

11. ACCOUNTANTS' REPORT (Cont'd)

HPK

	← As at 30 June →					As at 31 October
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	1999 RM'000
Fixed assets	-	-	-	-	2	6
Investment in subsidiary company	-	-	165	10	-	-
Property development project	-	18,203	19,875	21,975	23,868	26,493
Current assets	1,790	244	480	278	311	372
Current liabilities	1,821	9,447	3,459	5,876	6,739	8,740
Net current liabilities	(31)	(9,203)	(2,979)	(5,598)	(6,428)	(8,368)
Expenditure carried forward	31	-	-	-	-	-
Long-term liability	-	(2,000)	(10,000)	(9,333)	(10,000)	(10,719)
	-	7,000	7,061	7,054	7,442	7,412
Share capital	*	7,000	7,000	7,000	7,000	7,000
Retained profit	-	-	61	54	442	412
	-	7,000	7,061	7,054	7,442	7,412
Net tangible assets per share (RM)	(15,500.00)	1.00	1.01	1.01	1.06	1.06

* The issued and fully paid-up share capital as at 30 June 1995 is RM12.

Notes:

HPK was incorporated on 1 November 1994 and the first set of accounts drawn up was for the period from 1 November 1994 to 30 June 1995.

11. ACCOUNTANTS' REPORT (Cont'd)

HDP

	As at		As at 30 June				As at
	← 31 December →						31 October
	1994	1995	1996	1997	1998	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	-	-	-	-	2	2	2
Development property	-	-	-	11,345	12,308	13,142	13,388
Current assets	-	1,601	1,829	72	113	123	116
Current liabilities	3	1,619	247	2,354	3,018	3,235	3,375
Net current assets/(liabilities)	(3)	(18)	1,582	(2,282)	(2,905)	(3,112)	(3,259)
Expenditure carried forward	3	18	20	-	-	-	-
Long-term liability	-	-	-	(5,000)	(5,000)	(5,000)	(5,000)
	-	-	1,602	4,063	4,405	5,032	5,131
Share capital	* -	* -	1,600	4,000	4,000	4,000	4,000
General reserve	-	-	2	-	-	-	-
Retained profit	-	-	-	63	405	1,032	1,131
	-	-	1,602	4,063	4,405	5,032	5,131
Net tangible assets per share (RM)	(1,500.00)	(9,000.00)	0.99	1.02	1.10	1.26	1.28

* The issued and fully paid-up capital as at 31 December 1994 and 1995 is RM2.

Note:

HDP was incorporated on 3 November 1993 and the first set of accounts drawn up was for the period from 3 November 1993 to 31 December 1994.

11. ACCOUNTANTS' REPORT (Cont'd)

PHSB

	← As at 30 June →				As at 31 October
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	1999 RM'000
Fixed assets	11	12	6	10	9
Current assets	8,242	10,118	5,167	4,530	5,202
Current liabilities	5,994	6,045	1,142	299	637
Net current assets	2,248	4,073	4,025	4,231	4,565
Deferred taxation	(2)	(2)	(2)	(2)	(2)
	2,257	4,083	4,029	4,239	4,572
Share capital	250	250	250	250	250
Retained profit	2,007	3,833	3,779	3,989	4,322
	2,257	4,083	4,029	4,239	4,572
Net tangible assets per share (RM)	9.03	16.33	16.12	16.96	18.29

Note:

PHSB was incorporated on 29 June 1995 and the first set of accounts drawn up was for the period from 29 June 1995 to 30 June 1996.

11. ACCOUNTANTS' REPORT (Cont'd)

7. STATEMENT OF ASSETS AND LIABILITIES

The following are the detailed statements of assets and liabilities of the Proforma Group which have been prepared for illustrative purposes only and based on the audited accounts of HPB and its subsidiaries as at 31 October 1999. The statements of assets and liabilities of the Proforma Group have been prepared on the assumption that the flotation scheme as mentioned under paragraph 2.2 of this report had been effected on 31 October 1999 and should be read in conjunction with the notes thereon.

	Note	Audited HPB RM'000	Proforma Group RM'000
FIXED ASSETS	8.3	-	23,778
OTHER INVESTMENTS	8.4	-	1
PROPERTY DEVELOPMENT PROJECTS			
- Non-current portion	8.5	-	49,418
CURRENT ASSETS			
Stocks	8.6	-	2,757
Property development projects	8.5	-	25,195
Contract work-in-progress	8.7	-	277
Trade debtors	8.8	-	26,989
Other debtors, deposits and prepayments	8.8	1	5,757
Due by directors	8.9	-	2,215
Short-term deposits with licensed banks	8.10	-	2,700
Cash and bank balances	8.11	52	18,730
Total Current Assets		53	84,620
CURRENT LIABILITIES			
Trade creditors		-	3,725
Other creditors and accruals	8.8	592	22,318
Long-term liabilities due within one year	8.12	-	1,029
Borrowings	8.13	-	10,894
Due to directors	8.8	-	2,633
Dividend payable		-	7,845
Taxation payable	8.14	-	3,570
Total Current Liabilities		592	52,014
Net Current Assets/ (Liabilities)		(539)	32,606
INTANGIBLE ASSETS	8.15	590	11
NON-CURRENT AND DEFERRED LIABILITIES			
Long-term liabilities due after one year	8.12	-	(15,927)
Deferred taxation		-	(190)
		-	(16,117)
NET ASSETS EMPLOYED		51	89,697

(FORWARD)

11. ACCOUNTANTS' REPORT (Cont'd)

	Note	Audited HPB RM'000	Proforma Group RM'000
SHARE CAPITAL	8.16	51	60,000
SHARE PREMIUM	8.17	-	15,185
RESERVE ON CONSOLIDATION		-	2,501
		<hr/>	<hr/>
Total Shareholders' Equity		51	77,686
MINORITY INTEREST		-	12,011
		<hr/>	<hr/>
TOTAL CAPITAL EMPLOYED		51	89,697
		<hr/> <hr/>	<hr/> <hr/>
Net tangible assets per share (RM)		(10.57)	1.29

11. ACCOUNTANTS' REPORT (Cont'd)

8. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES**8.1 BASIS OF PREPARATION OF STATEMENT OF ASSETS AND LIABILITIES**

The statement of assets and liabilities has been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

8.2 SIGNIFICANT ACCOUNTING POLICIES**Basis of Accounting**

The accounts of the Group and of the Company have been prepared under the historical cost convention modified by the revaluation of certain fixed assets.

Basis of Consolidation

The consolidated accounts included the accounts of the Company and all its subsidiary companies made up to 31 October 1999 based on the acquisition method of accounting. All significant intercompany transactions and balances are eliminated on consolidation and the consolidated accounts reflects external transactions only.

The difference between the consideration paid for shares in the subsidiary companies and the value of attributable net assets acquired at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation. Goodwill is amortised evenly over a period of twenty five years.

Investments in Subsidiary Companies

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost in the Company's accounts. Provision for diminution in value is made where the directors consider there is permanent diminution in value of investments.

Other Investments

Other investments are stated at cost and only written down when the directors consider there is permanent diminution in value of the investments.

Depreciation of Fixed Assets

Depreciation of fixed assets is computed on the straight-line method based on the estimated useful lives of the various fixed assets at the following annual rates:

	Rates
Freehold commercial shoplots	2%
Apartments and buildings	1% - 10%
Office and maintenance equipment, furniture and fittings	10% - 20%
Motor vehicles	10% - 20%
Plant and machinery	20%
Electrical installation	10%
Tools and equipment	10% - 20%

11. ACCOUNTANTS' REPORT (Cont'd)

Property Development Projects

Property development projects consist of cost of land, development expenditure and the portion of profit attributable to development work performed to date, less applicable progress billings and foreseeable losses.

Income and costs on property development projects are recognised in the profit and loss account on the percentage of completion method.

Stocks

Stocks of developed properties are stated at the lower of cost and net realisable value.

Stocks of building materials determined on the first-in, first-out basis are stated at the lower of cost and net realisable value.

Debtors

Bad debts are written off while provision for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain debtors accounts.

Recognition of Income and Cost Related to Contract Works

Revenue and related costs on contract works are generally taken up in the profit and loss account on the completed contract method except for contract jobs which take a substantial period of time to complete are taken up in the profit and loss account on the percentage of completion method. The cost of contract work-in-progress where revenue has not been recognised are deferred and shown under current assets.

Foreign Currency Conversion

Transaction in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing on the transaction dates or, where settlement of liabilities and receivables has not yet taken place at the end of the financial year, at the approximate exchange rates prevailing on that date. Gains and losses arising from foreign currency conversion are taken up in the profit and loss account.

Leases

Assets under leases which in substance transfer the risks and the benefits of ownership of the assets to the Group have been capitalised under fixed assets. The fixed assets and the corresponding lease obligations are recorded at the lower of the present value of the minimum lease payments and the fair value of the leased assets at the beginning of the respective lease terms. Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the profit and loss account as incurred.

Intangible Assets

All expenses incurred in connection with the incorporation of companies and those incurred prior to the commencement of operations are charged to preliminary and pre-operating expenses respectively and are amortised evenly over a period of five to ten years or written off upon commencement of commercial operations. Expenditure incurred in connection with the proposal to list the Company's shares on the Kuala Lumpur Stock Exchange have been deferred and charged to listing expenses.

11. ACCOUNTANTS' REPORT (Cont'd)

Deferred Taxation

Deferred taxation, calculated using the liability method, is provided on timing differences arising from the different treatments in accounting and taxation of certain items except where it can be demonstrated with reasonable probability that the tax deferral will continue for the foreseeable future.

In accounting for timing differences, deferred tax debits are not accounted for unless there is a reasonable expectation of their realisation.

Capitalisation of Interest Cost

Interest cost incurred on the construction of fixed assets and on property development projects which require substantial period of time to get them ready for their intended use and for sale respectively are capitalised and included as part of the cost of the related assets.

