

THE APPROVAL OF THE SECURITIES COMMISSION (“SC”) SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PROPOSALS NOR THE PUBLIC ISSUE OF 9,180,000 NEW ORDINARY SHARES OF RM1.00 EACH IN PAOS HOLDINGS BERHAD (“PHB”) AT AN ISSUE PRICE OF RM2.00 PER ORDINARY SHARE. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF ANY INVESTMENT.

THE ISSUE PRICE OF RM2.00 PER SHARE WAS ENTIRELY DETERMINED AND AGREED UPON BY PHB AND THE UNDERWRITERS BASED ON VARIOUS RELEVANT FACTORS. INVESTORS SHOULD FORM THEIR OWN VIEWS ON THE VALUATION OF THE SECURITIES AND THE REASONABLENESS OF THE BASES USED.

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

THE KUALA LUMPUR STOCK EXCHANGE (“KLSE”) ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE MAIN BOARD OF THE KLSE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE PHB GROUP OR ITS ORDINARY SHARES.

THE REPORTING ACCOUNTANTS’ RESPONSIBILITY WITH REGARDS TO THIS PROSPECTUS DOES NOT EXTEND BEYOND THE ACCOUNTANTS REPORT AND THAT, APART FROM THE SAID REPORT, THE REPORTING ACCOUNTANTS HAVE HAD NO INVOLVEMENT IN THE PREPARATION OF THIS PROSPECTUS.

DEFINITIONS

Unless otherwise stated, the following definitions shall apply throughout this Prospectus:-

“Act”	:	Companies Act, 1965
“ADA”	:	Authorised Depository Agent
“ADA Code”	:	ADA (Broker) Code
“ALSB”	:	Alpine Legacy (M) Sdn Bhd (324171-U), a wholly owned subsidiary of POISB
“Acquisition of PISB”	:	The acquisition of the entire issued and paid-up capital of PISB comprising 5,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM29,491,069 satisfied by the issue of 24,475,438 new ordinary shares of RM1.00 each in PHB at an issue price of approximately RM1.20 per share
“Acquisition of POISB”	:	The acquisition of the entire issued and paid-up capital of POISB comprising 3,100,000 ordinary shares of RM1.00 each for a purchase consideration of RM8,946,038 satisfied by the issue of 7,424,560 new ordinary shares of RM1.00 each in PHB at an issue price of approximately RM1.20 per share
“Acquisitions”	:	The Acquisition of PISB and the Acquisition of POISB collectively
“Application”	:	The application for the Public Issue Shares by way of Application Forms or by way of Electronic Share Application
“Application Form”	:	The Application for Public Issue Shares by way of a printed application form
“ATM”	:	Automated Teller Machine
“CDS”	:	Central Depository System
“EGM”	:	Extraordinary General Meeting
“Electronic Application”	:	Application for Public Issue Shares through a Participating Financial Institution’s ATM
“EPS”	:	Earnings per share
“FIC”	:	Foreign Investment Committee
“KLSE”	:	Kuala Lumpur Stock Exchange (30632-P)
“MCD”	:	Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary company of the KLSE
“MIH”	:	Malaysian Issuing House Sdn Bhd (258345-X)

DEFINITIONS (Cont'd)

“MITI”	:	Ministry of International Trade and Industry
“mt”	:	Metric tonne
“NTA”	:	Net tangible assets
“PAMB”	:	Perwira Affin Merchant Bank Berhad (9999-V)
“Participating Financial Institution(s)”	:	Participating financial institutions for Electronic Share Application as listed in Section 14.9 of this Prospectus
“PE multiple”	:	Price-earnings multiple
“PHB” or “Company”	:	Paos Holdings Berhad (452536-W)
“PHB Group” or “Group”	:	PHB and its subsidiary companies
“PISB”	:	Paos Industries Sdn Bhd (124693-X), wholly owned subsidiary of PHB
“POISB”	:	Premier Oil Industries Sdn Bhd (303289-A), a wholly owned subsidiary of PHB
“Proposed Flotation”	:	The proposed flotation of PHB on the Main Board of the KLSE comprising the following stages:- Stage 1 : Public issue of 9,180,000 new ordinary shares of RM1.00 each in PHB at an issue price of RM2.00 per share Stage 2 : Listing of and quotation for the entire issued and paid-up share capital of PHB comprising 60,000,000 ordinary shares of RM1.00 each on the Main Board of the KLSE
“Public Issue” or “ Issue”	:	The proposed public issue by PHB of 9,180,000 new ordinary shares of RM1.00 in PHB at an issue price of RM2.00
“Public Issue Shares”	:	The 9,180,000 new ordinary shares of RM1.00 each in PHB to be issued pursuant to the Public Issue
“Rights Issue”	:	The rights issue of 18,920,000 new ordinary shares of RM1.00 each at RM1.05 each in PHB on the basis of approximately five hundred ninety three (593) new ordinary shares for every one thousand (1,000) ordinary shares held after the Acquisitions
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“ROC”	:	Registrar of Companies, Malaysia
“SC”	:	Securities Commission

