determined and agreed upon by the Company, Aseambankers as Adviser and the Managing Underwriter based on various factors after taking into account the following :-

- (a) The Group's financial and operating history and conditions as outlined in Section 8 of this Prospectus;
- (b) The proforma forecast net PE multiple of 6.78 times based on the proforma forecast net EPS of 23.59 sen and the issue price of RM1.60 per Share;
- (c) The future plans and prospects of the HPB Group; and
- (d) The proforma consolidated NTA per share of HPB as at 31 October 1999 of RM1.29 per share.

7. INDUSTRY OVERVIEW

7.1 Property Sector

7.1.1 The Property Market In 1998 And 1999

1998 was a watershed in terms of recent Malaysian macro-economic policy. The Kuala Lumpur Stock Exchange Composite Index fell to a nine-year low of 262 points in the morning of 28 July. After months of espousing the need for austerity measures to alleviate the effects of the regional financial crisis, the government implemented a counter-cyclical policy in September to halt the slide of the country into recession.

This came in the form of expansionist monetary and fiscal policies, lowering interest rates, and increasing liquidity. New rules regulating the currency and stock markets were introduced. An asset management company, Danaharta, was established to take over bank's non-performing loans, which led to the amendment of the National Land Code to expedite property loan recovery by Danaharta. At the same time, Danamodal, a special-purpose vehicle, was set up to undertake bank recapitalisation.

As a percentage of total loans to all sectors, loans to the property sector have increased only marginally, from 31.3% in the first quarter of 1997, to 35.1% in the third quarter of 1998. Loans to real estate over the last year were around 3.8% as a percentage of total loans to all sectors, a slight drop compared to about 4.3% the year before. However, loans for the purchase of residential property increased slightly, from 7.9% in September 1997 to 9% in September 1998. Loans for non-residential property has similarly increased, from 5.7% in March 1997 to 7.6% in September 1998. Loans to low-cost and high-cost residential units have started to decrease slightly in the third quarter of 1998, whilst loans to the higher medium-cost have increased noticeably from 1.7% to 2.7% within the same period.

As the economy gradually recovers, disposable income increases and confidence slowly returns to the property sector, prices of new residential units are expected to move gradually to RM250,000 from the previous affordable limit of RM150,000 per unit. The low cost of funds should restore investors' confidence to reinvest in the property sector.

(Source: Property Market Report 1998)

The comprehensive steps taken by the Government to revive the economy and the real property market are beginning to show tangible results but more time is needed for the market to regain its lustre, according to Property Market Report for January - June 1999 published by the Valuation and Property Services Department of the Finance Ministry.

Reflecting clear signs of recovery, the number of property transactions increased to 110,754 in the first six months this year from 96,085 in January - June 1998 and 90,645 in July - December 1998. The total value of RM16.94 billion in January - June 1999 was 17.1% higher than January - June 1998 and 30.5% better than July - December 1998.

The Department underlined six (6) factors influencing the property market in the first half of this year, namely the steep downward revision of interest rates; the nationwide Home Ownership Campaign from 12 December 1998 to 12 January 1999; the upgrade of international rating agencies' outlook for the national economy; improved loan facilities provided by financial institutions; revival of infrastructure projects and ample liquidity in the market due to expansionary economic policies.

(Source : New Straits Time, 31 August 1999)

7. INDUSTRY OVERVIEW (Cont'd)

The country's economic outlook has improved markedly in the last few months. The recovery has been built on expansionary domestic policies, fiscal and monetary, and on the recovery of exports. The economy has benefited from the skilfully pursued bold policy on the ringgit, which has led to the return of investor and consumer confidence. The lower interest rates will improve affordability. A 1.0 per cent reduction in the base lending rate (BLR) translates into savings of about RM100 in monthly payments on a loan of RM150,000 for a period of 25 years. Thus, the reduction in BLR by 4.85 per cent from its peak level means monthly interest savings of about RM500. The lower interest rates since mid-1998 and the decline in property prices mean affordability has improved.

A revival in the housing and property market is foreseeable with interest rates which are expected to remain low and prices which are not expected to stage any strong upturn. Demand will be backed by the low and declining mortgage rates, and improved consumer sentiments as the economic turnaround gains momentum and unemployment uncertainties clear up.

In the last few months, several measures have been taken to increase the demand for houses and encourage property sale. These include :-

- The government established a number of funds to support the construction of low and medium-cost houses, where import-content was low and sectoral linkages were high and for which demand was strong;
- Liberalisation of lending for the construction of residential properties costing RM250,000 and below. Lending for house purchases were exempted from the 20 per cent limit on lending to the broad property sector;
- A home ownership campaign was held for a month in December 1998 when incentives such as the temporary abolition of stamp duty, reduced legal fees and loan margins of up to 95 per-cent were offered. Properties worth a total of RM3.8 billion were sold;
- The government introduced different categories of ceiling prices for low-cost houses to spur the market and provide enough units to meet demand; and
- Relaxed conditions on foreign acquisition of property in the country to stimulate foreign demand for high-end properties. Following the liberalised conditions on April 22, 1998, foreign acquisition of property has risen. The RM100,000 levy on foreign purchases was also removed.

(Source : The Edge, 30 August 1999)

Malaysia's economy is expected to grow by 5% next year; underpinned by strengthening domestic demand from improved private consumption and a recovery in private sector investment. Consequently, the nation's per capita income is forecast to increase by 2.9% to RM12,724. With higher disposable income, low interest rate and easy access to bank credit, the demand for low and medium cost properties is expected to pick up. *(Source : The Star, 30 October 1999)*

In just six days of the one-month second home ownership campaign from 29 October 1999 to 7 December 1999, a total of RM400 million worth of residential property had been sold. The success in selling of these properties is due to better housing loan interest rates together with incentives announced by the Government in Budget 2000. *(Source : The Star, 5 November 1999)*. Spurred by the economic recovery and a revival in consumer demand, banks are trying to outdo each other in promoting their housing loan products. Banks were pushing hard to take advantage of tax breaks announced in October's Budget for banks which achieved the 8% loans growth target. *(Source : The Star, 10 November 1999)*

7. INDUSTRY OVERVIEW (Cont'd)

7.1.2 Residential Properties**Overall**

During the economy slowdown, the residential property subsector has not been affected as badly as the office and commercial categories. There is still big demand for residential properties especially for low and medium cost residential properties and this demand will continue to grow. The Klang Valley, Penang and Johor will continue to have a high demand for low and medium cost properties. Before the economy slowdown, property buyers also purchased properties for investment purposes. The present profile of a property buyer is that of a first time house buyer who prefers low and medium cost residential properties. (Source : *Malaysian Business*, 1 October 1998)

During the first half of this year, both volume and value of transactions for residential units have registered strong increases. Turnover volume increased by 20.2% to 76,410 transactions with value increasing by 26% to RM9.2 billion. The increase is partly due to the result of the effort of the Housing Developers Association of Malaysia which together with the Government launched a Home Ownership Campaign between 12 December 1998 to 12 January 1999. (Source : *The Star*, 30 October 1999)

Pulau Pinang

The residential sector again dominated the property market with its 69.4% share by the total number of transactions. However, it was not as active in 1997 as indicated by the respectively drops in both the number and value of transactions by 24.8% and 33.5%. Out of 6,506 residential transactions, just over half the transactions were in Seberang Perai while the rest were from the Island. Prices were mixed with stable prices and price increases in certain select areas, but generally, price moved downwards by as much as 25.5% for conventional housing and up to 18.0% for strata units. On the Island, price increases of 8.7% were registered for single storey terraced houses in Island Glades, whereas Seberang Perai saw a sharp dip of 22.0% in Taman Selamat. Demand centred on residential units costing less than RM150,000. On the Island, flatted units of the low and medium-cost type were the preferred choice and this made up 61.2% of the Island's residential transactions. In Seberang Perai, terraced housing remained in good demand, mainly because of the availability of land which ensures a continuous supply of such houses. Terraced houses constituted 64.2% of the residential transactions in Seberang Perai. (Source: *Property Market Report 1998*)

The Pulau Pinang property market is believed to have bottomed out as activity picked up in the first half of this year compared with the second half of 1998. The factors strengthening Pulau Pinang's property market included the strong performance of export-oriented manufacturing plants, strong local economic performance and stable employment prospects. (Source : *The Star*, 13 September 1999)

7.1.3 Industry Life-Cycle

The life cycle of the property sector is highly correlated to the economic health and political stability of the country.

The general property market is traditionally slow to react to economic and financial adjustments. However, the sudden slowdown in the gross domestic product growth rate, the weakened ringgit, the banking sector's relatively high property loan exposure contributed to a negative effect. As the property supply outstrips demand, a general downward trend emerged in the first quarter of 1998. (Source : *Malaysian Business*, March 1998)

7. INDUSTRY OVERVIEW (Cont'd)

As property and building industry are pillars of the economy and must not be neglected, property experts are confident that the badly hit sector would begin to see some recovery in the next three months which is earlier than expected because of the positive measures adopted by the government. The encouraging move from the government included the lowering of interest rates, injection of funds into banks and the willingness of banks to give out loans now have given the business community in general an air of optimism over the last three weeks. (Source : *The Star*, 14 October 1998)

7.1.4 Outlook And Growth For The Industry

Analysis of the transactions in 1998 has shown that the residential sector has seen the worst of the recession in the first half of 1998, with prices and transactions already picking up. The only caveat is that the prices for office and retail space will have to come down significantly in order to clear the huge excess.

The residential property market forecast ratios all indicate a more favourable year ahead. Affordable residential properties will continue to be popular, whilst high-end properties, except in a few choice locations, will face poor demand. Developers have to peg their selling prices at a competitive level or revise their selling prices downwards to ensure a higher take up rate. However, properties in good locations will still command good prices and rentals.

With these in sight, we can expect to see a mild recovery in the real property sector towards the end of 1999 with both prices and volumes remaining moderate as we enter the next millennium.

(Source: *Property Market Report 1998*)

In the recent Malaysia Budget 2000, the Government proposed to waive stamp duty on transfer for houses costing below RM75,000 each and give a 50% discount on stamp duty for units costing between RM75,000 and RM150,000. With this incentive, it is expected to boost the sales of residential properties in our country.

7.2 Construction Industry

7.2.1 Industry Growth And Size

Value added in the construction sector declines sharply by an estimated 19.2% in 1998 (1997:+9.5%), reflecting significantly low construction starts in certain segments of the property market which have excess supply as well as the completion of major infrastructure projects. Difficulty in getting bridging and end financing for the construction and purchase of properties, high interest rates prior to September 1998 and erosion of the population's financial wealth due to a sharp drop in share prices are the major factors contributing to the slowdown in construction starts in 1998. A more cautious stance of prospective property buyers in anticipation of further falls in property prices has also adversely affected demand for property. In the light of weaker demand, developers have to defer their construction starts. (Source : *Economic Report 1998/1999*)

Although construction activity of high-rise buildings will continue to be affected by excess supply of office space and retail outlets as well as high-end condominiums, the construction sector could recover by 5% in 2000. Underpinning this recovery will be the acceleration in civil engineering works, following higher budgetary allocation for the construction and upgrading of roads, bridges, ports and airports, drainage and irrigation, schools, industrial training institutions, hospitals and other health facilities. In addition, activity-related to the construction of low and medium cost properties is expected to pick up. This is in view of higher budgetary allocation for housing projects

7. INDUSTRY OVERVIEW (Cont'd)

as well as expected increase in demand for these properties against a background of higher disposal income, expected continuation of a low interest rate regime and easy access to bank credit. With private sector investment expected to recover in view of the need of some industries to expand capacities to meet stronger sales orders, activity related to construction of new factories and extension of existing production facilities should also pick up, thereby, providing a fillip to the construction sector. Consequently, the value added growth in the secondary sector of the economy is anticipated to accelerate to 7.7% in 2000 (1999 : 7.3%). (Source : Economic Report 1999/2000)

In the nine months to April 1998, new lending to construction fell dramatically. However, figures on approved loans for the construction sector have risen - albeit erratically and slowly - since April 1998. Lending to infrastructure and residential projects has accounted for most of this increase. As a further encouraging sign, figures on new permits for residences and shophouses in Peninsular Malaysia have stabilised in the past nine months, following a sharp fall from August 1997. BNM's forecast of 4.3% growth in residential construction for this year is supported by figures on outstanding loans for residential purchases. Behind this strong forecast lie relatively low interest rates, government financial support for developers and purchasers of low and medium cost housing and the improved economic outlook. The figures show a steady increase in the past 18 months for low and medium cost housing and a strong increase for high cost housing. The figures for high-cost housing are surprising, given the widespread belief that the sector is declining. Housing approvals have increased only marginally in the past nine months, having dropped sharply in mid-1998. This suggests that housing recovery is still at an early stage, with growth to come in the second half of this year. (Source : The Sun, 5 September 1999)

In line with the 1999 Budget strategy to revive economic activities, 50.9% of the development expenditure has been allocated for the economic sector. To ensure that the development expenditure provides maximum stimulus to economic growth, a sizeable portion of the development expenditure, that is RM7.9 billion, was provided for infrastructure projects including those in rural areas, such as construction of roads, bridges, rail and ports, utilities and agriculture infrastructure. (Source : Economic Report 1999/2000)

Pursuant to the 2000 Budget Speech of Minister of Finance of Malaysia, the following fund will be allocated for the construction of the following projects:-

- (i) RM8.8 billion of the construction of 987 schools and 16,172 housing units for teachers;
- (ii) RM5.3 billion for the construction, upgrading and improvement of roads and highways;
- (iii) RM908 million is allocated to complete the construction and upgrading of hospitals; and
- (iv) RM492 million is allocated for the construction of low-cost housing.