8.3 **FIXED ASSETS****Proforma Group**

Cost Unless Stated Otherwise	Beginning of period RM'000	Additions RM'000	Disposals RM'000	End of period RM'000
Freehold land				
- at 1997 valuation	1,375	-	-	1,375
- at cost	3,145	-	-	3,145
Freehold commercial shoplots	618	90	-	708
Apartments and buildings				
- at 1997 valuation	2,671	45	-	2,716
- at cost	1,908	-	-	1,908
Office and maintenance equipment, furniture and fittings	1,652	46	-	1,698
Motor vehicles	1,483	-	-	1,483
Plant and machinery	477	-	-	477
Electrical installation	9	-	-	9
Tools and equipment	3,097	-	(15)	3,082
	16,435	181	(15)	16,601

11. ACCOUNTANTS' REPORT (Cont'd)

Accumulated Depreciation	Beginning of period RM'000	Charge for the period RM'000	Disposals RM'000	End of period RM'000
Freehold commercial shoplots	55	4	-	59
Apartments and buildings				
- at 1997 valuation	112	18	-	130
- at cost	151	11	-	162
Office and maintenance equipment, furniture and fittings	769	60	-	829
Motor vehicles	840	53	-	893
Plant and machinery	288	23	-	311
Electrical installation	3	1	-	4
Tools and equipment	2,271	125	(8)	2,388
	4,489	295	(8)	4,776

Net Book Value	Based on cost or 1997 valuation RM'000	Revaluation surplus/ (deficit) RM'000	Based on cost or 1999 valuation RM'000
Freehold land			
- at 1997/ 1999 valuation	1,375	(455)	920
- at cost	3,145	11,357	14,502
Freehold commercial shoplots	649	566	1,215
Apartments and buildings			
- at 1997/ 1999 valuation	2,586	(89)	2,497
- at cost	1,746	574	2,320
Office and maintenance equipments, furniture and fittings	869	-	869
Motor vehicles	590	-	590
Plant and machinery	166	-	166
Electrical installation	5	-	5
Tools and equipment	694	-	694
	11,825	11,953	23,778

Certain of the Proforma Group's landed properties were revalued by the directors based on reports by a professional firm of valuers using open market values with existing use. The revaluation surplus of RM11,953,000 arising from the revaluation of landed properties, which were eliminated on consolidation, was approved by the Securities Commission on 18 October 1999 and 3 January 2000. The tax effects relating to the increase in the carrying values of the revalued fixed assets are not disclosed and are unlikely to be material as there is no intention to dispose of these assets in the foreseeable future.

11. ACCOUNTANTS' REPORT (Cont'd)

Certain fixed assets of the Proforma Group with carrying values of RM911,000 were acquired under hire-purchase and finance lease arrangements of which the instalments are still outstanding.

Included in fixed assets of the Proforma Group are motor vehicles with a carrying value of RM588,000 which are registered in the names of certain directors of subsidiary companies who hold these motor vehicles in trust for the subsidiary companies.

The strata titles of the freehold commercial shoplots and certain apartments of the Proforma Group have not yet been issued by the relevant authorities.

Certain fixed assets of the Proforma Group of RM7,476,000 are pledged as security for banking facilities granted to certain subsidiary companies.

The historical cost of the freehold land, apartments and buildings which were revalued is as follows:

	RM'000
Cost	7,935
Accumulated depreciation	(393)
	<u>7,542</u>

8.4 OTHER INVESTMENTS

	Proforma Group RM'000
Quoted shares, at cost	1
At market value	<u>2</u>

8.5 PROPERTY DEVELOPMENT PROJECTS

	Proforma Group RM'000
Freehold land – at cost	41,296
Development expenditure	71,967
	<u>113,263</u>
Less : Non-current portion	(49,418)
	<u>63,845</u>
Portion of profit attributable to development work performed to date	28,973
	<u>92,818</u>
Less : Progress billings	(67,623)
	<u>25,195</u>

11. ACCOUNTANTS' REPORT (Cont'd)

Certain property development projects undertaken by the Proforma Group are in respect of joint ventures between certain subsidiary companies and Lembaga Kemajuan Wilayah Pulau Pinang (PERDA) for the development of certain properties belonging to PERDA and Kwangtung and Tengchow Association, Penang ("Association") for the development of certain properties belonging to the Association situated at Tanjung Tokong, Penang respectively.

Included in property development projects is a non-refundable deposit of RM350,000 paid to a third party pertaining to the joint venture agreement mentioned in note 8.18.

8.6 STOCKS

	Proforma Group RM'000
Building materials	36
Developed properties	2,721
	<hr/>
	2,757
	<hr/> <hr/>

8.7 CONTRACT WORK-IN-PROGRESS

	Proforma Group RM'000
Construction contract costs	37,887
Portion of profit attributable to contract work performed to-date	3,597
	<hr/>
	41,484
Less : Progress billings	(41,207)
	<hr/>
Contract work-in-progress	277
	<hr/> <hr/>

8.8 RELATED PARTIES ACCOUNTS

Included in trade debtors of the Proforma Group is an amount of RM236,000 due from certain directors of a subsidiary company and which represents the unpaid balance of progress billings from the sale of apartments. The said amount was subsequently settled.

Included in the following accounts are balances due from/to shareholders of the Proforma Group and balances due from/to companies in which certain directors of the Proforma Group are also directors and shareholders:

	Proforma Group RM,000
Trade debtors	998
Other debtors, deposits and prepayments	1,489
Other creditors and accruals	8,598

11. ACCOUNTANTS' REPORT (Cont'd)

The amounts due from/to abovementioned related parties arose mainly from advances which are interest free, unsecured and with no fixed terms of repayments except for amount due to a minority shareholder of certain subsidiary companies which bear interest at rates ranging from 7.25% to 9% per annum. The amount due to directors arose mainly from advances which bear interest at rates ranging from 7.25% to 9% per annum.

The Directors are of the opinion that the above transactions were entered into in the normal course of business and have been established under normal commercial terms that are no less favourable than those arranged with independent parties.

8.9 DUE BY DIRECTORS

The amount due by directors represents amount due by directors of a subsidiary company, Masuka (Masuka is a private exempt company as at 31 October 1999). The said amount was subsequently settled.

8.10 SHORT-TERM DEPOSITS WITH LICENSED BANKS

Included in short-term deposits with licensed banks of the Proforma Group is an amount of RM2,459,000 which represents sinking fund placed on behalf of purchasers.

Included in short-term deposits with licensed banks of the Proforma Group is also an amount of RM236,000 which is pledged to a bank for bank guarantee facilities granted to certain subsidiary companies.

8.11 CASH AND BANK BALANCES

Included in cash and bank balances of the Proforma Group is an amount of RM501,000 representing bank balance under Housing and Development Accounts opened and maintained pursuant to the Housing Developers (Housing Development Account) Regulations, 1991.

8.12 LONG-TERM LIABILITIES**Proforma Group**

	Long-term Loans RM'000	Finance Lease Creditors RM'000	Hire- purchase Creditors RM'000	Total RM'000
Amount outstanding	16,544	57	355	16,956
Portion due within one year	(825)	(47)	(157)	(1,029)
Portion due after one year	15,719	10	198	15,927

The long-term loan with an outstanding balance of RM544,000 as at 31 October 1999, which was obtained from a local financial institution, bears interest at a rate of 1.25% per annum above the lending financial institution's base lending rate. The loan is repayable by redemption of individual units sold and is secured by legal charges over the development properties of a subsidiary company and is further guaranteed by certain directors of the subsidiary company.

11. ACCOUNTANTS' REPORT (Cont'd)

The long-term loan with an outstanding balance of RM11,000,000 as at 31 October 1999, which was obtained from a local bank, are secured by legal charges over a subsidiary company's freehold land, corporate guarantees of certain subsidiary companies and joint and several guarantees by all the directors of the subsidiary company. The long-term loan bears interest at a rate of 2% per annum above the lending bank's base lending rate. The repayment terms of the term loan were as follows:

- (i) an amount of RM2,000,000 is repayable by redemption of housing units sold. In the event the subsidiary company did not drawdown the bridging overdraft facility within 6 months from the scheduled date of commencement for the respective phases of property development, the loan amounts of RM569,000 and RM1,431,000 shall be repayable over 5 years by principal monthly instalment until the full settlement commencing 1 July 2000 and 1 May 2000 respectively; and
- (ii) an amount of RM9,000,000 is repayable over 15 years by principal monthly instalment until the full settlement commencing 1 September 2000.

The long-term loan with an outstanding balance of RM5,000,000 as at 31 October 1999, which was obtained from a local financial institution, is secured by a first legal charge over a subsidiary company's freehold land, corporate guarantee by another subsidiary company and joint and several guarantees by all the directors of the subsidiary company. The long-term loan bears interest at a rate of 1.25% per annum above the lending financial institution's base lending rate and is repayable by 36 equal monthly instalments commencing December, 2000.

The interest rates on amount due to finance lease creditors and hire-purchase creditors of the Proforma Group range from 4.9% to 7.25% per annum.

The long-term portion of finance lease and hire-purchase creditors is repayable as follows:

	Finance Lease Creditors RM'000	Hire-Purchase Creditors RM'000
2001	10	133
2002	-	65
	10	198

8.13 BORROWINGS

	Proforma Group RM'000
Revolving credit	5,421
Bankers' acceptance	1,206
Bank overdrafts	4,130
Trust Receipts	137
	10,894

11. ACCOUNTANTS' REPORT (Cont'd)

The credit facilities obtained by the Proforma Group from local financial institutions are secured as follows:

- i) legal charges over certain apartments and certain parcels of freehold land and buildings of certain subsidiary companies;
- ii) a negative pledge over all of the assets of a subsidiary company;
- iii) corporate guarantee by a subsidiary company; and
- iv) further guaranteed by certain directors of certain subsidiaries and certain third parties.

The credit facilities bear interests at rates ranging from 1.25% to 2.50% per annum above the lending financial institutions' base lending rates.

8.14 TAXATION PAYABLE

	Proforma Group RM'000
Provision for income tax	2,574
Backduty taxes	996
	<hr/>
	3,570
Less: portion due within one year	(3,570)
	<hr/>
Portion due after one year	-
	<hr/> <hr/>

8.15 INTANGIBLE ASSETS

	Audited HPB RM'000	Proforma Group RM'000
At cost:		
Listing expenses	579	-
Preliminary expenses	3	3
Pre-operating expenses	8	8
	<hr/>	<hr/>
	590	11
	<hr/> <hr/>	<hr/> <hr/>

The listing expenses of approximately RM579,000 will be net of against the share premium account.

8.16 SHARE CAPITAL

	Audited HPB RM'000	Proforma Group RM'000
Ordinary shares of RM1 each:		
Authorised	100	100,000
	<hr/>	<hr/>
Issued and fully paid	51	60,000
	<hr/> <hr/>	<hr/> <hr/>

11. ACCOUNTANTS' REPORT (Cont'd)

8.17 SHARE PREMIUM

The share premium which is non-distributable comprises the following:

	Proforma Group RM'000
Share premium arising from the acquisition of subsidiaries	10,135
Share premium arising from public issue (after net of the listing expenses of RM2,500,000)	5,050
	<hr/>
	15,185
	<hr/> <hr/>

8.18 COMMITMENTS

A substantial shareholder of the Proforma Group, Khor Teng Tong Holdings Sdn. Bhd. (KTTH) had in December 1997 entered into an agreement with a third party whereby the third party had agreed to provide KTTH with a few parcels of land on a leasehold basis for a period of ninety nine years (with an option to extend up to a further ninety nine years) for the mixed development of residential and commercial properties by KTTH. In consideration of the land provided by the third party, it was agreed that a total sum of RM25,790,000 (inclusive of a non-refundable deposit of RM350,000 which was paid upon the execution of the agreement as mentioned in Note 8.5) in terms of cash and/ or certain developed properties shall be paid progressively to a third party within three months from the commencement of physical work or by the last day of the three consecutive extensions of twelve months from the fourth year of the date of the agreement whichever is earlier. However, in 1998, KTTH and Qurozor, a subsidiary company entered into a deed of assignment to assign all KTTH's rights, interests, obligations and liabilities under the said agreement to Qurozor based on same terms and condition. As at 31 October 1999, Qurozor has not commenced physical work on the abovementioned land.