CONTENTS

	Page
1. SUMMARY INFORMATION	1
2. CORPORATE INFORMATION	6
3. INVESTMENT CONSIDERATIONS	11
4. INTRODUCTION	13
5. SHARE CAPITAL	14
6. INFORMATION ON THE PHB GROUP	15
6.1 History and Principal Activities	15
6.2 Share Capital	15
6.3 Restructuring Scheme	16
6.4 Business Overview of the PHB Group	18
6.5 The Promoter	29
6.6 Directors and Management Team	29
6.7 Subsidiary and Associated Companies	34
6.8 Properties	41
7. PARTICULARS OF THE PUBLIC ISSUE	42
7.1 Opening and Closing of Application Lists	42
7.2 Details of the Public Issue	42
7.3 Basis of Arriving at the Issue Price	42
7.4 Purposes of the Public Issue	43
7.5 Proceeds of the Rights Issue and the Public Issue	43
7.6 Brokerage and Underwriting Commission	45
8. INDUSTRY OVERVIEW	46
9. FUTURE PLANS	49
10. FINANCIAL INFORMATION	50
10.1 Profit and Dividend Records	50
10.2 Working Capital, Borrowings, Contingent Liabilities and Capital Commitment	51
10.3 Consolidated Profit Estimate and Forecast together with the Assumptions thereto	52

CONTENTS (Cont'd)

	Page
10.4 Reporting Accountants' Letter on the Proforma Consolidated Profit Estimate and Consolidated Profit Forecast	55
10.5 Proforma Consolidated Balance Sheets	56
10.6 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets	60
10.7 Dividend Estimate and Forecast	61
11. DIRECTORS' REPORT	62
12. ACCOUNTANTS' REPORT	63
13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION	88
13.1 Share Capital	88
13.2 Articles of Association	88
13.3 Directors and Substantial Shareholders	99
13.4 General Information	102
13.5 Material Contracts	103
13.6 Material Litigation	104
13.7 Public Take-Overs	104
13.8 Consents	105
13.9 Documents for Inspection	105
13.10 Responsibility	106
14. PROCEDURE FOR APPLICATION AND ACCEPTANCE	107
14.1 Opening and Closing of Application Lists	107
14.2 Application Forms	107
14.3 Procedure for Application	107
14.4 Applications and Acceptances	109
14.5 CDS Account	111
14.6 Notice of Allotment	111
14.7 Formalising CDS Account	111
14.8 Terms and Conditions for Electronic Share Application	112
14.9 Steps for Electronic Share Application through a Participating Financial Institutions' ATM	116
14.10 List of ADAs	117



PAOS HOLDINGS BERHAD

(Incorporated in Malaysia under the Companies Act, 1965)

1. SUMMARY INFORMATION

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

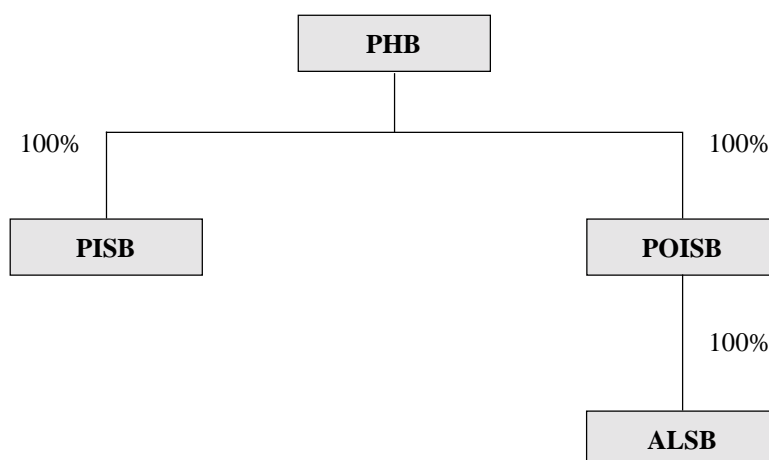
1.1 History and Business

PHB was incorporated in Malaysia as a public limited company under the Companies Act, 1965 on 11 November 1997 to be the listing vehicle for the purpose of flotation of PHB Group on the Main Board of the KLSE.