(Source : The Budget speech on 29 October 1999)

(i) **Residential Subsector**

As is the case with other segments of the construction industry, the residential sector construction activity is also affected by the economic slowdown. This is reflected in the drop in both the volume and value of transactions in 1998. During the first eight months of 1998, 84,660 transactions totalling RM9.5

7. INDUSTRY OVERVIEW (Cont'd)

billion were made, compared with 117,645 transactions valued at RM14.5 billion for the same period of 1997. The slower construction activity in the residential sector is also reflected in the 26.3% decline in number of new licenses and 26.0% decline in advertising permits issued for construction of new houses by the Ministry of Housing and Local Government.

Nevertheless, construction starts for low and medium cost houses are sustained in 1998 as demand for these more affordable houses remains strong. Consequently, most of the new launches during 1998 are of medium cost and low-cost houses. Of the 90,184 houses built during the first half of 1998, 26.1% were low cost houses while 43% were medium cost houses. In part, the strong demand for these houses is attributed to the easier access to end-financing for houses priced RM150,000 and below.

(Source : Economic Report 1998/1999)

During the first half of 1999, both volume and value of transactions for residential units have registered strong increases. The strong pick up in construction activity related to low and medium-cost houses reflects the policy emphasis of the Government in providing adequate and affordable housing especially to the low-income group through various funds and schemes.

(Source : The Star, 30 October 1999)

An additional allocation of RM200 million has been provided in November 1998 to the RM600 million Housing Fund for Hardcore Poor to build additional low-cost houses including in the estate areas. Up to August 1999, 19 projects were completed and another 8 projects are still under construction. Under the RM500 million Fund to Accelerate the Construction of Low-Cost Housing, a total of 47 projects were completed, while 16 projects were under construction. Up to August 1999, a total of RM297.5 million has been disbursed from the Fund to developers. Under the Revolving Fund for Low-Cost Housing, 75,132 units of houses including medium and high-cost units will be built in 1999 of which 2,223 units are already on the ground. Another 12,923 units are under various stages of construction. In addition, low cost houses are also being built by various State Governments. The provision of low-cost houses under the Public Low-Cost Housing Programme has been expedited. Up to August 1999, about 15,440 units have been completed and another 24,261 units are at various stages of construction. *(Source : Economic Report 1999/2000)*

(ii) Non-Residential Subsectors

Construction of office space and retail outlets remain sluggish. Overbuilding in recent years combined with weak demand resulted in excess supply in these property segments. Despite the overall weaknesses in the property sector, there is still demand for new industrial units. In Selangor, another 4,608 industrial units were launched this year. Meanwhile, for the country as a whole, occupancy rate for the retail properties has improved to 70.9% at the end of June 1999 compared to 66.2% at the end of 1998. *(Source : Economic Report 1999/2000)*

(iii) Civil Engineering Subsector

Despite having the world's tallest buildings, a state-of-the-art airport and the multimedia super corridor, infrastructure development will be maintained, upgraded and enhanced according to supply and demand. The government

7. INDUSTRY OVERVIEW *(Cont'd)*

recognised that infrastructure and technological developments were vital ingredients to promote and enhance economic growth and national development. *(Source : Business Times, 20 July 1999)*

As such, construction activities in civil engineering undertaken by the public sector will continue to focus on the provision and improvement of infrastructure related to social development such as schools, health facilities, rural amenities, public works such as roads and bridges and transport. The Government has given emphasis to these construction activities, in recognition of the contribution of infrastructure and utility projects in reviving the economy through their linkages and spillover effect. In 1999, the focus is on completing critical infrastructure projects such as the New Pantai Highway, Kuala Lumpur Western Traffic Dispersal Scheme, Simpang Pulai-Lojing-Gua Musang-Kuala Berang Road and access road to Tanjung Pelepas Port. *(Source : Economic Report, 1999/2000)*

The civil engineering subsector was expected to be the main beneficiary of the government's efforts to revitalise the economy. Loans disbursed to the construction sector have been on an uptrend especially for infrastructure projects such as water supply, dams, hospitals and educational facilities. *(Source : The Star, 20 July 1999)*

7.2.2 Cyclical and Demand

With the erosion of financial wealth of the population due to lower stock prices, difficulty in getting end-financing and bridging finance from the banking system and higher interest rates which have affected both demand and new supply of real properties, the demand for residential properties is expected to stagnate at about 1998's level. In part, speculative buying of these properties is expected to be minimal, due to the recent decline in prices of houses.

Construction activities with regard to public works as well as infrastructure projects especially small infrastructure projects such as roads, bridges, railworks and drainage system will get a boost from the fiscal stimulus announced by the Government recently which includes the establishment of Infrastructure Development Fund.

(Source : Economic Report 1998/ 1999)

7.2.3 Summary Of Outlook And Areas Of Growth

The construction industry, particularly those activities in the residential, commercial and civil engineering sub-sectors, expanded strongly in the 1990s as reflected in the high growth of output value, total employment, and salaries and wages of the industry. The expansion of the industry was supported by the strong growth in bank lending to the sector.

Presently, the industry faces the following issues of over-supply of commercial space, lack of financing facilities, and rising cost of imported construction materials due to the weak ringgit. The crash in the KLSE reduced the industry's market capitalisation by 75.7 per cent in the period January 1997-January 1998. *(Source : National Economic Recovery Plan , August 1998)*

To resolve the abovesaid issues, the National Economic Recovery Plan recommends the following to spur the growth of the sector :-

- (i) In view of the sharp contraction anticipated by the sector, the Government should continue to invest in civil works and infrastructure development,

7. **INDUSTRY OVERVIEW** *(Cont'd)*

especially for social projects. This is to provide some measure of support to the construction sector as well as its multiplier economic effects, reduce the severity of unemployment and business losses, and increase the utilisation of surplus equipment and materials;

- (ii) Governments and public authorities at all levels should be prompt in making payments for goods and services delivered by contractors and suppliers in order to avoid becoming a source of their business difficulties and cash flow problems;
- (iii) BNM should be more flexible in applying the credit plan. The classification of the construction industry or housing industry as 'non-productive' has affected other sectors as well;
- (iv) Financial institutions should lend selectively to contractors and important projects that would have an adverse impact on economic growth, traffic, urban environment, and quality of life, if left uncompleted;
- (v) Privatised infrastructure and toll road projects that would relieve traffic congestion in the Klang Valley should proceed as planned. There is a need to relook at all approved projects to find ways of reducing the cost of infrastructure development; and
- (vi) The construction of essential and on-going public infrastructure and social amenities should proceed and be supported with budgetary allocations.

(Source : National Economic Recovery Plan , August 1998)

With the various economic measures implemented by our government, the construction sector which languished for six quarters in negative territory, turned around to records a positive growth of 0.9%.

(Source : The Star, 25 November 1999)

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8. INFORMATION ON THE HPB GROUP

8.1 History and Principal Activities

HPB was incorporated in Malaysia on 27 April 1998 under the Companies Act, 1965 as a private limited company under the name Hunza Properties Sdn Bhd. It was subsequently converted into a public limited company on 21 October 1998 and assumed its present name. HPB is principally an investment holding company and it commenced its business on 26 January 2000. The HPB Group is principally engaged in property development, property investment, property construction and trading of building materials.

8.2 Changes In Share Capital

The present authorised share capital of HPB is RM100,000,000 divided into 100,000,000 shares of RM1.00 each. The present issued and paid-up share capital is RM47,417,000 comprising 47,417,000 ordinary shares of RM1.00 each. Details of the changes in the issued and paid-up share capital of the Company since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
27.04.98	2	1.00	Subscribers' shares	2
14.09.98	9,000	1.00	Cash	9,002
21.09.98	10,000	1.00	Cash	19,002
28.09.98	10,000	1.00	Cash	29,002
09.10.98	9,000	1.00	Cash	38,002
14.10.98	11,000	1.00	Cash	49,002
23.11.98	1,998	1.00	Cash	51,000
26.01.2000	32,729,000	1.00	Share issued at approximately RM1.23 per share for the Acquisition of HHoldings	32,780,000
26.01.2000	7,725,000	1.00	Shares issued at approximately RM1.21 per share for the Acquisition of HUV	40,505,000
26.01.2000	6,192,000	1.00	Shares issued at approximately RM1.12 per share for the Acquisition of Masuka	46,697,000
26.01.2000	720,000	1.00	Shares issued at approximately RM1.36 per share for the Acquisition of Qurozor	47,417,000

8.3 Restructuring Scheme

In conjunction with the listing of HPB's shares on the Main Board of the KLSE, the Company undertook a restructuring exercise which was approved by the FIC on 11 March 1999 and 22 December 1999, MITI on 20 March 1999, 28 October 1999 and 11 November 1999 and SC on 18 October 1999, 17 December 1999 and 3 January 2000 respectively. The details of the restructuring exercise undertaken by HPB are as follows:

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

8.3.1 Incorporation of Revaluation Surplus

The SC had via its letter dated 18 October 1999 approved the incorporation of the following revaluation surplus arising from the landed properties and building held as fixed assets totalling RM11,920,215 into the accounts of the following companies :-

- (1) Incorporation of revaluation surplus amounting to RM1,444,258 in the accounts of HLand, a subsidiary and associate company of HHoldings and HUV respectively;
- (2) Incorporation of revaluation surplus amounting to RM11,053,398 in the accounts of HDistripark, a subsidiary company of HHoldings;
- (3) Incorporation of revaluation surplus amounting to RM33,229+ in the accounts of HUV; and
- (4) Incorporation of revaluation deficit amounting to RM610,670* into the accounts of Masuka.

Note : + On 12 November 1999, HUV had sold the Marina Bay Condominium (Unit 80-10-06) at RM265,500. As such, the revaluation surplus of RM33,229 will not be incorporated into the accounts of HUV.

** Masuka had on 4 November 1999 and 16 December 1999 disposed of two (2) units of Villa Indah Apartments at RM408,000 and RM422,000 respectively which are part of the properties held as fixed assets of the company. The revaluation deficit of RM65,915 for these assets will not be incorporated into the accounts of Masuka. Hence, only the remaining revaluation deficit of RM544,755 will be incorporated into the accounts of Masuka.*

The disposals of the abovesaid assets was at a higher consideration vis-a-vis the revaluation amount approved by the SC. Furthermore, the SC had via its letter dated 3 January 2000 approved the non-incorporation of the abovesaid revaluation surplus/deficit into the accounts of HUV and Masuka pursuant to the disposals of the assets.

Save as disclosed above, all the revaluation surplus which has been approved by the SC will be incorporated into the accounts of the respective companies for the financial year ending 30 June 2000. Further information on the revaluation of properties is set out in Section 8.7.

8.3.2 Acquisition by HPB of:-

- (i) 4,713,678 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of HHoldings for a consideration of RM40,236,734 satisfied by the issue of 32,729,000 new ordinary shares of RM1.00 each in HPB at an issue price of approximately RM1.23 per share;
- (ii) 25,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of HUV for a consideration of RM9,326,428 satisfied by the issue of 7,725,000 new ordinary shares of RM1.00 each in HPB at an issue price of approximately RM1.21 per share;
- (iii) 1,530,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Masuka for a consideration of RM6,955,554 satisfied by the issue of 6,192,000 new ordinary shares of RM1.00 each in HPB at an issue price of approximately RM1.12 per share; and

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

- (iv) 500,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Qurozor for a consideration of RM982,379 satisfied by the issue of 720,000 new ordinary shares of RM1.00 each in HPB at an issue price approximately RM1.36 per share.

The purchase consideration for the Acquisitions was arrived at based on the audited NTA as at 30 June 1999 after adjustments for goodwill arising on investment in associated companies and adjustments for revaluation surplus/deficit of the properties of the respective acquiree companies as detailed below :-

	Consolidated Audited Shareholders fund As At 30.06.1999 RM	Adjustments for Goodwill arising on investment in associated companies RM	Adjustments for Revaluation Surplus/(Deficit)* RM	Adjusted Consolidated Audited NTA As At 30.06.1999 RM
HHoldings	29,725,471	(1,293,871)	11,805,134	40,236,734
HUV	11,668,033	(2,851,584)	509,979	9,326,428
Masuka	7,566,224	-	(610,670)	6,955,554
Qurozor	982,379	-	-	982,379
	<u>49,942,107</u>	<u>(4,145,455)</u>	<u>11,704,443</u>	<u>57,501,095</u>

Note: * The adjusted amount for the revaluation surplus is slightly lower than the amount which have been approved by the SC due to HHoldings and HUV only have shareholdings of 52.05% and 33.01% respectively in HLand.