8.19 CONTINGENT LIABILITIES

As at 31 October 1999, two subsidiary companies are contingently liable to the extent of RM3,700,000 in respect of corporate guarantees given to certain banks for credit facilities granted by the banks to certain third parties. The credit facilities of RM3,200,000 granted to one of the third parties are also secured by a deed of assignment for RM3,200,000 created over 18 units of apartments belonging to the said third party. Subsequently, the banks have released the two aforesaid subsidiary companies as corporate guarantors for the credit facilities granted by them to the aforesaid third parties.

8.20 SUBSEQUENT EVENTS

Subsequent to 31 October 1999:

- i. the Proforma Group entered into agreements to dispose of 3 units of apartments for a consideration of RM1,096,000. Should these disposals be effected as at 31 October 1999, there will be a gain on disposal of apartments amounting to RM91,000 in the Proforma Group's accounts;

11. ACCOUNTANTS' REPORT (Cont'd)

- ii. the Company's authorised capital of RM100,000 consisting of 100,000 shares of RM1.00 each was increased to RM100,000,000 consisting of 100,000,000 shares of RM1.00 each; and
- iii. the acquisitions of HHoldings, HUV, Masuka and Qurozor were completed on 26 January 2000 and the Company's issued and paid-up capital of RM51,000 consisting of 51,000 ordinary shares of RM1.00 each was increased to RM47,417,000 consisting of 47,417,000 ordinary shares of RM1.00 each.

9. CONSOLIDATED NET TANGIBLE ASSETS COVER

Based on the proforma statement of assets and liabilities of the Proforma Group as at 31 October 1999, the proforma consolidated net tangible assets per ordinary share of RM1.00 each is as follows:

Net assets of HPB Group as at 31 October 1999 (RM'000)	77,675
Number of ordinary shares of RM1.00 each as at 31 October 1999 ('000)	51
Issue of ordinary shares of RM1.00 each for exchange for shares of subsidiary companies and public issue ('000)	59,949
	<u>60,000</u>
Net tangible assets per ordinary share of RM1.00 each of the Proforma Group is therefore	RM1.29

10. AUDITED ACCOUNTS

No audited accounts have been prepared in respect of any period subsequent to 31 October 1999.

Yours faithfully,



KASSIM CHAN & CO.
AF 0080
Public Accountants



TAN BOON HOE
1836/7/01(J)
Partner

12. DIRECTORS' REPORT

(Prepared for inclusion in the Prospectus)

Registered Office:-

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

16 February 2000

The Shareholders
Hunza Properties Berhad

Dear Sir/Madam,

On behalf of the Board of Directors, I wish to report after due enquiry that between the period from 31 October 1999 (being the date to which the last audited accounts of the Company and its subsidiaries has been made up) to 16 February 2000 (being a date not earlier than 14 days before the issue of this Prospectus),

- (a) the business of the Company and its subsidiaries has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited account of the Company and its subsidiaries which have adversely affected the trading or the value of the assets of the Company and its subsidiaries;
- (c) the current assets of the Company and its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Section 10.2 of the Prospectus, no contingent liabilities by reason of any guarantees given by the Company or any of its subsidiaries; and
- (e) save as disclosed in the "Proforma Consolidated Balance Sheets" and the "Accountants' report" of the Prospectus, there has been no change in the published reserves or any unusual factors affecting the profits of the Company and its subsidiaries since the last audited accounts of the Company and its subsidiaries.

On behalf of the Board
Hunza Properties Berhad

OOI LAY SEE
Managing Director

13. VALUATION CERTIFICATE*(Prepared for inclusion in the Prospectus)*

Rahim & Co Chartered Surveyors
(Penang) Sdn Bhd (119499)(VE(1)0065/1)
60-A, Jalan Sri Bahari
10050 Pulau Pinang

16 February 2000

The Board of Directors
Hunza Properties Berhad
3rd Floor, Wisma Wang
251-A, Jalan Burma
11350 Pulau Pinang

Dear Sirs

VALUATION OF PROPERTIES BELONG TO HUNZA PROPERTIES BERHAD (HPB)

This letter is prepared for inclusion in the Prospectus to be dated 18 February 2000 in relation to the Public Issue of 12,583,000 new ordinary shares of RM1.00 each at an Issue price of RM1.60.

We are instructed by HPB to value the properties listed below. We confirmed we have valued the properties based on the Valuation Basis stated below. The Valuations had been carried out in accordance with the Guidelines on Asset Valuations for Submission to The Securities Commission (1995) issued by The Securities Commission, in compliance with the Valuation Standards issued by The Board of Valuers, Appraisers and Estate Agents, Malaysia and with the necessary professional responsibility and due diligence.

In our opinion, we consider the Market Value of the following properties to be as follows :-

Date Of Valuation	Reference No.	Property Location	Description of property/ Existing Use	Tenure	Market Value
Properties held for Investment Purposes					
1/10/1998	40SC98084(J)	Condominium Unit Nos. 80-11-7, 80-11-8 and 80-11-9, Jalan Tanjung Tokong, 10470 Pulau Pinang Erected on Parent Lot No.2583, Held under Grant No.57810, Section 1, Town Of George Town, North-East District, Pulau Pinang	Condominium 3 units	Leasehold 99 years expiring on 28/4/2093 with further extension of another 99 years upon payment of RM5,000.00	RM940,000.00 (Comparative Method/Investment Method)
1/10/1998	40SC98084(K)	Lot Nos. 670 and 704 held under Grant No. 9671 and Grant Mukim No. 165 respectively, Mukim 9, Seberang Perai Selatan, Pulau Pinang	Part of agricultural land with development potential (1/3 unsubdivided Portion)	Freehold	RM1,225,000.00 (Comparative Method)
1/10/1998	40SC98084(A)	Premises No. 2, Lintang Gangsa, Greenlane Heights, 11600 Pulau Pinang erected on Lot No. 4714, held under Grant No. 46098, Section 5, George Town, North-East District, Pulau Pinang	Three (3) - storey market/hawker centre/Car park complex	Freehold	RM3,210,000.00 (Cost Method/Investment Method)

13. VALUATION CERTIFICATE (Cont'd)

Date Of Valuation	Reference No.	Property Location	Description of property/ Existing Use	Tenure	Market Value
Properties held for Investment Purposes					
1/10/1998	40SC98084(C)	Lot Nos. 1022 and 1023, held under Grant Nos. 43502 and 43503 respectively, Mukim 12, Seberang Perai Tengah, Pulau Pinang	Vacant industrial zoned development land	Freehold	RM13,250,000.00 (Comparative Method)
1/10/1998	40SC98084(G)*	Condominium Unit No. 80-10-06, Jalan Tanjung Tokong, 10470 Pulau Pinang erected on Parent Lot No.2583, held under Grant No. 57810, Section 1, Town Of George Town, North-East District, Pulau Pinang	Condominium	Leasehold 99 years expiring on 2/5/2093 with further extension of another 99 years upon payment of RM5,000.00	RM300,000.00 (Comparative Method/Investment method)
1/10/1998	40SC98084(H)*	Apartment Unit Nos. 2-4-3 and 2-6-3, Villa Indah, Jalan Cantonment, 10250 Pulau Pinang erected on Parent Lot No.2074 held Under Grant No. 55891, Section 4, Bandar George Town, North-East District Pulau Pinang	Apartment	Freehold	RM745,000.00 (Comparison Method/Investment Method)
Properties held for Operational Purposes					
1/10/1998	40SC98084(I)	Premises No. 88-L, Jalan Masjid Negeri, 11600 Pulau Pinang erected on Lot No. 1072 held under Grant No. 23333, Section 5, Bandar George Town, North-East District, Pulau Pinang	Renovated double-storey semi-detached house	Freehold	RM1,170,000.00 (Comparative Method)
1/10/1998	40SC98084(E)	Office Unit No. 5-4-8 To Office Unit No. 5-4-11 Hunza Complex, Greenlane Heights, Jalan Gangsa, 11600 Pulau Pinang erected on Parent Lot No.4744 as subdivided from Lot No. 4721 held under Grant Registration No. 57518, Section 5, Town Of George Town, North-East District, Pulau Pinang	Four (4) renovated adjoining office units	Freehold	RM1,400,000.00 (Comparative Method/Investment Method)

Yours faithfully,

RAHIM & CO CHARTERED SURVEYORS (PENANG) SDN BHD (119499-A)(VE(1)0065/1)

TAY LAI HEE
A.R.I.C.S., I.R.R.V., M.I.S.(M)
Registered Valuer (V-171)

* These properties have since been disposed off :-

1. Condominium Unit No.80-10-06, Jalan Tanjung Tokong vide Sale and Purchase Agreement dated 12th November, 1999
2. Apartment Unit No.2-4-3, Villa Indah, Jalan Cantonment vide Sale and Purchase Agreement dated 4th November, 1999
3. Apartment Unit No.2-6-3, Villa Indah, Jalan Cantonment vide Sale and Purchase Agreement dated 16th December, 1999

14. PROCEDURE FOR APPLICATION AND ACCEPTANCE

14.1 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 Company in their absolute discretion may decide.

14.2 Procedure For Application

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

(i) Applications by Malaysian Public

Application for the 5,491,000 Public Issue Shares made available for application by the Malaysian public must be on the "White" Application Forms provided.

(ii) Applications by Eligible Directors and Employees of the Group

Applications for the 609,000 Public Issue Shares reserved for the eligible Directors and employees of the HPB Group must be made on the special "Pink" Application Forms provided.

(iii) Application By Approved Bumiputra Investors And Institutions

Applications for the 6,483,000 Public Issue Shares reserved for Approved Bumiputera Investors and Institutions approved by the MITI must be made on the "White" Application Forms provided.

Only one application form from each applicant will be considered and applications must be for 1,000 ordinary shares or multiples thereof. **MULTIPLE APPLICATION WILL NOT BE ACCEPTED.** The amount payable in full on application is RM1.60 per ordinary share.