The principal activity of PHB is that of investment holding. The principal activities of the companies within the Group are as follows:-

Subsidiary company	Principal activities
PISB	Manufacturing and distribution of soap and its related products, and trading of specialty fats from palm oil
POISB	Manufacturing of specialty fats and animal feed from palm oil
ALSB	Dormant

The structure of the PHB Group is as follows:-



1. SUMMARY INFORMATION (Cont'd)

1.2 Financial Highlights

The following, as extracted from the Accountant's Report set out in section 12 of this Prospectus, is a summary of the proforma consolidated financial results of the PHB Group for the past five (5) financial years ended 31 May 1999 and the seven (7) months ended 31 December 1999, based on the assumption that the Group had been in existence since 1 June 1994:-

	Proforma					Audited
	<----- Year ended 31 May ----->					7 months
	1995	1996	1997	1998	1999	ended 31
	RM'000	RM'000	RM'000	RM'000	RM'000	December
						1999
						RM'000
Turnover	80,184	90,223	117,312	198,894	288,564	105,685
Profit before depreciation and interest	3,106	8,417	10,495	16,725	19,163	14,048
Depreciation	(358)	(1,173)	(1,347)	(1,804)	(3,423)	(2,762)
Interest expense	(632)	(1,685)	(2,093)	(4,975)	(5,339)	(2,186)
Interest income	12	154	301	605	612	152
Profit before taxation	2,128	5,713	7,356	10,551	11,013	9,252
Taxation	(754)	(1,927)	(1,947)	(958)	(554)	(2,026)
Profit after taxation	1,374	3,786	5,409	9,593	10,459	7,226
Proforma no. of ordinary shares in issue ('000)	31,900	31,900	31,900	31,900	31,900	31,900
Earnings per share (sen)						
– Gross	6.7	17.9	23.1	33.1	34.5	49.7 *
– Net	4.3	11.9	17.0	30.1	32.8	38.8 *
Gross dividend (%)	–	–	–	–	–	–

* Annualised

Notes:-

- (i) The proforma consolidated results of PHB Group have been prepared for illustrative only and are based on the audited accounts of PISB and POISB after making such adjustments considered necessary.

1. SUMMARY INFORMATION (Cont'd)

- (ii) *The accounting year end of PHB Group is 31 May. The results of POISB whose financial year end were 30 November have been consolidated after making such adjustments considered necessary to be coterminous with the financial year end of the Group.*
- (iii) *The proforma number of shares in issue is based on the issued and paid-up share capital of PHB after taking into account the shares issued by PHB for the Acquisitions.*
- (iv) *There were no extraordinary items in respect of the above financial years/period under review.*
- (v) *The increase in turnover and operating profit before taxation during 1995 to 1997 were in line with the strong Malaysian and Asian economy and the growth in the industrial sector. PISB has managed to increase its sales locally and overseas.*
- (vi) *The turnover increased in 1998 was mainly due to the increase in demand of soap chips in PISB and the increase in the palm oil prices.*
- (vii) *In 1999, POISB increased its production capacity to produce specialty fats and has contributed to increase the group's turnover. However, the increase was slightly offset by the declining palm oil prices then.*
- (viii) *No provision for taxation was made in 1999 for PISB in view of the tax waiver pursuant to the Income Tax (Amendment) Act 1999. For POISB, the provision for tax was made in the financial year ended 30 November 1998 of which 6 months ended 30 November 1998 was included in the performance of the Group for the year ended 1999.*
- (ix) *The increase in profit for the 7-month ended 31 December 1999 was mainly due to the commencement of contract manufacturing of animal feed from palm oil for a customer in POISB. POISB received a fixed monthly processing fee from the customer.*
- (x) *The turnover for the 7-month ended 31 December 1999 after annualising was RM181 million and was lower than that of 1998. This was mainly due to the declining palm oil prices.*