The particulars relating to the vendors' existing shareholdings in the respective companies are as follows :-

Vendors	No. of Ordinary Shares				Total
	HHoldings	HUV	Masuka	Qurozor	
Hunza Usaha Sdn Bhd	-	25,000	-	-	25,000
Dato' Khor Teng Tong	133,000	-	-	-	133,000
Khor Teng Tong Holdings Sdn Bhd	604,000	-	-	500,000	1,104,000
Mandin Garden Sdn Bhd	642,678	-	-	-	642,678
Jaya Sri Rambai Sdn Bhd	658,000	-	-	-	658,000
Taman Nibong Tebal Sdn Bhd	767,000	-	-	-	767,000
Ooi Lay See	201,000	-	-	-	201,000
Ooi Lay Kin	5,000	-	-	-	5,000
Ooi Lay Yen	35,000	-	-	-	35,000
Dr Rafi Ahmad bin Abdul Muthalip*	-	-	1,004,000	-	1,004,000
Abd Ghani bin Ali Kadir*	-	-	526,000	-	526,000
Datuk Zubir bin Haji Ali	170,000	-	-	-	170,000
Dato' Hj Mohamed bin Yeop Abdul Raof	547,000	-	-	-	547,000
Omar bin Ab. Wahab	50,000	-	-	-	50,000
Khor Peng Seah	391,000	-	-	-	391,000
Khor Chiew Chooi	13,000	-	-	-	13,000
Tang Wei Ping	10,000	-	-	-	10,000
Tang Yoke Leng	10,000	-	-	-	10,000

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

Vendors	← No. of Ordinary Shares →				Total
	HHoldings	HUV	Masuka	Quorozor	
Tang Sze Ning	10,000	-	-	-	10,000
Tang Ai Hua	10,000	-	-	-	10,000
Ong Lye Seng	10,000	-	-	-	10,000
Chan Wee Sin	105,000	-	-	-	105,000
Lee Hack Teik	35,000	-	-	-	35,000
Koay Kar Huah	27,000	-	-	-	27,000
H'ng Ah Teong @ H'ng Chai Ting	70,000	-	-	-	70,000
Lim Kim Leng	44,000	-	-	-	44,000
Tan Puah Khin	26,000	-	-	-	26,000
Teh Chor Heng	40,000	-	-	-	40,000
Loh Lam Peng	50,000	-	-	-	50,000
Seow Kim Fong	50,000	-	-	-	50,000
	4,713,678	25,000	1,530,000	500,000	6,768,678

Notes: * On 15 September 1997, Dr. Rafi Ahmad bin Abdul Muthalip and Encik Ghani bin Ali Kadir, both shareholders of Masuka ("Grantors") had entered into a Call Option Agreement with Ascambankers granting the latter the right to acquire up to 5% of the Grantors' shareholdings in Masuka. The Call Option will remain valid as the Grantors have consented to exchange the said Masuka's shares with up to 5% of their shareholdings in HPB after the Acquisition of Masuka by HPB. The details of the said agreement are disclosed in Section 15.1 of this prospectus.

The vendors' shareholdings in HPB after of the Acquisitions are as follows:

Vendors	← No. of New HPB Shares to be Issued →					Total	% of shareholdings based on total number shares issued pursuant to the Acquisitions
	HHoldings	HUV	Masuka	Quorozor	Total		
Hunza Usaha Sdn Bhd	-	7,725,000	-	-	7,725,000	16.31	
Dato' Khor Teng Tong	923,474	-	-	-	923,474	1.95	
Khor Teng Tong Holdings Sdn Bhd	4,193,820	-	-	720,000	4,913,820	10.37	
Mandin Garden Sdn Bhd	4,462,377	-	-	-	4,462,377	9.42	
Jaya Sri Rambai Sdn Bhd	4,568,764	-	-	-	4,568,764	9.65	
Taman Nibong Tebai Sdn Bhd	5,325,596	-	-	-	5,325,596	11.24	
Ooi Lay See	1,395,625	-	-	-	1,395,625	2.95	
Ooi Lay Kin	34,717	-	-	-	34,717	0.07	
Ooi Lay Yen	243,019	-	-	-	243,019	0.51	
Dr Rafi Ahmad bin Abdul Muthalip	-	-	4,063,247	-	4,063,247	8.58	
Abd Ghani bin Ali Kadir	-	-	2,128,753	-	2,128,753	4.49	
Datuk Zubir bin Haji Ali	1,180,380	-	-	-	1,180,380	2.49	
Dato' Hj Mohamed bin Yeop Abdul Raof	3,798,045	-	-	-	3,798,045	8.02	
Omar bin Ab. Wahab	347,171	-	-	-	347,171	0.73	
Khor Peng Seah	2,714,873	-	-	-	2,714,873	5.73	
Khor Chiew Chooi	90,264	-	-	-	90,264	0.19	
Tang Wei Ping	69,434	-	-	-	69,434	0.15	

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

Vendors	No. of New HPB Shares to be Issued				Total	% of shareholdings based on total number shares issued pursuant to the Acquisitions
	H Holdings	HUV	Masuka	Qurozor		
Tang Yoke Leng	69,434	-	-	-	69,434	0.15
Tang Sze Ning	69,434	-	-	-	69,434	0.15
Tang Ai Hua	69,434	-	-	-	69,434	0.15
Ong Lyc Seng	69,434	-	-	-	69,434	0.15
Chan Wee Sin	729,058	-	-	-	729,058	1.54
Lee Hack Teik	243,019	-	-	-	243,019	0.51
Koay Kar Huah	187,472	-	-	-	187,472	0.40
H'ng Ah Teong @ H'ng Chai Ting	486,039	-	-	-	486,039	1.03
Lim Kim Leng	305,510	-	-	-	305,510	0.64
Tan Puah Khin	180,529	-	-	-	180,529	0.38
Teh Chor Heng	277,736	-	-	-	277,736	0.59
Loh Lam Peng	347,171	-	-	-	347,171	0.73
Seow Kim Fong	347,171	-	-	-	347,171	0.73
	32,729,000	7,725,000	6,192,000	720,000	47,366,000	100

The Acquisitions was completed on 26 January 2000 after obtaining all the necessary approval from the relevant authorities.

8.3.3 Thereafter, to facilitate the listing of and quotation for HPB shares on the Main Board of the KLSE, the Company will undertake a Public Issue of 12,583,000 new ordinary shares at an issue price of RM1.60 per share. The Public Issue Shares will be made available for subscription by eligible employees and Directors of the HPB Group, the Malaysian public and Bumiputera investors and institutions approved by MITI.

Furthermore, pursuant to the SC's letter dated 18 October 1999, HPB is not allowed to involve in activities or new business which are not related to its core business for a period of three (3) years after the listing on the KLSE. In addition, IIPB is required to actively increase its landbank as well as development projects at good locations.

8.4 History And Business Overview

The HPB Group was formed under the leadership of Dato' Khor Teng Tong, having established himself as a reputable property developer in the Northern Region, especially in Penang with more than 25 years of experience in the property development sector.

HPB is principally an investment holding company with seventeen (17) subsidiary companies whose core business include property development, property investment, property construction and trading of building materials. As at 8 February 2000, the proforma Group has accumulated sales turnover of RM355 million for the property development division and RM181 million for the construction division.

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

8.4.1 Property Development

The HPB Group has established itself as a reputable developer of high rise residential units under a wide mixture of low to high cost apartment / condominium blocks. Other notable development projects include multi-storey commercial shophots cum office units and a joint development of a furniture park which is situated in Nibong Tebal. The past and current development thrust of the Group is towards low to medium cost residential units.

	Audited				Forecast	
	Financial Year Ended 30 June				Financial Year Ending 30 June	
Property Development - Turnover	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Low Cost						
PHSB					1,344	2,856
HPK					18,073	372
HLand	760	9,332	6,437			
	760	9,332	6,437		19,417	3,228
Medium Cost						
PHSB					4,585	9,743
HPK					1,334	27,898
HLand	15,722	36,084	41,841	27,617		
	15,722	36,084	41,841	27,617	5,919	37,641
Condominium						
HParade	39,731	313	900	10,099	31,681	12,983
Commercial						
PHSB	7,284	9,476	2,800	1,061	576	1,225
Bungalow lots						
HPK						43,665
Grand Total	63,497	55,205	51,978	38,777	57,593	98,742

	Audited				Forecast	
	Financial Year Ended 30 June				Financial Year Ending 30 June	
Property Development - Gross Profit	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Low Cost						
PHSB					174	369
HPK					3,521	72
HLand	23	1,184	621			
	23	1,184	621		3,695	441
Medium Cost						
PHSB					593	1,259
HPK					226	4,722
HLand	4,455	14,486	14,323	11,980		
	4,455	14,486	14,323	11,980	819	5,981
Condominium						
HParade	14,151	2,397	390	4,527	13,261	5,434
Commercial						
PHSB	3,062	2,787	977	370	74	159
Bungalow lots						
HPK						7,554
Grand Total	21,691	20,854	16,311	16,877	17,849	19,569

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

The contribution to turnover and profit for each main activities of the Group is as follows:-

Group	Financial Year Ended 30 June											
	1995 RM'000	%	1996 RM'000	%	1997 RM'000	%	1998 RM'000	%	1999 RM'000	%	4 months period ended 31.10.99 RM'000	%
Turnover												
By activities :-												
Property development	49,750	88.9	63,497	94.7	55,204	93.2	51,979	83.6	38,777	84.4	10,914	85.7
Construction	3,846	6.9	2,154	3.2	709	1.2	5,921	9.5	4,270	9.3	323	2.5
Trading	1,872	3.3	1,238	1.8	1,639	2.8	1,636	2.6	*	0.0	802	6.3
Property investment	486	0.9	181	0.3	1,682	2.8	2,680	4.3	2,910	6.3	698	5.5
	55,954	100.0	67,070	100.0	59,234	100.0	62,216	100.0	45,957	100.0	12,737	100.0
Profit before taxation and minority interest												
Property development	12,412	89.0	19,036	97.5	18,250	94.1	13,885	80.1	15,058	80.6	3,971	93.1
Construction	813	5.8	534	2.7	458	2.4	1,549	8.9	2,177	11.7	(48)	(1.1)
Trading	478	3.5	426	2.2	568	2.9	476	2.8	514	2.7	44	1.0
Property investment	240	1.7	(462)	(2.4)	127	0.6	1,420	8.2	927	5.0	299	7.0
	13,943	100.0	19,534	100.0	19,403	100.0	17,330	100.0	18,676	100.0	4,266	100.0
Exceptional item	-		711		-		11,450		892		-	
	13,943		20,245		19,403		28,780		19,568		4,266	

Note :- * There was no turnover for trading activities for financial year 1999 as HTTrading sold building materials to Masuka only whereas the company sold building materials to Masuka as well as other sub-contractors in the previous years.

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

The Group's support base includes land banks of approximately 585 acres located in Sungai Petani (Kedah) which have been planned for residential as well as shoplots development, 433 acres located in Perak which will be planned for orchard homestead lots and 1,344 acres located next to Marina Bay, Penang which the Group is yet to earmark the proposed development. These landbanks, based on a valuation carried out by Rahim & Co, an independent firm of valuers, has an open market value of approximately RM70.5 million. The carrying values in the Group's accounts as at 30 June 1999 is RM37.6 million.

Apart from its own landbanks, the HPB Group through Joint Venture Agreements has rights to develop a further 50 acres (approximately) comprising two (2) pieces of land, opposite Marina Bay (commercial Office Tower) with Chan Lam On and Chong Song as trustees of Persatuan Kwangtung and Tengchow, Pulau Pinang ("Kwangtung Association") on 26 March 1990 and between Mt Erskine and Botanical Garden (mixed development) in Penang with Poh Su Seah Cheah Kongsi alias Sek Tong Cheah Si Seh Tek Tong Hock Haw Kongsi ("Cheah Kongsi").

The group's current development project is the 1 block of 20 storey luxury Marina Bay condominiums situated at Tanjung Tokong, next to Gurney Drive, along the tourist belt of Pulau Pinang. In respect of Sungai Petani Project, at present 80% of the earthwork has been completed for the low and medium cost housing project. Future projects encompass the development of the 1st phase of mixed residential housing development at Sungai Petani of approximately 350 acres in the form of low and low medium cost housing and bungalow lots.

Joint Venture With Cheah Kongsi

Cheah Kongsi and Khor Teng Tong Holdings Sdn Bhd had entered into a principal and supplemental agreement respectively on 10 December 1997. The said agreements were subsequently assigned to Qurozor by Khor Teng Tong Holdings Sdn Bhd vide a Deed of Assignment dated 2 November 1998. (See Section 15.5 of this Prospectus). In addition, this joint venture cannot be unilaterally and arbitrarily terminated by Cheah Kongsi.