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

- (1) BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- (2) GUARANTEE GIRO ORDER FROM BANK SIMPANAN NASIONAL MALAYSIA (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- (3) MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR

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

- (4) ATM STATEMENT OBTAINED FROM EITHER:
- ARAB-MALAYSIAN BANK BERHAD (295576-U);
 - ARAB-MALAYSIAN FINANCE BERHAD (5493-X);
 - ASIA COMMERCIAL FINANCE (M) BERHAD (6521-U);
 - BAN HIN LEE BANK BERHAD (1147-M);
 - BSN COMMERCIAL BANK BERHAD (23877-T)
 - BUMIPUTRA-COMMERCE BANK BERHAD (13491-P);
 - BANK UTAMA (MALAYSIA) BERHAD (27714-A);
 - CREDIT CORPORATION MALAYSIA BERHAD (5023-H)
 - EON BANK BERHAD (92351-V);
 - EON FINANCE BERHAD (9296-K);
 - HOCK HUA BANK BERHAD (111501-D);
 - HONG LEONG BANK BERHAD (97141-X);
 - HONG LEONG FINANCE BERHAD (7797-V);
 - INTERNATIONAL BANK MALAYSIA BERHAD (22671-U);
 - MALAYAN BANKING BERHAD (3813-K);
 - MAYBAN FINANCE BERHAD (3905-T);
 - MBf FINANCE BERHAD (8515-D);
 - MULTI-PURPOSE BANK BERHAD (88103-W);
 - ORIENTAL BANK BERHAD (845-W);
 - ORIENTAL FINANCE BERHAD (50555-A);
 - PHILEO ALLIED BANK (MALAYSIA) BERHAD (306350-K);
 - PUBLIC BANK BERHAD (6463-II);
 - PUBLIC FINANCE BERHAD (6471-U);
 - RHB BANK BERHAD (6171-M);
 - SABAH BANK BERHAD (45788-D);
 - THE PACIFIC BANK BERHAD (5024-T); OR
 - UNITED MERCHANT FINANCE BERHAD (3838-T).

AND MUST BE MADE OUT IN FAVOUR OF "MIDF SHARE ISSUE ACCOUNT NO. 500" AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM).

THE NAME AND ADDRESS OF THE APPLICANT MUST BE EXACTLY THE SAME AS THE APPLICANT'S IDENTITY CARD (TOGETHER WITH THE CHANGE OF ADDRESS CARD OR "RESIT PENUKARANKAD PENGENALAN (JPN1/22)" WHERE APPLICABLE) OR "RESIT PENGENALAN SEMENTARA (JPN 1/9)" IN THE CASE OF AN INDIVIDUAL APPLICANT EXCEPT FOR THE ADDRESS OF ARMED FORCES/POLICE PERSONNEL, WHICH SHOULD BE BASED ON THE ADDRESS OF THE APPLICANT'S RESPECTIVE CAMP/BASE/STATION. IN THE CASE OF A CORPORATE/INSTITUTIONAL APPLICANT, THE NAME OF THE APPLICANT MUST BE EXACTLY THE SAME AS THE APPLICANT'S CERTIFICATE OF INCORPORATION AND THE ADDRESS MUST BE EXACTLY THE SAME AS THE REGISTERED ADDRESS.

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

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

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

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

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

so as to arrive **NOT LATER THAN 8.00 P.M. ON 3 MARCH 2000** or delivered **BY HAND** to the Oriental Bank Berhad Branches based on the following addresses:

- | | | | |
|----|---|----|--|
| 1 | Klang Branch
No. 2, Jalan Kapar
41400 Klang | 2 | Kepong Branch
No. 60, Jalan 2
52100 Kuala Lumpur |
| 3 | Kuala Lumpur Main Branch
Bangunan Oriental Bank
No. 1, Jalan Hang Lekiu
50100 Kuala Lumpur | 4 | Selayang Branch
No. 141-143, Jalan 2/3A
Kompleks Pasar Borong Selayang
68100 Kuala Lumpur |
| 5 | Taman Sungai Besi Branch
No. 38, Jalan 7/108C
Jalan Sungai Besi
68100 Kuala Lumpur | 6 | Bukit Bintang Branch
Ground Floor, Wilma KLIIH
126, Jalan Bukit Bintang
55100 Kuala Lumpur |
| 7 | Wangsa Maju Branch
No. 10, Jalan 1/27B
Bandar Baru Wangsa Maju
53300 Kuala Lumpur | 8 | Balakong Branch
No. S-7, Jalan 1/6
Taman Indah
Batu 11, Jalan Balakong
43200 Cheras
Selangor Darul Ehsan |
| 9 | Segambut Branch
No. 36-38, Jalan Segambut Utara
51200 Kuala Lumpur | 10 | SS2 Branch
No. 2, Jalan SS2/61
47300 Petaling Jaya
Selangor Darul Ehsan |
| 11 | Bandar Park Branch
No. 152, Jalan Mega Mendung
Kompleks Bandar
Batu 5, Jalan Klang Lama
58000 Kuala Lumpur | | |

during banking hours (9.30 a.m. to 4.00 p.m. from Monday to Friday and 9.30 a.m. to 12.00 p.m. on Saturday) only.

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

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

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

14.3 Applications And Acceptances

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

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

In the event of an over-subscription, acceptance of applications shall be subject to ballot to be conducted in the manner as approved by the Directors. Due consideration will be given to the desirability of distributing the ordinary shares to a reasonable number of applicants with a view to broadening the shareholding base of the Company and establishing an adequate market in the trading of the ordinary shares of the Company. The final allocation of shares to any single applicant will be made to ensure that the Company complies with the SC's revised shareholding spread requirement that at least 25% of the issued and paid-up share capital of the Company is in the hands of a minimum number of 750 public shareholders (excluding the employees of HPB Group) holding not less than 1,000 shares each. However, in the event that the above requirement is not met pursuant to this Public Issue, the Company may not be allowed to proceed with its listing. Applicants will be selected in the manner to be determined by the Directors of HPB.

In the event of an under-subscription by the Malaysian public, all the shares not applied for will be made available for subscription proportionately by the Managing Underwriter and the Underwriters in proportions as specified in the Underwriting Agreement dated 10 December 1999.

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

THE ISSUING HOUSE RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS WHICH WOULD BE SUBSEQUENTLY REFUNDED WITHOUT INTEREST AND DESPACHED TO THE APPLICANT WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY REGISTERED POST AT THE ADDRESS SHOWN ON THE APPLICATION FORM AT THE APPLICANT'S OWN RISK.

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

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

14.4 CDS Account

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

An applicant should state his CDS Account number in the space provided in the Application Form if he presently has such an account. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code. A list of the ADA Codes is set out in Section 14.7 of this Prospectus. Where an applicant already has a CDS Account, he **should not** complete the preferred ADA Code.

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

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

14.5 Notice Of Allotment

Shares allotted to all successful applicants will be credited to their respective CDS Accounts. Notice of successful allotment will be despatched by ordinary post to the successful applicants at their addresses shown in the Application Forms at the applicant's own risk within 30 days after the final ballot of the application. This is the only acknowledgement of acceptance of the application.

14.6 Formalising of CDS Account

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

14. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**14.7 List of Authorised Depository Agents**

The list of ADAs and their respective Broker Codes are as follows:

Name	Address And Telephone Number	Broker Code
KUALA LUMPUR		
AFFIN-UOB SECURITIES SDN BHD (431338-P)	Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No. : 03-2438668	028-001
ARAB-MALAYSIAN SECURITIES SDN BHD (92977-U)	15th Floor, Bangunan Arab-Malaysian 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2382788	086-001
BBMB SECURITIES SDN BHD (16453-K)	Level 2, 3 & 4, Menara Olympia Letter Box No. 2, 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2019900	099-001
BIMB SECURITIES SDN BHD (290163-X)	1st & 2nd Floor, Podium Block Bangunan AMDB No. 1, Jalan Lumut 50350 Kuala Lumpur Tel. No. : 03-4433533	024-001
FIMA SECURITIES SDN BHD (210959-K) <i>(formerly known as Capitalcorp Securities Sdn Bhd)</i>	45-14, Plaza Level and Level One Plaza Damansara Jalan Medan Setia 1 Bukit Damansara 50490 Kuala Lumpur Tel. No.: 03-2549966	018-001
CIMB SECURITIES SDN BHD (163712-V)	9th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel. No. : 03-2532288	065-001
HLG Securities Sdn Bhd (12855-D)	21st Floor, Wisma HLA Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2452998	066-001
INTER-PACIFIC SECURITIES SDN BHD (12738-U)	Level 7, Shahzan-Insas Tower 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No. : 03-2441888	054-001
JUPITER SECURITIES SDN BHD (48703-W)	7th -9th Floors Manara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2041888	055-001
KUALA LUMPUR CITY SECURITIES SDN BHD (126994-W)	Lot 3.07, Level 3, Bangunan Angkasaraya Jalan Ampang 50450 Kuala Lumpur Tel. No. : 03-2449322	076-001

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

Name	Address And Telephone Number	Broker Code
KUALA LUMPUR (Cont'd)		
K & N KENANGA BHD (15678-H)	8th Floor Pernas International Building 801, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No. : 03-2649080	073-001
LEONG & COMPANY SDN BHD (8789-P)	Level 18, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur Tel. No. : 03-2928899	061-001
MAYBAN SECURITIES SENDIRIAN BERHAD (165630-M)	30th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel. No. : 03-2323822	098-001
MGI SECURITIES SDN BHD (682-X)	1st & 2nd Floor, Wisma MGIC 38, Jalan Dang Wangi 50100 Kuala Lumpur Tel. No. : 03-2911889	052-001
MIDF SISMA SECURITIES SDN BHD (423833-U)	17th & 18th Floor, Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel No. : 03-2668888	026-001
OSK SECURITIES BHD (14152-V)	10 th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel. No. : 03-2624388	056-001
PB SECURITIES SDN BHD (20027-W)	27 th Floor, Bangunan Public Bank 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No. : 03-2013011	051-001
PENKALEN SECURITIES SDN BHD (66299-A)	1st Floor Menara Pengkalen No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel. No. : 03-2448055	064-001
RASHID HUSSAIN SECURITIES SDN BHD (95060-A)	Level 9 Tower One, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No. : 03-9852233	087-001
KAF-SEAGROATT & CAMPBELL SDN BHD (134631-V) <i>(formerly known as Seagroatt & Campbell Sdn Bhd)</i>	26th - 30th Floor, The Weld Tower 76, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2081600	053-001
TA SECURITIES BHD (16029-V)	13th Floor, Menara TA One 22, Jalan P.Ramlee 50250 Kuala Lumpur Tel. No. : 03-2321277	074-001

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

Name	Address And Telephone Number	Broker Code
SIME SECURITIES SDN BHD (165878-V)	21st Floor, Bangunan Sime Bank Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No. : 03-2749288	097-001
SELANGOR DARUL EHSAN		
AMSTEEL SECURITIES (M) SDN BHD (51253-A)	1 st , 2 nd & 3 rd Floors Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No. : 03-3439999	080-001
HALIM SECURITIES SDN BHD (107442-X)	No. 68, Jalan Selangor (52/4) P. O. Box No. 561 46770 Petaling Jaya Selangor Darul Ehsan Tel. No. : 03-7555777	091-001
JF APEX SECURITIES BHD (47680-X)	3rd Floor, Wisma Apex 145A-C, Jalan Bukit 43007 Kajang Selangor Darul Ehsan Tel. No. : 03-87361118	079-001
MOHAIYANI SECURITIES SDN BHD (140238-A)	1 st , 2 nd & 3 rd Floors Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel. No. : 03-7197345	095-001
HWANG-DBS SECURITIES BERHAD (Shah Alam Branch) (14389-U)	16 th , 18 th - 20 th Floor, Plaza Masalam 2, Jalan Tengku Ampuan Zabedah E9/E, Section 9 41000 Shah Alam Selangor Darul Ehsan Tel. No. : 03-5533288	068-002
SJ SECURITIES SDN BHD (141671-T)	Level 3, Holiday Villa No. 9, Jalan SS12/1 47500 Subang Jaya Selangor Darul Ehsan Tel. No. : 03-7340202	096-001
MELAKA		
MALACCA SECURITIES SDN BHD (16121-H)	No.1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang P. O. Box No. 248 75250 Melaka Tel. No. : 06-3371533	012-001
OCBC SECURITIES (MELAKA) SDN BHD (18884-P)	No. 579, 580-581 A&B Taman Melaka Raya 75000 Melaka Tel. No. : 06-2825211	072-001