1.3 Principal Statistics Relating to the Public Issue

(i) Share Capital

	RM
<i>Authorised</i>	
100,000,000 ordinary shares of RM1.00 each	100,000,000
<i>Issued and paid-up as at the date of this Prospectus</i>	
50,820,000 ordinary shares of RM1.00 each	50,820,000
<i>To be issued pursuant to the Public Issue</i>	
9,180,000 new ordinary shares of RM1.00 each	9,180,000
	<u>60,000,000</u>

1. SUMMARY INFORMATION *(Cont'd)*

(ii) Issue price per ordinary share of RM1.00 each (RM) 2.00

(iii) Proforma Consolidated NTA

	RM
Proforma consolidated NTA as at 31 December 1999 (RM'000) <i>(after incorporating the estimated listing expenses of RM2,000,000 and adjusted for the Acquisitions, the Rights Issue and the Public Issue)</i>	82,343
Proforma consolidated NTA per share (RM) <i>(based on the enlarged share capital of 60,000,000 ordinary shares of RM1.00 each)</i>	1.37

(iv) Consolidated Profit Estimate and Forecast

	ESTIMATE Year ended 31 May 2000 RM'000	FORECAST Year ending 31 May 2001 RM'000
Consolidated profit before taxation (RM'000)	15,064	19,790
Taxation	(3,000)	(4,136)
Consolidated profit after taxation (RM'000)	12,064	15,654
Gross EPS (sen)	47.2 *	33.0 ^
Net EPS (sen)	37.8 *	26.1 ^
Gross PE Multiple based on issue price of RM2.00 per ordinary share (times)	4.2	6.1
Net PE Multiple based on issue price of RM2.00 per ordinary share (times)	5.3	7.7
* <i>Based on the proforma number of shares after the Acquisitions of 31,900,000 ordinary shares of RM1.00 each assuming the Group has been in existence throughout the financial year.</i>		
^ <i>Based on the enlarged issued and paid-up share capital of 60,000,000 ordinary shares of RM1.00 each.</i>		

1. SUMMARY INFORMATION (Cont'd)

(v) Dividend Estimate and Forecast

	ESTIMATE Year ended 31 May 2000 RM'000	FORECAST Year ending 31 May 2001 RM'000
Gross dividend per share (sen)	–	4.3
Net dividend per share (sen)	–	3.1
Gross dividend yield (%)*	–	2.2
Net dividend yield (%)*	–	1.6
Net dividend cover (times)	–	8.4

* *Based on the issue price of RM2.00 per share*

2. CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Dato' Lim Tong Yong @ Lim Tong Yaim	No. 109-37-3 Bistari Condominium Jalan 1/64D Off Jalan Putra 50350 Kuala Lumpur	Executive Chairman	Malaysian
Tan Sri Abdullah Sanusi Ahmad	No. 9, Jalan 14/48 46100 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Lim Tong Hai @ Lim Ah Jee	No. 61, SS 19/4 47500 Subang Jaya Selangor Darul Ehsan	Company Director	Malaysian
Wang Hak Tham @ Wong Hak Tham	45, Taman Murugasu Jalan Dato Siamang Gagap 70400 Seremban Negeri Sembilan Darul Khusus	Company Director	Malaysian
Md. Azar bin Ismail	43, Lorong 5/4H 46000 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian

AUDIT COMMITTEE

Name	Responsibility	Directorship
Tan Sri Abdullah Sanusi Ahmad	Chairman	Non-executive and independent director
Wang Hak Tham @ Wong Hak Tham	Member	Non-executive and independent director
Dato' Lim Tong Yong @ Lim Tong Yaim	Member	Executive Chairman

2. CORPORATE INFORMATION (Cont'd)

SUBSTANTIAL SHAREHOLDERS

Before the Public Issue

Name of substantial shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Dato' Lim Tong Yong @ Lim Tong Yaim	32,761,944	64.47	–	–
Md. Azar bin Ismail	9,180,380	18.06	–	–
Hanapi bin Suliman	2,950,842	5.81	–	–
Datin Khadijah binti Mohd Yasin	2,950,842	5.81	–	–
Siti Hawa binti Mohd Nor	2,950,842	5.81	–	–