Pursuant to the Deed of Assignment, Qurozor will at its own cost and expenses develop a mixed development project on the land owned by Cheah Kongsi. Qurozor shall pay Cheah Kongsi in stages a total amount of RM5.89 million and an additional sum of RM6.2 million solely for the purpose of purchasing from Qurozor a number of residential, commercial or office unit under the said development. In addition, Cheah Kongsi will also have at its option to be entitled 50 units and 35 units of medium cost apartments and luxurious condominium developed by Qurozor respectively or to be entitled to their warranted value as agreed in the Joint Venture Agreement. Furthermore, Qurozor shall at own cost construct and repair certain infrastructural works as well as existing buildings owned by Cheah Kongsi on the said land.

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

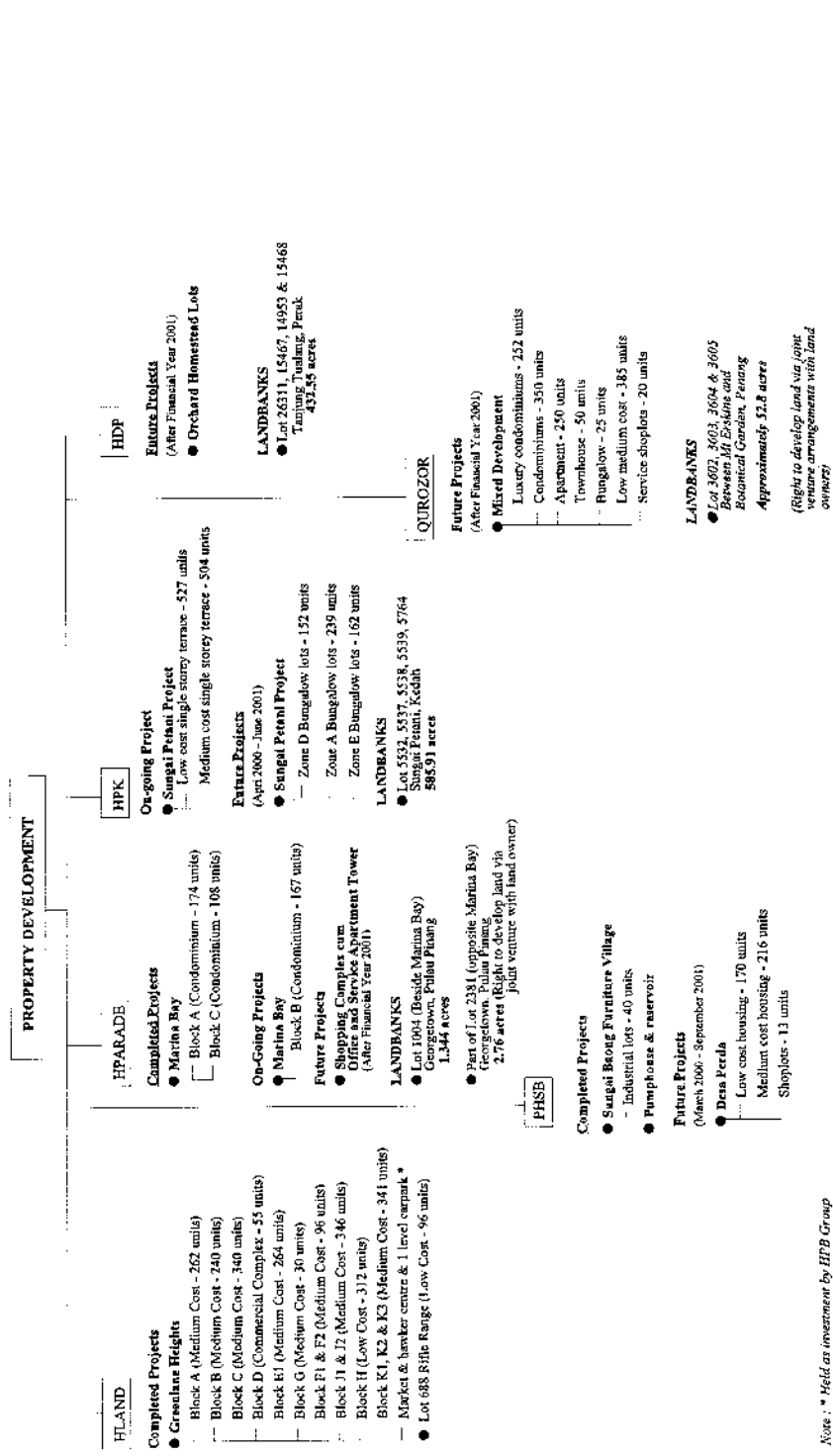
Joint Venture With Kwangtung Association

HParade had entered into a joint-venture agreement with Chan Lam On and Chong Song as trustees of Kwangtung Association on 26 March 1990. Two supplemental agreements dated 16 November 1990 and 28 August 1993 had been entered into by HParade and Chan Lam On and Lee Woon Mun as trustees of Kwangtung Association respectively. In addition, this joint venture cannot be unilaterally and arbitrarily terminated by Kwangtung Association.

Pursuant to abovesaid agreements, both parties had agreed to enter into a joint venture arrangement whereby HParade shall at its own costs and expenses construct on the land owns by Kwangtung Association 3 blocks of high-rise condominium comprising 456 parcels of luxury condominium and one block of luxury commercial and shopping complex complete with basement carparks. HParade will pay Kwangtung Association in stages a sum of RM15.8 million as consideration for the arrangement. In the event that the total net profits from the development shall exceeds the sum of RM38 million, HParade shall pay to the trustees one third of the sum representing the difference between the total net profits and the sum of RM38 million. HParade shall bear compensation (if any) payable to the existing tenants of the land.

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



Note : * Held as investment by HPB Group

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

Completed and On-Going Projects of the Group

HPB Group's completed and on-going projects are basically the Greenlane Heights, Marina Bay and the Sungai Baong projects. The property development of the HPB Group are currently focused in Pulau Pinang with a proposed mixed development project at Sungai Petani, Kedah. As at 8 February 2000, the Group has completed projects with sales turnover worth RM355 million comprising 2,776 units of mainly apartments and condominium and has on-going projects worth RM112 million comprising 167 units of condominiums, 527 units of low cost and 504 units of medium cost single storey terrace units.

HPB's construction arm has successfully completed various projects involving earthworks, civil engineering and building construction. As at 8 February 2000, the Group has completed construction contracts worth RM181 million and currently has contracts on-hand worth RM54 million and future contracts worth RM67.6 million with construction works expected to carry on until Year 2001.

(a) Greenlane Heights Project

It was first mooted by Dato' Khor in 1985. With his vision, he has successfully transformed the previously squatter occupied colony into a modern, well blended, mixed development of residential and commercial buildings. The relocation exercise was successfully carried out by proper negotiation and through systematic planning with no legal proceedings arising from this exercise.

Greenlane Heights started off with the development of Block A in April 1988. Subsequently, followed by Block B, C, D, E1, F1 & F2, G, H, J (J1 & J2) and K (K1, K2 & K3) series. The completion of K series being the final phase of Greenlane Heights project was in December 1998. The number of units and type of development is summarised on page 36 to 37 of this Prospectus.

Incorporating an integrated living concept, this development also contains commercial complexes, food courts and a wet market. Located closely in the choice residential area of Island Park and Island Glades, it offers a unique blend of exclusivity as well as easy access to numerous landmarks such as the Penang International Airport, Penang Bridge, Free Industrial Zone, established schools and colleges, Georgetown and the mainland via the Penang Bridge.

The Greenlane Heights project has been successfully developed from an unplanned residential area into a well-planned and environmental friendly area and has brought the land to be at par with its neighbourhood which is predominantly middle class.

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

(b) Marina Bay Project

Marina Bay project is situated at one of the most sought-after sea front at Tanjung Tokong, next to Gurney Drive, along the tourist belt of Penang. This is a luxury development which covers three (3) blocks of condominiums designed for exclusivity and privacy. It is strategically located with convenient access to centres of business, schools, colleges, public amenities and Gurney Drive.

The construction works of Marina Bay Block A & C commenced in February 1994 and February 1995 while completion was in June 1997 and August 1997 respectively. Currently, Block B is at least 66% completed with sales of approximately 61%.

(c) Sungai Baong Project

The Sungai Baong project located at Sungai Bakap was initiated by the Penang State Government and headed by Penang Regional Development Authority (PERDA). The joint venture with PERDA was with the intention of developing an industrial park specifically to meet the demand and needs of furniture manufacturers.

PERDA and HVentures entered into the joint-venture agreement on 27 June 1996 whereby the parties have agreed to incorporate a company called PHSB as their joint-venture vehicle and PHSB shall at its own cost and expenses develop the property. The initial issued and paid-up capital of PHSB is RM250,000 which was subscribed 49% by PERDA and 51% by HVentures.

This project will provide proper infrastructure, amenities and a Furniture Skills Training Centre run by Pusat Teknologi Perabot Utara Sdn Bhd (Furnitech). It is a joint venture company between Malaysian Timber Council, PERDA and the four (4) Economic Planning Units of the Northern Region namely, Penang Development Corporation, State Economic Development Corporation (Perak), Perbadanan Kemajuan Negeri Perlis and Perbadanan Kemajuan Negeri Kedah. This particular establishment is for the purpose of upgrading the quality and competitiveness of Made-in-Malaysia furniture.

Apart from that, this furniture village will have proper wood waste management. Amongst the proposed methods are:

- compressing the wood waste into briquette, to be used as fuel.
- compressed wood cement board, an alternative to the conventional building material.

A site is also allocated at the village to the Department of Environment to monitor the air condition, ensuring pollution is controlled to the minimum level.

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

Clearly this project not only elevates the furniture industry to be more competitive in the international market but also serves to strengthen and develop the socio-economic status of the furniture industry.

Over the years, HPB Group's projects were well received and most of its units, at least 50% of some of the abovementioned projects were sold within 6 months from the date of the launch. Despite the period of recession in the mid 80's, the HPB Group managed to successfully market its first project in Greenlane Heights, Block A and sold 76% in the year it was launched.

Future Project of the Group

Sungai Petani Project

This involves the development of the Sungai Petani land into bungalow lot units together with low and medium cost single storey terrace houses. This project which covers a total land area of 585.91 acres offers a living environment which emphasizes on "country living" where there will be tracts of open spaces with lots of greenery and beautifully landscaped gardens interspersed throughout the project. The landscape of the site is characterised by gentle hill slope on certain portion of the land which makes it ideal for the design of resort homes, of which there will be 30 designs to choose from.

The first phase of approximately 350 acres will feature the development of low & low medium cost housing (both currently on going) and bungalow lots. There will be 527 units of low cost, 504 units of low medium cost, 20 units of shop houses, 222 commercial lots and a total of 553 bungalow lots under 3 different zones namely zone A, D, E. At present, 5% of the building works is completed for the low and medium cost housing. As at 8 February 2000, 90 units and 284 units of low and low medium cost houses have been sold.

The mixed development project is set in a conducive environment catering for a wide range of residential population, served by a commercial centre consisting of 242 lots of shops and offices, a college of international repute occupying a land of 15 acres and a medical institute.

Strategically located, this project is just 5 minutes away from the Sungai Petani interchange and 20 minutes via the North-South Highway from the Penang Bridge.

Desa Perda Project

This development covers an area of 25 acres located on Lot PT 10, Mukim 8, Seberang Perai Selatan, Penang. This site is accessible from the North-South Highway via Sungai Jawi Interchange and Bandar Baharu Interchange.

This project is a mixed development comprising 13 units of double storey shop office, 216 units of single storey medium cost terrace houses, 170 units of double storey low cost terrace houses, a surau and a community hall.

HPB was selected to be PERDA's joint venture partner for this project mainly because of its experience in property development and social commitment shown over the years in Penang.