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

Name	Address And Telephone Number	Broker Code
MELAKA (Cont'd)		
STRAITS SECURITIES SDN BHD (74070-T)	Lot 9 & 10, 1st Floor Bangunan Tabung Haji Jalan Bandar Kaba 75000 Melaka Tel. No. : 06-2833622	011-001
PERAK DARUL RIDZUAN		
BOTLY SECURITIES SDN BHD (14948-M)	1st Floor, Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel. No. : 05-2531313	058-001
KIN KHOON & CO. SDN BHD (17816-P)	A23 - A29, Wisma Kota Emas Jalan Dato' Tahwil Azhar P. O. Box No. 421 30910 Ipoh Perak Darul Ridzuan Tel. No. : 05-2543311	017-001
MBf NORTHERN SECURITIES SDN BHD (14782-V)	No.71, Jalan Lim Bo Seng 30300 Ipoh Perak Darul Ridzuan Tel. No. : 05-2548999	067-001
M&A SECURITIES SDN BHD (15017-H)	M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel. No. : 05-2419800	057-001
PHILEO ALLIED SECURITIES SDN BHD (25397-M)	Wisma Philco No. 62, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No. : 05-2558233	071-001
SBB SECURITIES SDN BHD (100518-M)	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No. : 05-2530888	090-001
TAIPING SECURITIES SDN BHD (113521-K)	No. 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No. : 05-8060888	092-001
PREMIER CAPITAL SECURITIES SDN BHD (64149-M)	Wisma Premier Capital 21, Jalan Seenivasagam 30450 Ipoh Perak Darul Ridzuan Tel. No. : 05-2415100	082-001

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

Name	Address And Telephone Number	Broker Code
PULAU PINANG		
A.A. ANTHONY & CO SDN BHD (13622-K)	No. 41-1-1 & 41-2-1 Jalan Cantonment 10250 Pulau Pinang Tel. No. : 04-2299318	014-001
HWANG-DBS SECURITIES BERHAD (14389-U)	Levels 2, 3, 4, 7 & 8, Wisma Sri Pinang No. 60, Green Hall 10200 Pulau Pinang Tel. No. : 04-2636996	068-001
KE-ZAN SECURITIES SDN BHD (89986-P)	1 st - 4 th Floors Wisma Ke-Zan No. 64, Bishop Street 10200 Pulau Pinang Tel No. : 04-2634222	085-001
MERCURY SECURITIES SDN BHD (113193-W)	Ground, 1 st 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Prai Pulau Pinang Tel. No. : 04-3322123	093-001
SMITH ZAIN SECURITIES SDN BHD (13901-H)	7th & 8th Floor, Menara PSCI No. 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No. : 04-2283355	016-001
SOON THEAM SECURITIES SDN BHD (014147-K)	No.111, Jalan Macalister 10400 Pulau Pinang Tel. No. : 04-2281868	060-001
THONG & KAY HIAN SECURITIES SDN BHD (14592-P)	Levels 5 & 6, Wisma Sri Pinang No. 60, Green Hall 10200 Pulau Pinang Tel. No. : 04-2635481	070-001
UT SECURITIES SDN BHD (20710-W) <i>(formerly known as United Traders Securities Sdn Bhd)</i>	12th Floor, Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel. No. : 04-2626644	059-001
KEDAH DARUL AMAN		
ALOR SETAR SECURITIES SDN BHD (123654-H)	Lot T-30, 2nd Floor Wisma PKNK Jalan Sultan Badiishah 05000 Alor Setar Kedah Darul Aman Tel. No. : 04-9766315	094-001
PERLIS INDERA KAYANGAN		
UPEN SECURITIES SDN BHD (254920-D)	2nd Floor, Podium Block Bangunan KWSP 01000 Kangar Perlis Indra Kayangan Tel. No. : 04-9766315	023-001

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

Name	Address And Telephone Number	Broker Code
NEGERI SEMBILAN DARUL KHUSUS		
KIMARA EQUITIES SDN BHD (228587-U)	2nd, 9th & 10th Floor Bangunan Yayasan Negeri Sembilan Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No. : 06-7633999	084-001
MALPAC SECURITIES SDN BHD (159143-V)	1st, 2nd & 3rd Floors Nos. 19, 20 & 21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel. No. : 06-7623131	063-001
JOHOR DARUL TAKZIM		
KESTREL SECURITIES SDN BHD (97150-A)	57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel. No. : 07-9532222	088-001
ENG SECURITIES SDN BHD (53333-T)	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel. No. : 07-2231211	081-001
PENINSULA SECURITIES SDN BHD (57258-V)	Level 2, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No. : 07-3333600	077-001
JB SECURITIES SDN BHD (17812-U)	Suite 8.2, Level 8 Menara Sarawak Enterprise 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No. : 07-3332000	078-001
PJB PACIFIC SECURITIES SDN BHD (430550-H)	Podium 2A & 3, Menara Ansar 65, Jalan Trus 80000 Johor Bahru Johor Darul Takzim Tel No. : 07-2222692	027-001
SOUTH JOHORE SECURITIES SDN BHD (53647-D)	3rd Floor, Penggaram Complex No. 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No. : 07-4317033	069-001

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

Name	Address And Telephone Number	Broker Code
PAHANG DARUL MAKMUR		
WK SECURITIES SDN BHD (70978-V)	A-397, A-399 and A-401 Taman Sri Kuantan III Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel. No. : 09-5660800	083-001
KELANTAN DARUL NAIM		
KOTA BHARU SECURITIES SDN BHD (15629-M)	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel. No. : 09-7433388	075-001
TERENGGANU DARUL IMAN		
FA SECURITIES SDN BHD (251711-V)	3rd Floor, Wisma UMNO Jalan Masjid Abidin 20100 Kuala Terengganu Terengganu Darul Iman Tel. No. : 09-6238128	021-001
PTB SECURITIES SDN BHD (425317-T)	1st, 2nd & 3rd Floors No.61, Jalan Sultan Ismail Peti Surat 151 Pejabat Pos Besar 20700 Kuala Terengganu Terengganu Darul Iman Tel No. : 09-6235546	025-001
SARAWAK		
SARAWAK SECURITIES SDN BHD (219322-W)	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel. No. : 082-338000	019-001
SARAWAK SECURITIES SDN BHD (MIRI BRANCH) (219322-W)	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No. : 085-435577	019-002
SABAH		
INNOSABAH SECURITIES SDN BHD (194990-K)	No. 11, Equity House, Block K Sadong Jaya, Kompleks Karamunsing 88100 Kota Kinabalu Sabah Tel. No. : 088-234099	020-001
LABUAN		
LABUAN SECURITIES SDN BHD (239683-W)	Level 2, Wisma Oceanic Jalan OKK Awang Besar 87007 Wilayah Persekutuan Labuan Sabah Tel. No. : 087-410621	022-001

15 STATUTORY AND GENERAL INFORMATION

15.1 Share Capital

- (a) No ordinary shares will be allotted or sold on the basis of this Prospectus later than six (6) months after the date of issue of this Prospectus.
- (b) There are no founder, management or deferred shares in the Company.
- (c) 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.
- (d) Save for the 609,000 ordinary shares of RM1.00 each reserved for the eligible Directors and employees of the Group, pursuant to this Prospectus, there are at present no other schemes involving the employees in the capital of the Company or its subsidiaries.
- (e) As at the date of this Prospectus, saved as disclosed below, none of the capital of the Company or any of its subsidiaries is under any option or agreed conditionally or unconditionally to be put under any option.

- (i) On 15 September 1997, Dr Rafi Ahmad bin Abdul Muthalip and Encik Abd Ghani bin Ali Kadir ("the Grantors") (shareholders of Masuka, holding 1,004,000 shares and 526,000 shares, respectively) entered into a Call Option Agreement with Aseambankers ("the Grantee") granting the latter the right to acquire up to 5% of the Grantors' shareholding in Masuka which is equivalent to 76,500 ordinary shares in Masuka as at the date of the agreement and shall include any other shares in other companies in exchange of the said shares in consideration of the Grantee (as lender) agreeing at the request of the Grantors (as borrowers) to grant the term loan facilities to the Grantors in their respective proportions amounting to the maximum aggregate sum of RM7,620,000 upon the terms and conditions in the two (2) facility agreements dated 15 September 1997.

The Call Option may be exercised by the Grantee in respect of the Call Option Shares at any time within three (3) years from 15 September 1997 and shall upon request by the Grantee be extendable for another two (2) years.

The Call Option Agreement will remain valid in the event the Acquisition of Masuka is completed before Aseambankers exercise the option. The Grantors have consented to exchange the abovesaid 76,500 Masuka's shares with up to 5% of their shareholding in HPB after the Acquisition of Masuka by HPB. As such, whereupon the completion of the acquisition of Masuka by HPB and in the event that as Grantee, the Call Options is exercised, thereby requiring the Grantors to sell their shares to Aseambankers up to 5% of their shareholdings in HPB, Aseambankers' resultant shareholding in HPB after exercising the call options will only be 309,600 HPB shares representing approximately 0.52% of the entire enlarged paid-up share capital of HPB of RM60,000,000 comprising 60,000,000 ordinary shares of RM1.00 each.

- (f) Save as disclosed in Section 8.2 and 8.6 of this Prospectus, no shares, stocks or debentures in the Company or its subsidiaries have been issued or are proposed to be issued as partly or fully paid-up for cash or otherwise than in cash within the two (2) years preceding the date of this Prospectus.

15 STATUTORY AND GENERAL INFORMATION (Cont'd)

15.2 Articles Of Association

The following provisions are reproduced from the Company's Articles of Association which have been approved by the KLSE :-

1. Remuneration of Directors

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

Article 90

The remuneration of the Directors (including salaries payable to Executive Directors) for their services shall be from time to time determined by the Directors or in the event the Directors are unable at any time to vote on the amount of remuneration of the Directors (other than salaries payable to Executive Directors) for any reason whatsoever, their remuneration shall be determined by the Company in general meeting, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine. Provided always that:-

- (a) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to Directors who do hold an executive office in the Company shall be from time to time determined by the Directors but may not include a commission on or percentage of turnover;
- (c) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;
- (d) Any fee paid to an alternate director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 91

- (1) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and, about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company.
- (2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a Committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage or turnover) as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors.

- (3) No payment shall be made to any Directors by way of compensation for loss of office or as consideration for or in consideration with his retirement from office unless particulars with respect to the proposed payment (including the amount thereof) have been disclosed to the Members and the proposal has been approved by the Company in general meeting.