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

Details of the completed, current and future contracts for each Project is summarised in tabular form as below:-

Completed Projects As At 8 February 2000

Name/Location of Projects	Phase	Type of Development	Total Units	No. of Units Sold	Net Sales Value RM'000	Commencement Date	Completion Date
<i>Hunzu-Land Corporation Sdn Bhd</i>							
Greenlane Heights Lot 923, 924, 445 and part of 1543 section 5 at Jalan Besi off Jalan Masjid Negeri, Penang	Block A	1 block 12 storey medium cost flat	262	262	16,693	April 1988	January 1991
Lot 688, section 2, Georgetown, DTL, Rifle Range Road, Penang		1 block 6 storey low cost flat	96	96	7,138	April 1990	November 1991
Greenlane Heights Lots 1543 & 1544 at Jalan Besi, off Jalan Masjid Negeri, Penang	Block C	1 block 18 storey medium cost flat	340	340	23,393	June 1990	January 1992
Greenlane Heights Lots 1543 & 1544 at Jalan Besi off Jalan Masjid Negeri, Penang	Block B	1 block 16 storey medium cost flat	240	240	28,325	February 1991	June 1993
Greenlane Heights Lot 4662, section 5, NED, Georgetown, Penang		1 block of 2 level market and hawkler centre with 1 level car park	1	Held as investment for rental purpose	-	March 1993	November 1994
Greenlane Heights Lots 4660 & 4662 section 5, DTL Georgetown, Penang	Block E1	1 block of 10, 12 & 14 storey medium cost flats	264	264	16,318	March 1993	January 1995
Greenlane Heights Lots 4660 & 4662 section 5, NED Georgetown, Penang	Block D	1 block of 5 storey commercial complex	55	55	11,950	November 1993	March 1995
Greenlane Heights Lots 4660 & 4662, section 5, Georgetown, Penang	Block G	1 block 7 storey medium cost apartments	30	30	7,690	December 1993	January 1996
Greenlane Heights Part of lot 4721 section 5, Georgetown DTL, Penang	Block F1 & F2	1 block of 14 storey (F1) & 1 block of 12 storey (F2) medium cost apartments	96	96	16,710	June 1995	March 1997

Company No.: 461624-X

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

Name/Location of Projects	Phase	Type of Development	Total Units	No. of Units Sold	Net Sales Value RM'000	Commencement Date	Completion Date
Greenlane Heights Part of lot 4721 section 5, Georgetown, DTL, Penang	Block J1 & J2	1 block of 24 storey (J1) and 1 block of 21 storey (J2) medium cost apartments	346	342	50,469	June 1996	June 1998
Greenlane Heights Part on part of lot 4721 section 5, Georgetown DTL, Penang	Block H	1 block of 22 storey low cost flat with 4 storey multi-storey car park	312	310	16,283	June 1996	June 1998
Greenlane Heights Part of the lot 4721 (new lot 4738), section 5, Georgetown, NED Jalan Gangsa, Penang	Block K1, K2 & K3	3 blocks of 21 storey (Block K1), 29 storey (Block K2) and 21 storey (Block K3) medium cost apartments with 6 storey multi-storey car park	409	394	64,292	January 1997	December 1998
Hanza Parade Development Sdn Bhd							
Marina Bay Resort Part of lots 2386, 2383 & part of lot 2381, section 1 Georgetown, NED, Jalan Tanjung Tokong, Penang	Block A	1 block of 20 storey luxury condominium consisting of condominium/penthouse	174	174	40,648	February 1994	June 1997
Marina Bay Resort Part of lots 2386, 2383 & part of lot 2381, section 1 Georgetown, NED, Jalan Tanjung Tokong, Penang	Block C	1 block of 20 storey luxury condominium consisting of condominium/penthouse	108	108	32,546	February 1995	August 1997
Perda Hanza Sdn Bhd							
Sungai Baong Project PT4 No. H.S. (D) 869 Mukim 5 and PT 12 No. H.S.(D) 214 Mukim 4, Seberang Perai Selatan, Penang		Sungai Baong Furniture Village Industrial lots	44	40	21,762	July 1996	January 1999
		Pumphouse and reservoir	-	-	450	October 1997	July 1998
Total			2,776	2,751	354,667		

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

On-Going Projects		Total Units		Estimated Total		Actual Sales		Comencement		Completion		% Completed	
Name/Location of Projects	Phase	Type of Development	Units Sold	Net Sales Value RM'000	Units Sold	Value As At 8 February 2000 RM'000	Month	Month	(Expected)	Month	(Expected)	Expected Cost of Construction RM'000*	% Completed
Hunza Parade Development Sdn Bhd													
Marina Bay	Block B	1 block of 20 storey luxury condominium consisting of condominiums/penthouses	167	64,896	92	40,545	January 1999	January 1999	February 2001	February 2001	21,829	66	
Hunza Properties (Kedah) Sdn Bhd													
Sungai Petani Project		Low cost single storey terrace units	527	18,445	90	3,750	November 1999	November 1999	January 2001	January 2001	11,781	5	
Mukim Sungai Petani, Daerah Kuala Muda													
Mukim Sungai Petani, Daerah Kuala Muda		Medium cost single storey terrace units	504	29,232	284	16,500	November 1999	November 1999	June 2001	June 2001	20,349	5	
			1,198	112,573	466	60,795						53,959	

Note: * Only inclusive the cost of building works by main contractor, Musaka.

Future Projects

Name/Location of Projects	Phase	Type of Proposed Development	Expected cost of Construction RM'000	Total Units	Estimated Total Net Sales Value RM'000	Comencement Month (Expected)	Completion Month (Expected)
Perda Hunza Sdn Bhd							
Sungai Petani Project - Desa Perda		Low cost housing	12,577*	170	4,200	March 2000	September 2001
Lot No. 10 PT10 (H.S.(D) 26) Mukim 8 Seberang Perai Selatan		Medium cost housing		216	14,328	March 2000	September 2001
		Shopslots		13	1,800	March 2000	September 2001
Hunza Properties (Kedah) Sdn Bhd							
Sungai Petani Project							
Mukim Sungai Petani, Daerah Kuala Muda (Zone D)		Bungalow lots	#	152	11,730	April 2000	February 2001
Mukim Sungai Petani, Daerah Kuala Muda (Zone A)		Bungalow lots	37,580*	239	20,610	September 2000	May 2003
Mukim Sungai Petani, Daerah Kuala Muda (Zone E)		Bungalow lots	#	162	11,325	July 2000	June 2001
		Total	50,157	952	63,993		

Note: # Based on the projections of the company, they would only sell bungalow lots to the potential buyers. * Only inclusive the cost of building works by main contractor, Musaka.

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

8.4.2 Construction and Other Related Activities

Majority of the construction work is undertaken by Masuka for the HPB Group. Masuka has over the years, successfully completed the construction of many projects ranging from low and medium cost apartments to luxury high rise condominiums, factories and wet markets. Other notable projects include commercial properties, earth works and civil construction.

As at 8 February 2000, the construction arm of HPB has completed RM181 million worth of projects which consist of approximately 2,700 units of apartments, condominiums and commercial lots. The company currently has in hand, contracts worth RM54 million and future contracts worth RM67.6 million with construction works expected to carry on until year 2001.

These projects will take the form of apartments, low and medium cost housing, infrastructure works for bungalow lots and construction of bungalows. The primary location of these projects will be in Penang and Sungai Petani, Kedah.

A summary of the Group's construction projects are as follows:

Construction Contracts	Completed Projects	On-Going Projects	Future Projects*
	Contract Sum RM'000	Expected Contract Sum RM'000	Expected Contract Sum RM'000
<i>Masuka Bina Sdn Bhd</i>			
Building Construction	180,655	53,959	67,581

* Future projects until year 2001.

The following is a list of some of the major construction contracts completed as at 8 February 2000 and the on-going projects and future projects to be undertaken by Masuka:

Type	Date of Commencement	Month of completion	Value of Contract RM'000	Client/Developer
Building Construction Works (Completed)				
One (1) Block 6-storey (96 units) flats on Lot 688, section 2, N.E.D. at Rifle Range Road, Penang	April 1990	March 1991	3,266	HLand
Greenlane Heights- one (1) Block 'C' 18 storey (340 units) medium cost flats erected on Lot 1543 & 1544, Jalan Besi, Off Jalan Masjid Negeri, Penang	June 1990	December 1991	13,867	HLand
Greenlane Heights- one (1) Block of 16 storey medium cost flats (Phase 2- Block 'B') (240 units) on Lot 1543 & 1544 at Jalan Besi, off Jalan Masjid Negeri, Penang	February 1991	August 1992	13,977	HLand
Villa Mutiara- one (1) block of 7 storey apartment (12 units) with Penthouse on Lot 3525, Town of Tanjung Bungah, Penang	September 1991	October 1992	1,662	Hunza Usaha Sdn Bhd
Indah Bay- one (1) block of 13 storey flats (72 units) and 14 storey flats (65 units)- Indah Bay at Lot 264 & 1245, Section 1, Tg. Tokong, Jln Bunga Tongkeng, DTL P. Pinang	May 1992	December 1993	7,856	Hunza Usaha Sdn Bhd

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

Type	Date of Commencement	Month of completion	Value of Contract RM'000	Client/Developer
Villa Indah- one (1) Block of 8 storey (20 units) development on Lots 1363 & 1998, Section 4, Jln Yeoh Guan Seok, NED Georgetown, Penang	June 1992	August 1993	2,500	JJunza Usaha Sdn Bhd
Greenlane Heights- one (1) Block of 10, 12 & 14 Storey medium cost flats (Phase 3, Block E1) On Lot 4660 & 4662, Section 5, DTL Georgetown, Penang	March 1993	September 1994	11,775	HLand
Greenlane Heights- one (1) Block of 2 Level Market & Hawker Centre with 1 level basement car park on Lot 4662, Section 5, DTL, Georgetown, Penang	March 1993	November 1993	1,398	HLand
Greenlane Heights- one (1) Block of 5 Storey Commercial Complex (Block D) on Lot 4660 & 4662, Section 5, DTL, Georgetown, Penang	November 1993	October 1994	3,900	HLand
Greenlane Heights- one (1) Block 7 Storey medium cost apartments (Block G-30 units) on Part of lots 4660 & 4662, Section 5, Georgetown, Penang	December 1993	June 1995	3,622	HLand
Marina Bay Resort- one (1) Block of Twenty (20) Storey Luxury Condominium (Block A) consisting of 174 units of Condominiums/Penthouse on Part of Lots 2386, 2383 & Part of Lot 2381, Section 1, Georgetown, North East District, Jalan Tanjung Tokong, Penang	February 1994	January 1996	18,645	HParade
One (1) Factory on plot 50, Mukim 12, D.B.D., Bayan Lepas Industrial Estate IV, Penang	May 1994	June 1995	3,236	Master Pack Sdn Bhd
Marina Bay Resort- one (1) Block of Twenty (20) Storey Luxury Condominium (Block C) consisting of 108 units of Condominiums/Penthouse on Part of Lots 2386, 2383 & Part of Lot 2381, Section 1, Georgetown, North East District, Jalan Tanjung Tokong, Penang	February 1995	June 1996	11,270	HParade
Greenlane Heights- one (1) block of 14 storey & one (1) block of 12 storey medium cost apartments (phase 3-Block F1 & F2) on part of lot 4721 Sek. 5, Georgetown D.T.L. Penang	June 1995	June 1996	8,031	HLand
Sungai Baong Project- Earthworks for Furniture Industry Park which consists of industry lots, training centre, food court and community centre on PT4 No. H.S. (D) 869 Mukim 5 and PT12 No. H.S. (D) 214 Mukim 4, Seberang Perai Selatan	December 1997	August 1997	913	PHSB

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

Type	Date of Commencement	Month of completion	Value of Contract RM'000	Client/Developer
Sungai Baong Project- Road and Drainage for Furniture Industry Park which consists of industry lots, training centre, food court and community centre on PT4 No. I.S. (D) 869 Mukim 5 and PT12 No. I.S. (D) 214 Mukim 4, Seberang Perai Selatan	June 1996	July 1998	6,149	PIISB
Greenlane Heights- one (1) block of 22 storey low cost flat (Block H-312 units) with 4 storey multi storey car park;	June 1996	March 1998	11,055	HLand
Greenlane Heights- one (1) block 24 storey (J1) medium cost apartment (185 units) and One (1) block 21 storey (J2) medium cost apartment (161 units) with 4 storey multi storey car park; to be erected on part of lot 4721 (new lot 4738), Sec. 5, Town of Georgetown, N.E.D. Jalan Gangsa, Penang	June 1996	December 1997	21,408	HLand
One (1) 11KV Main Switching Station on Lot 362, 946, 969 and 973 Mukim 4, Lot 443, 444 and 575, Mukim 5, Sungai Duri, Seberang Perai Selatan, Pulau Pinang	June 1997	September 1997	99	Tanjung Bina Sdn Bhd
Structural Works for One (1) storey factory with two (2) storey office on part Lot 1889, 1891 & 1893, Mukim Parit Buntar, Daerah Kerian, Perak Darul Ridzuan	November 1997	May 1998	4,810	Hunza Marine Products Sdn Bhd
Greenlane Heights- 3 blocks K1, K2, K3 -one block of 21 storey medium cost apartment (120 units), one block 29 storey medium cost apartment (169 unit) and one block of 21 storey medium cost apartment (120 units) with 6 storey multi storey car park	June 1996	December 1998	30,209	HLand
Extension Of Existing Factory On 07790227 (Lot 4A) and 07790226 (Lot 4B) at Leila Road, Sandakan	September 1998	January 1999	1,007	Tung Hai Fishing Sdn Bhd
Total			180,655	

Type	Date of Commencement	Expected month of completion	Value of Contract RM'000	Client/Developer
On-Going Contracts (Building Works)				
Marina Bay Resort- Block B, a block of 20 storey luxury condominium at Marina Bay	January 1999	February 2001	21,829	IIIParade
Sungai Petani Project- 527 units Low Cost Terrace Houses, Sungai Petani, Kedah	November 1999	January 2001	11,781	HPK
Sungai Petani Project- 504 units Medium Cost Houses, Sungai Petani, Kedah	November 1999	June 2001	20,349	HPK
Total			53,959	

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

Type	Expected date of Commencement	Expected Month of completion	Value of Contract RM'000	Client/Developer
Future Contracts (Building Works)				
Sungai Petani Project - 239 Bungalow units (Zone A) Sungai Petani, Kedah	September 2000	May 2003	37,580	HPK
Sungai Petani Project- Desa Perda, Low, Medium Cost Houses and Shop Houses	March 2000	September 2001	12,577	PHISB
Sub-Total			50,157	

Type	Expected date of Commencement	Expected Month of completion	Value of Contract RM'000	Client/Developer
Future Contracts (infrastructure works)				
Sungai Petani Project- Infrastructure Works (Zone A), Sungai Petani, Kedah	May 2000	April 2001	7,668	HPK
Sungai Petani Project- Infrastructure Works (Zone D), Sungai Petani, Kedah	April 2000	February 2001	4,533	
Sungai Petani Project- Infrastructure Works (Zone E), Sungai Petani, Kedah	July 2000	June 2001	5,223	
Sub-Total			17,424	
Total			67,581	

8.4.3 Trading in Building Materials

The objective of the Group is to source all building materials internally via HTrading, who in turn sources the supplies direct from manufacturers. This would allow the Group to purchase the materials at the most economical price. HTrading presently sources all the building materials locally whereby more than 50% of its building materials are directly purchased from local manufacturers.

HTrading's services to the Group includes professional services and support from the manufacturers such as technical advice, research and development, technology advancement, among others.

8.4.4 Property Investment

The HPB Group currently holds as an investment, a piece of land approximately 37 acres near the North-South Highway Juru Interchange and the Prai Industrial Estate. This land which is a first grade land is leased to a licensed company for quarrying activities whereby the lease rental is based on certain pre-determined fixed rate per metric tonnes of granite quarried by the company.

Also included in the portfolio of investments are a wet market which was built for the convenience of the Greenlane Heights residents, four (4) units of commercial lots at Greenlane Heights, currently occupied by the Group, three (3) units Marina Bay condominiums and a double storey semi-detached house used by Masuka as an office premise.

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

8.5 Promoters

The details of the promoters of the HPB Group and their shareholdings after the Public Issue are as follows:

Name	Nationality	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
Dato' Khor Teng Tong	Malaysian	933,474	1.56	26,995,557*	44.99
Ooi Lay See	Malaysian	1,405,625	2.34	-	-

* Deemed interest by virtue of his substantial shareholding in Hunza Usaha Sdn Bhd, Khor Teng Tong Holdings Sdn Bhd, Mandin Garden Sdn Bhd, Jaya Sri Rambai Sdn Bhd and Taman Nibong Tebal Sdn Bhd.

8.6 Subsidiary And Associated Companies

Name	Date/Place of Incorporation	Issued & Paid-Up Share Capital RM	Percentage of Equity Held (%)	Effective Shareholding Held By HPB (%)	Nature of Business
Subsidiaries					
HHoldings	06.04.1974 Malaysia	4,713,678	100.00	100.0	Investment holding
HUV	02.06.1993 Malaysia	25,000	100.00	100.0	Investment holding
Masuka	25.09.1989 Malaysia	1,530,000	100.00	100.0	Property construction and rental of properties, plant and machinery
Quorozor	20.03.1993 Malaysia	500,000	100.00	100.0	Property development
Subsidiaries of HHoldings					
HDP	03.11.1993 Malaysia	4,000,002	52.00	52.0	Property development and sale of latex, palm oil and fresh fruit bunches
HDistripark	15.10.1988 Malaysia	2,000,002	100.00	100.0	Property investment
HLand	03.03.1984 Malaysia	4,015,002	52.05	85.06	Property development
HPP	21.07.1995 Malaysia	2	100.00	100.0	Dormant
HPPg	29.07.1997 Malaysia	100	100.00	100.0	Dormant
HPK	01.11.1994 Malaysia	7,000,000	65.00	65.0	Property development and sale of latex, palm oil and fresh fruit bunches
HTrading	12.10.1991 Malaysia	300,000	100.00	100.0	Trading of building materials
IVentures	01.08.1990 Malaysia	25,000	80.00	80.0	Investment holding
Subsidiaries of HUV					
HCapital	28.02.1984 Malaysia	312,500	100.00	100.0	Investment holding
IIParade *	11.11.1986 Malaysia	* 5,500,000	48.10	92.49	Property development
Associates of HUV					
HLand	03.03.1984 Malaysia	4,015,002	33.01	85.06	Property development

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

Name	Date/Place of Incorporation	Issued & Paid-Up Share Capital RM	Percentage of Equity Held (%)	Effective Shareholding Held By HPB (%)	Nature of Business
Subsidiaries of HLand					
HLC	30.11.1983 Malaysia	1,000,000	100.00	85.06	Financing purchasers of housing properties developed by its holding company
HTreasure	30.11.1989 Malaysia	130,000	100.00	85.06	Investment holding
Associate of HTreasure					
HParade	11.11.1986 Malaysia	5,500,000	37.50	92.49	Property development
Subsidiary of HVentures					
PHSB	29.06.1995 Malaysia	250,000	51.00	40.80	Property development

* A further 12.5% is held by HCapital, a wholly owned subsidiary company of HUV, and via HLand, an additional 12.38% effective shareholding, thus effectively a subsidiary company of HUV.

Issued 10,000,000 ordinary shares but paid-up to 55 sen per share.

Further details of the subsidiaries of HPB are as follows:

8.6.1 HHoldings

(a) History And Business

HHoldings was incorporated in Malaysia on 6 April 1974 as a private limited company under the Companies Act, 1965 and commenced business on 1 January 1989. The principal activity of the company is investment holding. It operates at Greenlane Heights, Pulau Pinang.

As at 8 February 2000, HHoldings has no employees.

(b) Share Capital

The authorised share capital of HHoldings is RM10,000,000 divided into 10,000,000 shares of RM1.00 each. The present issued and paid-up share capital is RM4,713,678 comprising 4,713,678 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of HHoldings since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
06.04.1974	2,000	1.00	Cash	2,000
22.09.1988	558,000	1.00	Cash	560,000
03.03.1989	2,973,089	1.00	Cash	3,533,089
03.03.1993	353,309	1.00	Cash	3,886,398
29.08.1994	777,280	1.00	Cash	4,663,678
30.11.1998	50,000	1.00	Other than cash	4,713,678

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

(c) Subsidiary And Associated Companies

The subsidiary companies of HHoldings as at the date of this Prospectus are as follows:

Subsidiary Companies	Date/Place of Incorporation	Issued & Paid-Up Share Capital RM	Effective Percentage of Equity Held	Nature of Business
HDP	03.11.1993 Malaysia	4,000,002	52.0%	Property development
HDstripark	15.10.1988 Malaysia	2,000,002	100.0%	Property investment
HLand	03.03.1984 Malaysia	4,015,002	52.05%	Property development
HPP	21.07.1995 Malaysia	2	100.0%	Dormant
HPPg	29.07.1997 Malaysia	100	100.0%	Dormant
HPK	01.11.1994 Malaysia	7,000,000	65.0%	Property development
HTrading	12.10.1991 Malaysia	300,000	100.0%	Trading of building materials
HVentures	01.08.1990 Malaysia	25,000	80.0%	Investment holding
IILC	30.11.1983 Malaysia	1,000,000	52.05%+	Financing purchasers of housing properties developed by its holding company
HTreasure	30.11.1989 Malaysia	130,000	52.05%+	Investment Holding
PIISB	29.06.1995 Malaysia	250,000	40.8%*	Property development

Note :

+ The companies are wholly-owned by HLand

* The shareholding in PIISB is held via HVentures

Currently, HHoldings does not have direct holdings in any associated company. The indirect holdings of associated companies of HHoldings are as follows :-

Associate Company	Date/Place of Incorporation	Issued & Paid-Up Share Capital RM	Effective Percentage of Equity Held	Nature of Business
HParade	11.11.1986 Malaysia	5,500,000#	19.5%*	Property development

Note : * The shareholding is held via HLand

Issued 10,000,000 ordinary shares but paid-up to 55 sen per share

(d) Profit And Dividend Track Record

The audited profit and dividend track record of HHoldings for the past five (5) financial years ended 30 June 1999 and four (4) months period ended 31 October 1999 is set out below :-

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

	←-----Financial year ended 30 June----->					4 months period ended 31.10.1999
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	RM'000
Turnover	1,102	774	992	14,324	8,541	118
Profit/(Loss) before taxation before exceptional item	785	140	(85)	13,918	7,855	45
Exceptional item	-	-	-	11,450	-	-
Profit/(loss) before taxation	785	140	(85)	25,368	7,855	45
Taxation	(260)	(51)	(42)	(4,098)	(615)	(12)
Profit/(Loss) after taxation	525	89	(127)	21,270	7,240	33
No. of ordinary shares	4,664	4,664	4,664	4,664	4,714	4,714
Weighted average number of ordinary shares in issue	4,536	4,664	4,664	4,664	4,693	4,714
Gross earnings/ (Loss) per share (RM)	0.17	0.03	(0.02)	5.44	1.67	0.03+
Net earnings/(Loss) per share (RM)	0.12	0.02	(0.03)	4.56	1.54	0.02+
Gross dividend (%)	-	-	-	353.50	167.78*	-

Notes :-+ *Annualised** *Dividends declared for financial year ended 1999 consist of 115% tax exempt dividend and 52.78% gross dividend.*(i) *The Company's turnover represents gross dividend income from subsidiary company and gross invoiced values of management and consultancy services rendered to its subsidiary and related companies.*(ii) *The decrease in turnover and profit before taxation for the year ended 1996 was due to lower dividend declared by its subsidiaries.*(iii) *Despite higher turnover for year ended 1997, there was a loss in the financial year which was due to interests incurred through bank borrowings obtained by HDStripark, a subsidiary company of HHoldings on behalf of the company for which interest was borne by the company as well as additional bank borrowings taken during the year.*(iv) *The provision for taxation has been made for financial year 1997 due to certain expenses disallowed for tax deductions.*(v) *The exceptional item for 1998 represent gain on disposal of investments in unquoted shares of associated companies and other companies. Save as disclosed, there were no exceptional or extraordinary items for the financial years under review.*(vi) *The high turnover and profit in 1998 and 1999 were derived from dividends received from its investment.*(vii) *The taxation for financial year 1999 was in respect of non-tax exempt dividend income.***8.6.2 HUV****(a) History And Business**

HUV was incorporated in Malaysia on 2 June 1993 as a private limited company under the Companies Act, 1965 and commenced business on 24 December 1993. The company is involved principally in investment holding. It operates at Greenlane Heights, Pulau Pinang.

As at 8 February 2000, HUV has no employees.

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

(b) Share Capital

The authorised share capital of HUV is RM100,000 divided into 100,000 shares of RM1.00 each. The present issued and paid-up share capital is RM25,000 comprising 25,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of HUV since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
02.06.1993	2	1.00	Cash	2
14.08.1993	1,000	1.00	Cash	1,002
04.04.1995	23,998	1.00	Cash	25,000

(c) Subsidiary And Associated Companies

The subsidiary and associated companies of HUV as at the date of this Prospectus are as follows:

Subsidiary Company	Date/Place of Incorporation	Issued & Paid-Up Share Capital RM	Percentage of Equity Held	Nature of Business
HCcapital	28.02.1984 Malaysia	312,500	100.0%	Investment holding
IIParade *	11.11.1986 Malaysia	# 5,500,000	48.1%	Property development
Associate Company				
HLand	03.03.1984 Malaysia	4,015,002	33.0%	Property development

* A further 12.5% is held by HCcapital, a wholly owned subsidiary company of HUV and via HLand, an additional 12.38% effective shareholding, thus effectively a subsidiary company of HUV.

Issued 10,000,000 ordinary shares paid-up to 55 sen per share.

(d) Profit And Dividend Track Record

The audited profit and dividend track record of HUV for the past five (5) financial years ended 30 June 1999 and four (4) months period ended 31 October 1999 is set out below:-

	Financial Year Ended 30 June					4 months period ended 31.10.1999 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	486	-	-	10,356	5,742	-
(Loss)/Profit before taxation	477	(13)	(24)	10,325	5,719	(7)
Taxation	(146)	-	1	(2,892)	(371)	-
(Loss)/Profit after taxation	331	(13)	(23)	7,433	5,348	(7)
No. of ordinary shares	25	25	25	25	25	25
Weighted average number of ordinary shares in issue	7	25	25	25	25	25

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

	Financial Year Ended 30 June					4 months period ended
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	31.10.1999 RM'000
Gross earnings/ (Loss) per share (RM)	68.14	(0.52)	(0.96)	413.00	228.76	(0.84)+
Net earnings/(Loss) per share (RM)	47.29	(0.52)	(0.92)	297.32	213.92	(0.84)+
Gross dividend (%)	-	-	-	41,434	22,058.24*	-

Notes :-

+ Annualised

* Dividends declared for financial year ended 1999 consist of 17,600.24% tax exempt dividend and 4,458% of gross dividend.