Article 116

The remuneration of a Managing Director or Managing Directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

2. Voting and Borrowing Powers of Directors

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

Article 95

- (a) The Directors may exercise all the powers of the Company to borrow any sum or sums of money from any person, bank, firm or company (expressly including any person holding the office of Director) and to mortgage or charge its undertaking, property and uncalled capital, and any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its subsidiaries or of any related or associated corporation. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for the payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or of any subsidiary corporation.
- (b) The Directors shall not borrow any money or mortgage or charge any of the Company or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Article 111

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly a personal interest (and if he shall do so his vote shall not be counted), nor shall be counted for the purpose of any resolution regarding the same in the quorum present at the meeting.

3. Changes in the Capital and Variation of Class Rights

The provisions in the Articles of Association of the Company as to changes in capital and variation of class rights which are not less stringent than those provided in Companies Act, 1965 ("the Act") are as follows :-

Article 4

Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to the Act and to the Securities Industry ("Central Depositories"), Act 1991 ("Central Depositories Act") and to these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to Dividend, voting, return of capital, or otherwise as the Directors subject to any ordinary resolution of the Company may determine.

Article 5

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of these Articles and the Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such person, on such terms and condition, with such preferred, deferred or other special rights and either at a premium or otherwise, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (b) in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than five per centum (5%) of the nominal amount of the share;
- (c) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (d) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the members of the Company in general meeting;
- (e) every issue of shares or options to employees and/or Directors of the Company shall be approved by the members in general meeting and no Director shall participate in such issue of shares or options unless:-
 - (i) the members in general meeting have approved of the specific allotment to be made to such Director; and
 - (ii) such Director holds office in the Company in an executive capacity PROVIDED ALWAYS that a Director not holding office in any executive capacity may so participate in an issue of shares pursuant to a public issue.

Article 6

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

Article 7

Notwithstanding Article 8 hereof the repayment of preference share capital other than redeemable preference shares, or any alteration of preference shareholder rights shall only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.

Article 8

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

Article 53

The Company may by ordinary resolution:-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may be the resolution by which such subdivision is effected, be given any preference or advantage as regards Dividend, return of capital, voting or otherwise over the others or any other of such shares; and

15 STATUTORY AND GENERAL INFORMATION (Cont'd)

- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 54

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

Article 54(A)

Subject to and in accordance with the Act and in particular Section 67A of the Act and subsequent amendments thereafter, and the requirements and modifications hereof to the requirements of the Exchange and/or any other relevant authority, the Company shall have power to purchase its own shares and any shares so purchased by the Company may be dealt with as provided by the Act and the requirements of the Exchange and/or any other relevant authority.

4. Transfer of Securities And Transmission of Securities

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

(a) Articles of Association of the Company**Article 28**

All transfer of securities deposited with the Central Depository shall be effected in accordance with the Act, the Central Depositories Act and the Rules and for such deposited securities, these Articles shall not be applicable to the extent that they are inconsistent with the relevant provisions of the Act, the Central Depositories Act and the Rules. Subject to the Act, the Central Depositories Act, the Rules and these Articles, any member may transfer all or any of his securities by instrument in writing in the usual common form conforming with the Act and approved by the Exchange or such form as may from time to time be prescribed under the Act or approved by the Exchange.

Article 29

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

Article 30

The Central Depository may in its absolute discretion refuse to register any transfer that does not comply with the Central Depositories Act and the Rules.

Article 31

The Company may require the Central Depository to suspend the registration of transfer at such times and for such periods as the Directors may from time to time determine, not exceeding in the whole thirty (30) days in any calendar year. In this respect, the Company shall request the Central Depository, in accordance with the Rules, to prepare the appropriate Records of Depositors.

Article 33

Subject to the provisions of the written law, the personal representative of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. Provided always that where the share is a deposited security, subject to the Rules, a transfer or withdrawal of the share may be carried out by the person so entitled.

Article 34

Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as the holder of the said share or to have some person nominated by him registered as the transferee thereof provided that such dealing shall be in accordance with the Central Depositories Act and Rules but the Directors shall in either case have the same rights to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death or bankruptcy. Before recognising any executor or administrator, the directors may require him to take out probate or letters of administration as evidence.

Article 35

If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects provided that where the share is a deposited security and the person becoming entitled elects to have the share transferred to him the aforesaid notice must be served by him on the Central Depository. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the rights to transfer and the registration of transfers of shares shall be applicable to any such notice of transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.

Article 36

Where the registered holder of any share dies or becomes bankrupt his personal representative or the assignee of his estate, as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the Directors in that behalf, be entitled to the same Dividends and other advantages and to the same rights (whether in relation to meetings of the Company or to voting or otherwise) as the registered holder would have been entitled to if he had not died or become bankrupt.

(b) Main Board Listing Requirements of the KLSE

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

Section 293A - Transfers of Securities

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

Section 293B - Transmission of securities from Foreign Register

(1) Where :-

- (a) the securities of a company are listed on an Approved Market Place; and
- (b) such company is exempted from compliance with Section 14 of the Securities Industry (Central Depository) Act, 1991 or Section 29 of the Securities Industry (Central Depository) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such securities,

such company shall, upon request of a securities holder permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the company in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions :-

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

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

(c) **Companies Act 1965**

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

Section 103(1)

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

Section 103(1A)

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

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

Section 107C(1)

On or after the coming into operation of this section, the transfer of any securities or class of securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of book entry by the central depository in accordance with the rules of the central depository and, notwithstanding Sections 103 and 104, such company shall be precluded from registering and effecting any transfer of securities.

Section 107C(2)

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

(d) Rules of the MCD

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

Rule 8.01 (2)

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

Rule 8.05A

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

Rule 9.03(2)

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

- (a) the prescribed Form FTF010 (request for ordinary transfer of securities form) or Form FTF015 (request for express transfer of securities form) fully and properly completed in triplicate;
- (b) the Transferring Depositor has executed the Transferor portion on the said form duly witnessed by another person (other than the depositor's spouse);
- (c) the Transferring Depositor has stated his reason for the transfer and that the reason is or are amongst any of the approved reasons as stated herein below :-
 - (i) transmission and transfer of securities arising from the provisions of any written law or an order of court of competent jurisdiction;
 - (ii) rectification of errors;
 - (iii) pledge, charge or mortgage;
 - (iv) mandatory general offer pursuant to the provisions of the Malaysian Code On Takeover and Mergers 1987;
 - (v) any other circumstances as deemed fit by the Central Depository after consultation with the Securities Commission;
- (d) documents to support the reason for the transfer;
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in its Procedures Manual.

15 STATUTORY AND GENERAL INFORMATION (Cont'd)

15.3 Directors and Substantial Shareholders

- (a) The names, addresses and occupations of the Directors of the Company are set out in Section 5, of this Prospectus
- (b) Directors are not required to hold any qualification shares in the Company.
- (c) None of the existing or proposed Directors of the Company has any service contract with the Company or any of its subsidiary companies.
- (d) For the financial year ended 30 June 1999, remuneration and fees amounting to RM505,750 were paid to the Directors for services in all capacities to the Company and its subsidiary companies. For the financial year ending 30 June 2000, the amount payable to the Directors for services to the Company and its subsidiary companies is estimated to be RM716,000.
- (e) No Director, senior executive officer or person nominated to become a Director or senior executive officer is or was involved in the following events:
- (i) a petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was a Director or senior executive officer;
 - (ii) a conviction in a criminal proceeding or is named subject of a pending criminal proceeding; or
 - (iii) the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
- (f) Saved as disclosed below, none of the Directors and/or substantial shareholders have any interest, directly or indirectly in the promotion of or in any assets acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to the Company or any of its subsidiary companies within the two (2) years preceding the date of this Prospectus:-
- (i) During the financial year of 1999, Ooi Lay See, Khor Peng Seah and Dato' Khor Teng Tong entered into three (3) separate Sale & Purchase Agreements with HParade to purchase a unit each of Marina Bay Block B Condominiums for the purchase consideration of RM638,900, RM384,000 and RM615,500 respectively.

All the above transactions were entered into in the normal course of business and have been established under normal commercial terms that are no less favourable than those arranged with independent parties.
 - (ii) A conditional Sale and Purchase Agreement dated 1 November 1999 between HPB and the vendors of HHoldings, whereby Dato' Khor Teng Tong, Ooi Lay See, Khor Peng Seah, Dato' Haji Mohamed bin Yeop Abdul Raof and Ong Lye Seng are the shareholders of HHoldings. *See Section 15.5(k) for details.*

15 STATUTORY AND GENERAL INFORMATION (Cont'd)

- (iii) A conditional Sale and Purchase Agreement dated 1 November 1999 between HPB and the vendor of HUV, namely Hunza Usaha Sdn Bhd whereby Dato' Khor Teng Tong is the ultimate substantial shareholder of Hunza Usaha Sdn Bhd. *See Section 15.5(l) for details.*
- (iv) A conditional Sale and Purchase Agreement dated 1 November 1999 between HPB and the vendors of Qurozor namely Khor Teng Tong Holdings Sdn Bhd, whereby Dato' Khor Teng Tong is the substantial shareholder of Khor Teng Tong Holdings Sdn Bhd. *See Section 15.5(n) for details.*
- (v) A Deed of Assignment dated 2 November 1998 made between Khor Teng Tong Holdings Sdn Bhd and Qurozor. *See Section 15.5(c) for details.*
- (vi) A conditional Sale and Purchase Agreement dated 1 November 1999 between HPB and the vendors of Masuka, Dr Rafi Ahmad bin Abdul Multhalip and Abd Ghani bin Ali Kadir, for the acquisition of 1,530,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Masuka. *See Section 15.5 (m) for details.*

The following Directors and/or substantial shareholders of the Company are deemed to have an interest in the abovesaid acquisition disposals as follows :-

Name	Nature of Interest
Dato' Khor Teng Tong	: Non-Executive Chairman and substantial shareholder of HPB, director and substantial shareholder of HParade, HHoldings, HUV and Qurozor
Ooi Lay See	: Managing Director and substantial shareholder of HPB, director of HParade, HHoldings, HUV and Qurozor as well as substantial shareholder of HHoldings
Khor Peng Seah	: Executive Director and substantial shareholder of HPB and director of HParade
Dato' Haji Mohamed bin Yeop Abdul Raof	: Director and substantial shareholder of HPB and director of HUV
Ong Lye Seng	: Director of HPB
Khor Teng Tong Holdings Sdn Bhd	: Substantial shareholder of HPB, HHoldings, HUV, Qurozor and HParade
Dr. Rafi Ahmad bin Abdul Muthalip	: Substantial shareholder HPB and Masuka, Director of Masuka
Abd. Ghani bin Ali Kadir	: Substantial shareholder of HPB and Masuka, Director of Masuka.