(i) The fluctuation in turnover and profit before taxation for the five (5) financial years ended 30 June 1999 was due to the dividends paid by its subsidiary and associated companies. The company had not received any dividends from its investments except for dividends received from HLand in financial year 1995 and 1998 and also from its subsidiaries companies, HCapital and HParade in financial year 1998 and 1999.

(ii) The loss in 1996, 1997 and the 4 months period ended 31 October 1999 was due to operating expenses incurred in the absence of dividend received from its subsidiaries.

(iii) Provision for taxation for 1999 was in respect of non-tax exempt dividend income.

(iv) There were no extraordinary items during the abovementioned financial years.

8.6.3 Masuka

(a) History And Business

Masuka was incorporated in Malaysia on 25 September 1989 as a private limited company under the Companies Act, 1965 and commenced its business operations on the same day. Masuka, which is principally involved in property construction and rental of properties, plant and machinery to third parties, operates at Jalan Masjid Negeri, Pulau Pinang.

As at 8 February 2000, Masuka has a total workforce of 31 employees.

(b) Share Capital

The authorised share capital of Masuka is RM5,000,000 divided into 5,000,000 shares of RM1.00 each. The present issued and paid-up share capital is RM1,530,000 comprising 1,530,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of Masuka since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
25.09.1989	2	1.00	Cash	2
25.05.1990	169,998	1.00	Cash	170,000
01.08.1991	85,000	1.00	Cash	255,000
31.12.1991	255,000	1.00	Cash	510,000
31.01.1994	1,020,000 *	1.00	Cash	918,000
18.02.1994	#	-	Cash	1,224,000
21.03.1994	@	-	Cash	1,530,000

Note:

* Issued 1,020,000 ordinary shares but paid-up to RM0.40 per share

Subsequent call resulting in paid-up to RM1,224,000

@ Final call resulting in paid-up to RM1,530,000

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

(c) Subsidiary and Associated Companies

Currently, Masuka does not have any subsidiary or associated company.

(d) Profit And Dividend Track Record

The audited profit and dividend track record of Masuka for the past five (5) financial years ended 31 December 1998 and the ten (10) months period ended 31 October 1999 is set out below :-

	<-----Financial Year Ended 31 December----->					Ten (10) months period ended 31.10.1999
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	RM'000
Turnover	20,030	20,441	22,186	44,862	20,277	15,426
Profit before taxation	1,257	277	468	322	301	1,389
Taxation	(405)	(121)	(176)	(104)	(217)	43
Profit after taxation	852	156	292	218	84	1,432
No. of ordinary shares	1,530	1,530	1,530	1,530	1,530	1,530
Gross EPS (RM)	0.82	0.18	0.31	0.21	0.20	1.09*
Net EPS (RM)	0.56	0.10	0.19	0.14	0.05	1.12*
Gross dividend (%)	-	-	-	-	-	-

Notes :-

* Annualised

- (i) The significant increase of turnover for the financial year ended 1997 was due to contribution from Marina Bay and Greenlane Heights projects on-going concurrently. However, there were lower gross profit margin and pretax margin mainly due to lower margin in contracts secured, rising costs of building materials, fixed costs as well as increase in interest expense from increase in bank borrowings.
- (ii) The decrease in turnover and profit before taxation for financial year ended 1998 was a result completion of Marina Bay Project.
- (iii) Taxation for ten (10) months period ended 31 October 1999 represents the time appointment of taxation on profits for the financial year ended 1998 as its financial year ends were not co-terminious with the proforma group.
- (iv) There were no extraordinary item during the abovementioned financial years.

8.6.4 Qurozor

(a) History And Business

Qurozor was incorporated in Malaysia on 20 March 1993 as a private limited company under the Companies Act, 1965 and commenced its business operations on 1 April 1993. Qurozor is principally involved in property development and operates at Greenlane Heights, Pulau Pinang.

As at 8 February 2000, Qurozor has no employees.

(b) Share Capital

The authorised share capital of Qurozor is RM500,000 divided into 500,000 shares of RM1.00 each. The present issued and paid-up share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of Qurozor since its incorporation are as follows:-

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

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
20.03.1993	2	1.00	Cash	2
07.10.1994	24,998	1.00	Cash	25,000
25.03.1998	475,000*	1.00	Cash	72,500
24.09.1998	#		Cash	500,000

Note:

* Issued 475,000 ordinary shares but paid-up to RM0.10 per share

Subsequent call resulting in paid-up to RM500,000

(c) Subsidiary and Associated Companies

Currently, Qurozor does not have any subsidiary or associated company.

(d) Profit And Dividend Track Record

The audited profit and dividend track record of Qurozor for the past five (5) financial years ended 31 December 1998 and the ten (10) months period ended 31 October 1999 is set out below :-

	-----Financial Year Ended 31 December-----					Ten(10) months period ended 31.10.1999
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	RM'000
Turnover	686	442	240	-	2,418	-
Profit before taxation	48	63	71	47	718	(88)
Taxation	(15)	(18)	(20)	(14)	(201)	-
Profit/(Loss) after taxation	33	45	51	33	517	(88)
No. of ordinary shares	25	25	25	25	500	500
Weighted average number of ordinary shares in issue	6	25	25	25	153	500
Gross EPS (RM)	8.00	2.52	2.84	1.88	4.69	(0.21)*
Net EPS (RM)	5.50	1.80	2.04	1.32	3.38	(0.21)*
Gross dividend (%)	-	-	-	-	-	48.0

Notes :-

* Annualised

(i) There was a decrease in turnover and increase in profit before taxation for year ended 1996 which was mainly due to higher profit margins for projects undertaken in the financial year.

(ii) There was no turnover for 1997 due to no contract was completed during the period as the company only recognises profit upon completion of contract.

(iii) The company had experienced higher turnover in 1994, 1995 and 1998 due to a lot of renovation contracts were secured and completed, especially in 1994 and 1998.

(iv) The loss in 1999 was due to operating expenses incurred in the absence of incomes as the company had not undertaken any contracts since 1999 as its future intended principal activity is that of project development.

(v) There were no extraordinary items during the abovementioned financial years.

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

8.6.5 HCapital

(a) History And Business

HCapital was incorporated in Malaysia on 28 February 1984 as a private limited company under the Companies Act, 1965 and commenced its business operations on 3 September 1990. HCapital is principally involved in investment holding and operates at Greenlane Heights, Pulau Pinang.

As at 8 February 2000, HCapital has no employees.

(b) Share Capital

The authorised share capital of HCapital is RM1,000,000 divided into 1,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM312,500 comprising 312,500 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of HCapital since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
28.02.1984	2	1.00	Cash	2
24.12.1990	249,998	1.00	Other than cash *	250,000
16.12.1991	12,500	1.00	Cash	262,500
08.04.1993	50,000	1.00	Cash	312,500

Note : * Capitalisation of amount owing.

(c) Subsidiary and Associated Companies

Currently, HCapital does not have any subsidiary or associated company.

(d) Profit And Dividend Track Record

The audited profit and dividend track record of HCapital for the past five (5) financial years ended 30 June 1999 and four (4) months period ended 31 October 1999 is set out below :-

	← Financial year ended 30 June →					4 months period ended 31.10.1999 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	-	413	344	-
Profit/(Loss) before taxation	(3)	(4)	(2)	410	340	(1)
Taxation	-	-	-	(115)	-	-
Profit/(Loss) after taxation	(3)	(4)	(2)	295	340	(1)
No. of ordinary shares	313	313	313	313	313	313
Gross earnings/ (Loss) per share (RM)	(0.01)	(0.01)	(0.01)	1.31	1.09	(0.01)+
Net earnings/(Loss) per share (RM)	(0.01)	(0.01)	(0.01)	0.94	1.09	(0.01)+
Gross dividend (%)	-	-	-	130.00	108.00*	-

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

Notes :-

- + Annualised
- * 108% dividend declared is tax exempt dividend.
- (i) The company has an investment in HParade where no returns has been received except for dividends received from the investment in financial years 1998 and 1999. The fluctuation in turnover and profit was due to the dividends from its investment in unquoted shares. There was no provision for taxation as the dividend received was tax exempt.
- (ii) The loss in 1995 to 1997 and the 4 months period ended 31 October 1999 was due to operating expenses incurred in the absence of dividend received from its investments in unquoted shares.
- (iii) There were no extraordinary items during the abovementioned financial years.

8.6.6 HDP

(a) History And Business

HDP was incorporated in Malaysia on 3 November 1993 as a private limited company under the Companies Act, 1965 and commenced its business operations on 1 March 1997. HDP is principally involved in property development. At present, the company is involved in sales of latex, palm oil and fresh fruits bunches and operates at Tanjung Tualang, Batu Gajah, Perak.

The company is currently managing 237 acres and 195 acres of oil palm and rubber plantations respectively. The oil palm and rubber plantations are sited on freehold land which have trees of average age of 15 years and 30 years respectively.

The annual productions of the oil palm and rubber plantations for the past 3 years ended 30 June 1999 which are solely for local market are as follows :-

	1997	1998	1999
Oil palm (metric tonnes)	1,774	2,099	2,557
Latex (kilogram)	63,547	30,465	18,284
Scrap (kilogram)	45,560	29,218	15,277

The contribution of latex and fresh fruit bunches to the turnover and gross profit of HDP is as follows :-

	1997 RM'000	1998 RM'000	1999 RM'000
Turnover			
- Latex	85	159	60
- Fresh fruit bunches	181	642	945
Total	266	801	1,005
Gross profit			
- Latex	27	62	5
- Fresh fruit bunches	124	451	655
Total	151	513	660

As at 8 February 2000, HDP has one (1) employee.

8. INFORMATION ON THE HPB GROUP (Cont'd)**(b) Share Capital**

The authorised share capital of HDP is RM10,000,000 divided into 10,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM4,000,002 comprising 4,000,002 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of HDP since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
03.11.1993	2	1.00	Cash	2
14.06.1996	1,600,000	1.00	Cash	1,600,002
26.08.1996	2,400,000	1.00	Cash	4,000,002

(c) Subsidiary and Associated Companies

Currently, HDP does not have any subsidiary or associated company.

(d) Profit And Dividend Track Record

The audited profit and dividend track record of HDP for the past two (2) financial period/year ended 30 June 1996, three (3) financial years ended 30 June 1999 and four (4) months period ended 31 October 1999 is set out below :-

	Year ended 31.12.95 RM'000	6 months ended 30.06.96 RM'000	←Year ended 30 June→			4 months period ended 31.10.1999 RM'000
			1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	266	801	1,005	253
Profit before taxation	-	3	98	475	627	138
Taxation	-	(1)	(38)	(132)	-	(39)
Profit after taxation	-	2	60	343	627	99
No. of ordinary shares	- #	1,600	4,000	4,000	4,000	4,000
Weighted average number of ordinary shares in issue	- #	141	3,625	4,000	4,000	4,000
Gross EPS (RM)	-	0.00	0.02	0.12	0.16	0.10*
Net EPS (RM)	-	0.01	0.02	0.09	0.16	0.07*
Gross dividend (%)	-	-	-	-	-	-

Notes : * Annualised
Paid-up share capital of RM2.
(i) The company only purchased the Tanjong Tualang land in 1997 and thus commenced deriving income from sales of latex and fresh fruit bunches in the same year.
(ii) The increase in turnover and profit before taxation in 1998 and 1999 was mainly due to increase in the price and production of fresh fruit bunches.
(iii) There were no extraordinary items during the abovementioned financial years.

8. INFORMATION ON THE HPB GROUP (Cont'd)**8.6.7 HDistripark****(a) History And Business**

HDistripark was incorporated in Malaysia on 15 October 1988 as a private limited company under the Companies Act, 1965 and commenced its business operations on 1 January 1990. HDistripark is principally involved in property investment and operates at Juru, Seberang Perai Tengah, Pulau Pinang. The company currently leases its land to a licensed company for quarrying activities whereby the lease rental is based on certain pre-determined fixed rate per metric tonnes of granite quarried by the lessee.

As at 8 February 2000, HDistripark has one (1) employee.

(b) Share Capital

The authorised share capital of HDistripark is RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM2,000,002 comprising 2,000,002 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of HDistripark since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
15.10.1988	2	1.00	Cash	2
20.11.1989	2,000,000	1.00	Cash	2,000,002

(c) Subsidiary and Associated Companies

Currently, HDistripark does not have any subsidiary or associated company.

(d) Profit And Dividend Track Record

The audited profit and dividend track record of HDistripark for the past five (5) financial years ended 30 June 1999 and four (4) months period ended 31 October 1999 is set out below :-

	←-----Financial year ended 30 June----->					4 months period ended 31.10.1999 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	67	603	1,085	803	128
Profit/(Loss) before taxation	(13)	640	493	1,021	717	119
Taxation	-	(1)	(121)	(289)	6	(34)
Profit/(Loss) after taxation	(13)	639	372	732	723	85
No. of ordinary shares	2,000	2,000	2,000	2,000	2,000	2,000
Gross earnings/ (Loss) per share (RM)	(0.01)	0.32	0.25	0.51	0.36	0.18+
Net earnings/(Loss) per share (RM)	(0.01)	0.32	0.19	0.37	0.36	0.13+
Gross dividend (%)	-	-	-	22.00	50.0*	-

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

Notes :-

- + Annualised
- * Dividends declared for financial year ended 1999 consist of 35% tax exempt dividend and 15% gross dividend.
- (i) The company did not have any turnover for financial year ended 1995 as it started to lease its Juru Land to a third party for quarrying purposes towards the end of financial year 1996.
- (ii) In 1996, the company made an exceptional gain of RM710,738 from the compulsory acquisition by the government on a portion of its land.
- (iii) The increase in turnover and profit before taxation for year ended 1997 and 1998 was due to increased rental received from its tenant who generated high extraction and sales of granites as a result of the increase demand.
- (iv) The credit in taxation in 1999 was a result of over provision of taxation in prior year.
- (v) There were no extraordinary items during the abovementioned financial years.

8.6.8 HLand

(a) History And Business

HLand was incorporated in Malaysia on 3 March 1984 as a private limited company under the Companies Act, 1965 and commenced its business operations on 1 January 1985. HLand is principally involved in property development and operates at Greenlane Heights, Pulau Pinang.

As at 8 February 2000, HLand has a total workforce of 10 employees.

(b) Share Capital

The authorised share capital of HLand is RM10,000,000 divided into 10,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM4,015,002 comprising 4,015,002 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of HLand since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
03.03.1984	2	1.00	Cash	2
11.11.1985	3,960,000	1.00	Cash	3,960,002
12.06.1986	55,000	1.00	Cash	4,015,002

(c) Subsidiary and Associated Companies

Currently, HLand has two subsidiary companies as follows:

Subsidiary Companies	Date/Place of Incorporation	Issued & Paid-Up Share Capital RM	Percentage of Equity Held	Nature of Business
HLC	30.11.1983 Malaysia	1,000,000	100.0%	Financing purchasers of housing properties developed by its holding company
HTreasure	30.11.1989 Malaysia	130,000	100.0%	Investment holding

HLand does not have any direct associated company.

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

(d) Profit And Dividend Track Record

The audited profit and dividend track record of HLand for the past five (5) financial years ended 30 June 1999 and four (4) months period ended 31 October 1999 is set out below :-

	<-----Financial year ended 30 June----->					4 months period ended
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	31.10.1999 RM'000
Turnover	26,266	16,482	45,415	48,279	27,617	4,311
Profit before taxation	6,265	2,868	14,006	14,154	11,996	1,268
Taxation	(1,903)	(926)	(4,003)	(4,110)	(326)	(377)
Profit after taxation	4,362	1,942	10,003	10,044	11,670	891
No. of ordinary shares	4,015	4,015	4,015	4,015	4,015	4,015
Gross EPS (RM)	1.56	0.71	3.49	3.53	2.99	0.95+
Net EPS (RM)	1.09	0.48	2.49	2.50	2.91	0.67+
Gross dividend rate (%)	37.00	-	-	631.00	308.00*	-

Notes :-

+ Annualised

* Dividends declared for financial year ended 1999 consist of 208% tax exempt dividend and 100% gross dividend.

(i) In 1996, the J-series medium costs apartments project was launched towards the end of financial years, as such turnover was lower in 1996.

(ii) As most of J-series project was reflected in 1997's turnover along with the launching of Kingfisher series medium cost apartments, higher turnover was achieved in 1997. As for 1998 and 1999, despite the economic slow down in the country which had badly affected the demand of property, the company still managed to achieve high turnover and profit. This was mainly due to the company had successfully attracted foreign buyers to purchase its apartments which accorded higher profit margin.

(iii) The decrease in turnover and profit in 1999 was due to the completion of the final phase i.e. Kingfisher series apartments of the whole project.

(iv) The tax charged for 1999 was the result of under provision of taxation in prior years.

(v) There were no extraordinary item during the abovementioned financial years.

8.6.9 HLC

(a) History And Business

HLC was incorporated in Malaysia on 30 November 1983 as a private limited company under the Companies Act, 1965 and commenced its business operations on 1 May 1988. Prior to 1999, the principal activity of HLC was property investment whereby it derived rental income from its freehold commercial shoplots which was fully disposed of in 1998. In 1999, HLC is principally involved in financing purchasers of housing properties developed by its holding company and operates at Greenlane Heights, Pulau Pinang. HLC was given the exemption under the Money Lending Act by the Ministry of Housing and Local Government for a period of three (3) years commencing from 29 December 1998.

As at 8 February 2000, HLC has no employees.

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

(b) Share Capital

The authorised share capital of HLC is RM1,000,000 divided into 1,000,000 shares of RM1.00 each. The present issued and paid-up share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of HLC since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
30.11.1983	2	1.00	Cash	2
15.04.1999	999,998	1.00	Cash	1,000,000

(c) Subsidiary and Associated Companies

Currently, HLC does not have any subsidiary or associated company.

(d) Profit And Dividend Track Record

The audited profit and dividend track record of HLC for the past five (5) financial years ended 30 June 1999 and four (4) months period ended 31 October 1999 is set out below:-

	← Financial year ended 30 June →					4 months period ended 31.10.1999 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	221	68	82	14	317	207
Profit/(Loss) before taxation	(10)	94	4	740	271	162
Taxation	-	(11)	11	-	-	(46)
Profit/(Loss) after taxation	(10)	83	15	740	271	116
No. of ordinary shares	2 #	2 #	2 #	2 #	1,000	1,000
Weighted average number of ordinary shares in issue	2 #	2 #	2 #	2 #	208	1,000
Gross earnings/ (Loss) per share (RM)	(5,000)	47,000	2,000	370,000	1.30	0.49+
Net earnings/(Loss) per share (RM)	(5,000)	41,500	7,500	370,000	1.30	0.35+
Gross dividend (%)	-	-	-	-	-	-

Notes :-

+ Annualised

Paid-up share capital of RM2.

(i) The turnover for 1996 to 1998 represents rental income from its property. The decrease in turnover for the period was due to the company had ceased to be involved in renovation works and solely received rental income on its freehold commercial shoplots until their disposal.

(ii) The high pretax profit in 1996 and 1998 were because of gains from the disposal of two units freehold commercial shoplots and four units of freehold commercial shoplots respectively.

(iii) The increase in turnover in 1999 was the result of the change in principal activity by the company whereby HLC received interest income from financing purchasing of housing properties developed by its holding company.

(iv) The credit in taxation in 1997 was the result of overprovision of taxation in prior years.

(v) In 1998, although the company has made a pre-tax accounting profit for the year, no provision for income tax has been made due to the gain arising from disposal of freehold commercial shoplots which is not subject to income tax.

(vi) There were no extraordinary items during the abovementioned financial years.

8. INFORMATION ON THE HPB GROUP (Cont'd)**8.6.10 HParade****(a) History And Business**

HParade was incorporated in Malaysia on 11 November 1986 as a private limited company under the Companies Act, 1965 and commenced its business operations on 1 November 1989. HParade is principally involved in property development and operates at Tanjung Tokong, Pulau Pinang.

As at 8 February 2000, HParade has a total workforce of 10 employees.

(b) Share Capital

The authorised share capital of HParade is RM10,000,000 divided into 10,000,000 ordinary shares of RM1.00 each. The present issued share capital is 10,000,000 ordinary shares of RM1.00 each, partly paid-up to 55 sen each (totalling RM5,500,000). The changes in the issued and paid-up share capital of HParade since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Paid-Up Share Capital RM
11.11.1986	2	1.00	Cash	2
05.09.1990	9,999,998 (called and paid-up to 55 sen/share)	1.00	Cash	5,500,000.90

(c) Subsidiary and Associated Companies

Currently, HParade does not have any subsidiary or associated company.

(d) Profit And Dividend Track Record

The audited profit and dividend track record of HParade for the past two (2) financial period/year ended 31 December 1996, three (3) financial years ended 30 June 1999 and four (4) months period ended 31 October 1999 is set out below :-

	<-----Year ended 30 June----->					
	Year ended 31.12.95 RM'000	6 months ended 30.06.96 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	4 months period ended 31.10.1999 RM'000
Turnover	30,773	24,344	313	900	10,099	5,511
(Loss)/Profit before taxation	8,650	8,954	1,695	30	3,881	2,240
Taxation	(2,595)	(2,740)	(461)	(23)	-	(637)
(Loss)/Profit after taxation	6,055	6,214	1,234	7	3,881	1,603
No. of ordinary shares	10,000	10,000	10,000	10,000	10,000	10,000
Gross (loss)/earning per share (RM)	0.87	1.79	0.17	0.00	0.39	0.67*
Net (loss)/earning per share (RM)	0.61	1.24 *	0.12	0.00	0.39	0.48*
Gross dividend (%)	-	-	-	60.00	50.00 +	-

Notes :-

* Annualised

+ Dividend declared is tax exempt dividend.

(i) The turnover for the years under review are in respect of sale of luxurious condominium units (Blocks A, B and C) from its Marina Bay Project. The sales of the condominium units for Block A and Block C was launched in 1994 and 1995 respectively.

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

- (ii) *In 1996, the company was on fast track to finish its projects, hence the acceleration in billing the buyers was reflected by increase in turnover.*
- (iii) *Since the completion of Block A and C in 1996, the company merely sold the remaining unsold units in 1997 and 1998, which resulted in a decrease in turnover and profit for the two (2) financial years.*
- (iv) *The increase in turnover and profit before taxation for year ended 1999 was due to the company launched its Marine Bay Block B in January 1999.*
- (v) *There were no extraordinary items during the abovementioned financial years.*

8.6.11 HPP

(a) History And Business

HPP was incorporated in Malaysia on 21 July 1995 as a private limited company under the Companies Act, 1965. HPP is currently dormant.

As at 8 February 2000, HPP has no employees.

(b) Share Capital

The authorised share capital of HPP is RM100,000 divided into 100,000 shares of RM1.00 each. The present issued and paid-up share capital is RM2 comprising 2 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of HPP since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
21.07.1995	2	1.00	Cash	2

(c) Subsidiary and Associated Companies

Currently, HPP does not have any subsidiary or associated company.

(d) Profit And Dividend Track Record

The company has not commenced business operations as at todate. Accordingly, no profit and loss account has been drawn up.

8.6.12 HPPg

(a) History And Business

HPPg was incorporated in Malaysia on 29 July 1997 as a private limited company under the Companies Act, 1965. HPPg is currently dormant.

As at 8 February 2000, HPPg has no employees.

(b) Share Capital

The authorised share capital of HPPg is RM1,000,000 divided into 1,000,000 shares of RM1.00 each. The present issued and paid-up share capital is RM100 comprising 100 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of HPPg since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
29.07.1997	100	1.00	Cash	100

8. INFORMATION ON THE HPB GROUP (Cont'd)**(c) Subsidiary and Associated Companies**

Currently, HPPg does not have any subsidiary company.

(d) Profit And Dividend Track Record

The company has not commenced business operations as at todate. Accordingly, no profit and loss account has been drawn up.

8.6.13 HPK**(a) History And Business**

HPK was incorporated in Malaysia on 1 November 1994 as a private limited company under the Companies Act, 1965 and commenced its business operations on 1 January 1996. HPK is principally involved in property development. At present, the company is involved in sale of latex, palm oil and fresh fruit bunches and operates at Sungai Petani, Kedah.

The company is currently managing 315 acres and 108 acres of oil palm and rubber plantations respectively which are sited on freehold land at Sungai Lalang, Sungai Petani. The oil palm and rubber trees have an average age of 12 years and 9 years respectively.

The annual productions of the oil palm and rubber plantations for the past four (4) years ended 30 June 1999 which are solely for local market are as follows :-

	1996	1997	1998	1999
Oil palm (metric tonnes)	995	1,775	1,846	2,801
Latex (kilogram)	11,926	21,788	21,178	20,506
Scrap (kilogram)	16,605	27,104	26,334	19,517

The contribution of Latex and fresh fruit bunches to the turnover and gross profit of HPK is as follows :-

	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover				
- Latex	10	77	60	70
- Fresh fruit bunches	44	272	548	847
Total	54	349	608	917
Gross Profit				
- Latex	-	15	2	5
- Fresh fruit bunches	25	180	364	669
Total	25	195	366	674

As at 8 February 2000, HPK has a total workforce of 19 employees.