- (g) According to the Register of Directors' shareholdings as at 8 February 2000, the Directors' shareholdings in the Company before and after the Public Issue are as follows:

15 STATUTORY AND GENERAL INFORMATION (Cont'd)

Name	Before				After			
	Direct		Indirect		Direct		Indirect	
	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%
Dato' Khor Teng Tong	923,474	1.95	26,995,557*	56.93	933,474	1.56	26,995,557*	44.99
Ooi Lay See	1,395,625	2.94	-	-	1,405,625	2.34	-	-
Khor Peng Seah	2,714,873	5.73	-	-	2,724,873	4.54	-	-
Dato' Hj Mohamed bin Yeop Abdul Raof	3,798,045	8.01	-	-	3,808,045	6.35	-	-
Datuk Zubir bin Haji Ali	1,180,380	2.49	-	-	1,190,380	1.98	-	-
Ong Lye Seng	69,434	0.15	-	-	79,434	0.13	-	-
Dr Goh Ban Lee	-	-	-	-	10,000#	0.02	-	-

* Deemed interest by virtue of his substantial shareholdings 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.

Arising from Public Issue Shares reserved for eligible Directors through Pink Form Allocation.

- (h) Based on the Register of Substantial Shareholders as at 8 February 2000, the substantial shareholders (with 2% or more shareholding, direct and indirect) of the Company before and after the Public Issue are as follows:

Name	Before				After			
	Direct		Indirect		Direct		Indirect	
	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%
Dato' Khor Teng Tong	923,474	1.95	26,995,557 ⁽¹⁾	56.93	933,474	1.56	26,995,557 ⁽¹⁾	44.99
Khor Teng Tong Holdings Sdn Bhd	4,913,820	10.36	22,081,737 ⁽²⁾	46.57	4,913,820	8.19	22,081,737 ⁽²⁾	36.80
Hunza Usaha Sdn Bhd	7,725,000	16.29	-	-	7,725,000	12.88	-	-
Jaya Sri Rambai Sdn Bhd	4,568,764	9.64	-	-	4,568,764	7.61	-	-
Mandin Garden Sdn Bhd	4,462,377	9.41	13,050,596 ⁽³⁾	27.52	4,462,377	7.44	13,050,596 ⁽³⁾	21.75
Taman Nibong Tebal Sdn Bhd	5,325,596	11.23	-	-	5,325,596	8.88	-	-
Ooi Lay See	1,395,625	2.94	-	-	1,405,625	2.34	-	-
Khor Peng Seah	2,714,873	5.73	-	-	2,724,873	4.54	-	-
Dato' Hj Mohamed bin Yeop Abdul Raof	3,798,045	8.01	-	-	3,808,045	6.35	-	-
Datuk Zubir bin Haji Ali	1,180,380	2.49	-	-	1,190,380	1.98	-	-
Dr Rafi Ahmad bin Abdul Muthalip	4,063,247	8.57	-	-	4,073,247	6.79	-	-
Abd Ghani bin Ali Kadir	2,128,753	4.49	-	-	2,138,753	3.56	-	-
Yayasan Bumiputera Pulau Pinang	-	-	-	-	5,483,000	9.14	-	-

- (1) Deemed interest by virtue of his substantial shareholdings 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.
- (2) Deemed interest by virtue of its substantial shareholdings in Mandin Garden Sdn Bhd, Jaya Sri Rambai Sdn Bhd, Hunza Usaha Sdn Bhd and Taman Nibong Tebal Sdn Bhd.
- (3) Deemed interest by virtue of its substantial shareholdings in Taman Nibong Tebal Sdn Bhd and Hunza Usaha Sdn Bhd.

15 STATUTORY AND GENERAL INFORMATION (Cont'd)

The relevant details of corporate substantial shareholders are as follows :-

Khor Teng Tong Holdings Sdn Bhd

Principal Activities : Investment holding company
 Directors : Dato' Khor Teng Tong
 Goh Ah Moi @ Teoh Chiew Goay
 Seow Kim Fong

Substantial shareholders and their shareholdings in the company :-

Name	←-----No of shares held-----→			
	Direct	%	Indirect	%
Dato' Khor TengTong	858,300	95.23	43,000+	4.77
Khor Bung Leng	28,000	3.11	873,300*	96.89

Note : + Deemed interested by virtue of the shareholding of his wife and children for the remaining shares.
 * Deemed interested by virtue of the shareholding of her parent and brother for the remaining shares

Hunza Usaha Sdn Bhd

Principal Activities : Investment holding company
 Directors : Dato' Mohamed bin Yeop Abdul Raof
 Khor Siang Gin
 Ooi Lay Kin
 Substantial shareholders : A wholly owned subsidiary of Mandin Garden Sdn Bhd

Jaya Sri Rambai Sdn Bhd

Principal Activities : Investment holding company
 Directors : Khor Bung Leng
 Khor San Leng
 Khor Siang Gin

15 STATUTORY AND GENERAL INFORMATION (Cont'd)

Substantial shareholders:-

Name	←-----No of shares held----->			
	Direct	%	Indirect	%
Khor Teng Tong Holdings Sdn Bhd	291,942	74.3	-	-
Khor Bung Leng	101,058	25.7	291,942+	74.3
Dato' Khor Teng Tong	-	-	393,000*	100.0

Note : + Deemed interested by virtue of the shareholding of her parent, brother and her shareholding in Khor Teng Tong Holdings Sdn Bhd

* Deemed interested by virtue of his wife, children and his shareholding in Khor Teng Tong Holdings Sdn Bhd as well as her daughter's direct shareholding in Jaya Sri Rambai Sdn Bhd.

Mandin Garden Sdn Bhd

Principal Activities	:	Investment holding company
Directors	:	Seow Kim Fong Khor San Leng Khor Siang Gin
Substantial shareholders	:	A wholly owned subsidiary company of Khor Teng Tong Holdings Sdn Bhd

Taman Nibong Tebal Sdn Bhd

Principal Activities	:	Investment holding company
Directors	:	Khor Bung Leng Khor Siang Gin

Substantial shareholders :-

Name	←-----No. of shares held----->			
	Direct	%	Indirect	%
Khor Bung Leng	88,000	10.67	737,002+	89.33
Dato' Khor Teng Tong	328,251	39.79	496,751*	60.21
Mandin Garden Sdn Bhd	252,001	30.55	-	-
Khor Siang Gin	156,750	19.00	668,252^	81.00

Note : + Deemed interested by virtue of her father and brother's direct shareholding in the company and Mandin Garden Sdn Bhd being a wholly owned subsidiary company of Khor Teng Tong Holdings Sdn Bhd.

15 STATUTORY AND GENERAL INFORMATION (Cont'd)

* *Deemed interested by virtue of his children's direct shareholding in the company and Mandin Garden Sdn Bhd being a wholly owned subsidiary company of Khor Teng Tong Holdings Sdn Bhd.*

^ *Deemed interested by virtue of his father and sister's direct shareholding in the company and Mandin Garden Sdn Bhd being a wholly owned subsidiary company of Khor Teng Tong Holdings Sdn Bhd.*

- (i) Save for Dato' Khor Teng Tong, Khor Teng Tong Holdings Sdn Bhd, Hunza Usaha Sdn Bhd, Taman Nibong Tebal Sdn Bhd, Mandin Garden Sdn Bhd, Jaya Sri Rambai Sdn Bhd, Ooi Lay See, Khor Peng Seah, Dato' Hj Mohamed bin Yeop Abdul Raof, Datuk Zubir bin Haji Ali, Ong Lye Seng, Dr Rafi Ahmad bin Abdul Muthalip and Abd Ghani bin Ali Kadir who are interested in the Conditional Share Sale Agreements dated 1 November 1999 as set out in Section 15.5, as at the date of this Prospectus, none of the other Directors or the substantial shareholders are materially interested in any contract or arrangement subsisting at the date of the prospectus which is significant in relation to the business of the Group.
- (j) Save as disclosed below, none of the Directors or the substantial shareholders are interested, directly or indirectly, in any business carrying a similar trade as the Company and its subsidiary companies and which is not quoted on a recognised stock exchange:-
- (i) Ong Lye Seng is appointed executive director of Pembinaan Loma Sdn Bhd on 19 July 1999. He owns 50% equity shareholding in this construction company.
- (k) No option to subscribe for securities of the Company or any of its subsidiary companies was granted to or exercised by any Directors during the last financial year.

15.4 General Information

- (a) The nature of HPB's business is set out in Section 8 of this Prospectus. The names of all corporations which are deemed to be related to the Company by virtue of Section 6 of the Companies Act, 1965 and their respective principal activities are set out under the same section of this Prospectus.
- (b) The time of the opening of the Application Lists is set out in Section 14.1 of this Prospectus.
- (c) The amount payable in full on application of the Public Issue is RM1.60 per new ordinary share.
- (d) As at the date of this Prospectus, the Company and its subsidiaries do not have any convertible debt securities.
- (e) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 14.2 of this Prospectus.
- (f) The name and address of the Auditors and Reporting Accountants of the Company are set out in Section 4 of this Prospectus.
- (g) (i) Underwriting commission is payable to the Managing Underwriter and Underwriters at the rate of 1.5% of the issue price of RM1.60 per ordinary share on the ordinary shares being underwritten which form the subject of this Prospectus by HPB.

15 STATUTORY AND GENERAL INFORMATION (Cont'd)

- (ii) Brokerage will be paid by the Company at the rate of 1% of the issue price of RM1.60 per ordinary share to the parties in the circumstances specified in Section 6.5 of this Prospectus.
- (iii) Expenses incidental to the listing of and quotation for the entire enlarged issued and paid-up capital of the Company on the Main Board of the KLSE amounting to approximately RM2,500,000 will be borne by the Company.
- (h) Save for item (g) above, no commission, discounts, brokerages or other special terms has been paid or is payable by the Company or its subsidiaries within the two (2) preceding years in connection with the issue or sale of any capital of the companies or any of its subsidiaries and no Director or proposed Director or promoter or expert is entitled to receive any such payment.
- (i) No amount or benefit has been paid or given within the two (2) preceding years of the date hereof nor is it intended to be so paid or given, to any promoter.
- (j) The Company has not established a place of business outside Malaysia.
- (k) Save as disclosed in the proforma consolidated profit forecast and assumptions of the Company and its subsidiary companies, the Directors are not aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company and its subsidiaries.
- (l) The financial conditions and operations of the Company and its subsidiaries are not affected by any of the following:
 - (i) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Company's or the Group's liquidity increasing or decreasing in any material way;
 - (ii) material commitments for capital expenditure;
 - (iii) unusual or infrequent events or transaction or any significant economic changes that materially affected the amount of reported income from the operations; and
 - (iv) known trends or uncertainties that have had or the Company or the Group reasonably expects to have a material favourable or unfavourable impact on revenues or operating income.
- (m) During the last financial year and the current financial year, there were no:
 - (i) public take-over offers by third parties in respect of the Company's shares; and
 - (ii) public take-over offers by the Company in respect of other company's shares.
- (n) No property has been acquired or is proposed to be acquired by the Company or its subsidiary companies in contemplation of the Public Issue.
- (o) There is no present intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company other than the Public Issue, the subject matter of this Prospectus.

15 STATUTORY AND GENERAL INFORMATION (Cont'd)

15.5 Material Contracts

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered in the ordinary course of business) which have been entered into by the Company and its subsidiaries within the two (2) years preceding the date of this Prospectus:

- (a) On 5 August 1998, HHoldings entered into a Share Sale Agreement with Khaw Thean Soo for the purchase of 3,000 ordinary shares in HVentures for a consideration of RM300,000;
- (b) On 29 September 1998, HHoldings entered into a Share Sale Agreement with Seow Gaik Soo and Phang Eong Sin for the sale of 25,000 ordinary shares in Capland Property Management Sdn Bhd (formerly known as Hunza Property Management Sdn Bhd) for a consideration of RM25,000;
- (c) On 29 September 1998, HParade entered into a Share Sale Agreement with Chan Wee Sin and Koid Say Boo for the sale of the entire issued and paid-up capital in Diamaward Sdn Bhd for a consideration of RM250,000. A further supplemental agreement dated 28 June 1999, between the parties has varied the terms in respect of the release and discharge of Guarantees and Indemnities contained in clause 17 of the Share Sale Agreement. The guarantees given by HParade was subsequently released and discharged by the bankers vide their letter dated 19 January 2000;
- (d) On 29 September 1998, HPK entered into a Share Sale Agreement with Phang Eong Sin and Lucy Chee Lean Looi for the sale of the entire issued and paid up capital in Capital Garden Landscaping Sdn Bhd (*formerly known as Hunza Landscaping & Nursery Sdn Bhd*) for a consideration of RM10,000. A further supplement agreement dated 28 June 1999, between the parties has varied the terms in respect of the release and discharge of Guarantees and Indemnities contained in clause 17 of the Share Sale Agreement. The guarantees given by HPK was subsequently released and discharged by the bankers vide their letter dated 19 January 2000;
- (e) On 2 November 1998, a Deed of Assignment was made between Khor Teng Tong Holdings Sdn Bhd ("the Assignor") and Qurozor ("the Assignee") whereby the Assignor assigns absolutely to the Assignee all its present and future rights, interest, liabilities and obligations in and under the Agreement and Supplemental Agreement both dated 10 December 1997 made between Poh Su Seah Cheah Kongsii alias Sek Tong Cheah Si Seh Tek Tong Hock Haw Kongsii (a society registered under the Societies Act 1966) of one part and the Assignor of the other part to develop part of the land known as Lot Nos. 3602, 3603, 3604 and 3605, Mukim 18, North East District, Penang comprised in Geran No. 22964, 22965, Geran Mukim No. GM 65 and Geran Mukim No. 205 respectively into a mix commercial and residential development;
- (f) On 30 November 1998, HHoldings entered into a Share Sale Agreement with Seow Kim Fong for the purchase of 55,000 ordinary shares of RM1.00 each in HLand by the issuance and allotment of 50,000 ordinary shares in HHoldings;

15 STATUTORY AND GENERAL INFORMATION (Cont'd)

- (g) A conditional Share Sale Agreement dated 16 December 1998 between HPB and the vendors of HHoldings, namely Dato' Khor Teng Tong, Khor Teng Tong Holdings Sdn Bhd, Mandin Garden Sdn Bhd, Jaya Sri Rambai Sdn Bhd, Taman Nibong Tebal Sdn Bhd, Ooi Lay See, Khor Peng Seah, Datuk Zubir bin Haji Ali, Dato' Hj Mohamed bin Yeop Abdul Raof, Omar bin Ab. Wahab, Ooi Lay Yen, Ooi Lay Kin, Tang Yoke Leng, Tang Wei Ping, Tang Sze Ning, Tang Ai Hua, Ong Lye Seng, Chan Wee Sin, Lee Hack Teik, Khor Chiew Chooi, Koay Kar Huah, H'ng Ah Tong @ H'ng Chai Ting, Lim Kim Leng, Tan Puah Khin, Teh Chor Heng, Loh Lam Peng and Seow Kim Fong, for the acquisition of 4,713,678 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of HHoldings for a purchase consideration of RM39,469,709 to be satisfied by the issuance of 31,587,000 new ordinary shares in HPB of RM1.00 each;
- (h) A conditional Share Sale Agreement dated 16 December 1998 between HPB and the vendors of HUV, namely Hunza Usaha Sdn Bhd, for the acquisition of 25,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of HUV for a purchase consideration of RM8,233,024 to be satisfied by the issuance of 6,781,000 new ordinary shares in HPB of RM1.00 each;
- (i) A conditional Share Sale Agreement dated 16 December 1998 between HPB and the vendors of Masuka, Dr Rafi Ahmad bin Abdul Muthalip and Abd Ghani bin Ali Kadir, for the acquisition of 1,530,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Masuka for a purchase consideration of RM6,083,728 to be satisfied by the issuance of 4,889,000 new ordinary shares in HPB of RM1.00 each;
- (j) A conditional Share Sale Agreement dated 16 December 1998 between HPB and the vendors of Qurozor, namely Khor Teng Tong Holdings Sdn Bhd, for the acquisition of 500,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Qurozor for a purchase consideration of RM861,086 to be satisfied by the issuance of 692,000 new ordinary shares in HPB of RM1.00 each;

However, the following execution of the 4 fresh agreements is required as HPB wishes to revise the purchase consideration of the sale shares, consideration shares to be issued by HPB and the issue price of the consideration shares in view of the fact that the SC has increased the minimum paid up capital of a company to be admitted to the main board of the KLSE from RM40 million to RM60 million.

The terms and conditions of the new Shares Sale Agreements are identical and similar to those four abovementioned agreements save for changes in the purchase consideration of sales shares, consideration shares to be issued by HPB and the issue price of the consideration shares.

The effect of the execution of the 4 fresh agreements listed below, is that the 4 abovementioned agreements (g) to (j) were rescinded.

15 STATUTORY AND GENERAL INFORMATION (Cont'd)

- (k) A conditional Share Sale Agreement dated 1 November 1999 between HPB and the vendors of HHoldings, namely Dato' Khor Teng Tong, Khor Teng Tong Holdings Sdn Bhd, Mandin Garden Sdn Bhd, Jaya Sri Rambai Sdn Bhd, Taman Nibong Tebal Sdn Bhd, Ooi Lay See, Khor Peng Seah, Datuk Zubir bin Haji Ali, Dato' Hj Mohamed bin Yeop Abdul Raof, Omar bin Ab. Wahab, Ooi Lay Yen, Ooi Lay Kin, Tang Yoke Leng, Tang Wei Ping, Tang Sze Ning, Tang Ai Hua, Ong Lye Seng, Chan Wee Sin, Lee Hack Teik, Khor Chiew Chooi, Koay Kar Huah, H'ng Ah Tong @ H'ng Chai Ting, Lim Kim Leng, Tan Puah Khin, Teh Chor Heng, Loh Lam Peng and Seow Kim Fong, for the acquisition of 4,713,678 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of HHoldings for a purchase consideration of RM40,236,734 to be satisfied by the issuance of 32,729,000 new ordinary shares in HPB of RM1.00 each;
- (l) A conditional Share Sale Agreement dated 1 November 1999 between HPB and the vendors of HUV, namely Hunza Usaha Sdn Bhd, for the acquisition of 25,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of HUV for a purchase consideration of RM9,326,428 to be satisfied by the issuance of 7,725,000 new ordinary shares in HPB of RM1.00 each;
- (m) A conditional Share Sale Agreement dated 1 November 1999 between HPB and the vendors of Masuka, Dr Rafi Ahmad bin Abdul Muthalip and Abd Ghani bin Ali Kadir, for the acquisition of 1,530,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Masuka for a purchase consideration of RM6,955,554 to be satisfied by the issuance of 6,192,000 new ordinary shares in HPB of RM1.00 each;
- (n) A conditional Share Sale Agreement dated 1 November 1999 between HPB and the vendors of Qurozor, namely Khor Teng Tong Holdings Sdn Bhd, for the acquisition of 500,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Qurozor for a purchase consideration of RM982,379 to be satisfied by the issuance of 720,000 new ordinary shares in HPB of RM1.00 each;
- (o) Underwriting Agreement dated 10 December 1999 between HPB and the Underwriters for the underwriting of 5,491,000 ordinary shares of RM1.00 each under the Public Issue and any shares not taken by the eligible Directors and employees of the Group for an underwriting commission of 1.5% of the issue price of RM1.60 per ordinary share;
- (p) Sale and Purchase Agreement and Supplemental Agreement dated 4 November 1999 between Masuka and Yeoh Ban Thye for the disposal by Masuka to Yeoh Ban Thye of the property known as Unit No. 2-4-3 Villa Indah, at the disposal price of RM408,000*; and
- (q) Sale and Purchase Agreement dated 16 December 1999, between Masuka and Saw Ai Eng and Saw Kim Hong for the sale by Masuka and the purchase by Saw Ai Eng and Saw Kim Hong of the property known as Unit No. 2-6-3 Villa Indah, at the disposal price of RM422,000*.

*Note : * Collectively both the selling price of the above units exceed the market value (refer to Valuation Certificate in Section 13) valued by the independent valuers.*

15 STATUTORY AND GENERAL INFORMATION (Cont'd)

15.6 Material Litigation

The HPB Group is presently not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the HPB Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of HPB and its subsidiaries.

15.7 Consents

- (a) The written consents of the Adviser and Managing Underwriter, Underwriters, Auditors and Reporting Accountants, Principal Bankers, Solicitors, Valuers, Property Market Consultants, Issuing House and Registrars to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (b) The written consent of the Company's Auditors and Reporting Accountants to the inclusion in this Prospectus of their Accountants' Report and their letters relating to the Consolidated Profit Forecast and Proforma Consolidated Balance Sheets in the manner and form in which they appear in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (c) The written consent of the Valuers to the inclusive in this Prospectus of their Valuation Certificate in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

15.8 Documents For Inspection

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

- (a) Memorandum and Articles of Association of the Company;
- (b) Directors' Report and Accountants' Report as included herein;
- (c) The Reporting Accountants' Letters relating to the Consolidated Profit Forecast and the Proforma Consolidated Balance Sheets of the Company as included herein;
- (d) The audited accounts of HPB and its subsidiaries for the past five (5) years ended 30 June 1999 and four (4) months period ended 31 October 1999, where applicable;
- (e) The letters of consent referred to under Section 15.7 above;
- (f) The material contracts referred to in Section 15.5 above; and
- (g) Valuation Reports and Valuers' Certificate on the properties of the HPB Group prepared by Rahim & Co Chartered Surveyors (Penang) Sdn Bhd.

15 **STATUTORY AND GENERAL INFORMATION (Cont'd)**

15.9 Responsibility

- (a) Aseambankers, acknowledges that to the best of its knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Public Issue and HPB, and is satisfied that the Consolidated Profit Forecast (for which the Directors of the Group are solely responsible) have been stated by the Directors of the Company after due and careful enquiry.

- (b) This Prospectus has been seen and approved by the Directors of the Company and they individually and collectively accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Prospectus misleading.