After the Public Issue

Name of substantial shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Dato' Lim Tong Yong @ Lim Tong Yaim	32,771,944*	54.62	–	–
Md. Azar bin Ismail	9,190,380*	15.32	–	–
Hanapi bin Suliman	2,950,842	4.92	–	–
Datin Khadijah binti Mohd Yasin	2,950,842	4.92	–	–
Siti Hawa binti Mohd Nor	2,950,842	4.92	–	–

2. CORPORATE INFORMATION *(Cont'd)*

- COMPANY SECRETARIES** : Ho Meng Chan
(LS 00292)
5, Jalan 2/28
46000 Petaling Jaya
Selangor Darul Ehsan
- Chan Sow Leng
(MAICSA 0862028)
8, Jalan SS 4C/18
47301 Petaling Jaya
Selangor Darul Ehsan
- REGISTERED OFFICE** : 519, Block A
5th Floor, Kelana Business Centre
97, Jalan SS 7/2, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
- REGISTRARS** : M&C Services Sdn Bhd
11th Floor, Wisma Damansara
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
- PRINCIPAL BANKERS** : The Pacific Bank Berhad
2, Jalan Utas D
Seksyen 15/D
40000 Shah Alam
Selangor Darul Ehsan
- Standard Chartered Bank Malaysia Berhad
2 Jalan Ampang
50814 Kuala Lumpur
- International Bank Malaysia Berhad
65 & 67, 1st Floor, Wisma Ho Po
Changkat Thambi Dollah
Off Jalan Pudu
55100 Kuala Lumpur

2. CORPORATE INFORMATION *(Cont'd)*

PRINCIPAL BANKERS <i>(Cont'd)</i>	:	Bumiputra-Commerce Bank Berhad Bangunan UMNO, Lot P5.5 Persiaran Perbandaran Section 14 40000 Shah Alam Selangor Darul Ehsan Malayan Banking Berhad 44, 46 & 48 Jalan Pinang C 18/C Seksyen 18 40000 Shah Alam Selangor Darul Ehsan Citibank Bank Berhad 19th Floor, Menara Multi Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur RHB Bank Berhad Port Kelang Branch 57, Lebuhraya Berangan Port Kelang 42000 Selangor Darul Ehsan HSBC Bank Malaysia Berhad 1st Floor, Wisma UEP Jalan USJ 10/1A Pusat Perniagaan USJ 10 47620 Subang Jaya
AUDITORS & REPORTING ACCOUNTANTS	:	KPMG Public Accountants Wisma KPMG Jalan Dungun Damansara Heights 50490 Kuala Lumpur
SOLICITORS	:	Sim Hazlina & Co. Advocates and Solicitors Suite 8-12-6 Level 12, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur
ADVISER	:	Perwira Affin Merchant Bank Berhad 27th Floor, Menara Boustead 69 Jalan Raja Chulan 50200 Kuala Lumpur

2. CORPORATE INFORMATION *(Cont'd)*

MANAGING UNDERWRITERS	:	Perwira Affin Merchant Bank Berhad 27th Floor, Menara Boustead 69 Jalan Raja Chulan 50200 Kuala Lumpur
		Hwang-DBS Securities Berhad Level 8 Menara Sri Pinang 60 Green Hall 10200 Pulau Pinang
UNDERWRITERS	:	Perwira Affin Merchant Bank Berhad 27th Floor, Menara Boustead 69 Jalan Raja Chulan 50200 Kuala Lumpur
		Hwang-DBS Securities Berhad Level 8 Menara Sri Pinang 60 Green Hall 10200 Pulau Pinang
		Kuala Lumpur City Securities Sdn Bhd 3.07 Level 3, Bangunan Angkasa Raya Jalan Ampang 50450 Kuala Lumpur
LISTING SOUGHT	:	Main Board of the KLSE

3. INVESTMENT CONSIDERATIONS

Investors should carefully consider the following investment considerations which may not be exhaustive and the future prospects of the Group as well as the industry in which the Group operates as contained in other sections of this Prospectus before considering any investment in the Company:

(i) No Prior Market for PHB Shares

Prior to this Public Issue, there has been no public market for PHB shares. There can be no assurance that an active market for PHB shares will develop upon the Company's listing on the Main Board of the KLSE or if developed, that such market will be sustained.

The issue price for the Public Issue Shares has been determined after taking into consideration a number of factors including, but not limited to, the Company's financial and operating history and condition, prospects of the Company and prospects of the industry in which the Company operates in, the management of the Company, the market prices for shares of companies engaged in businesses similar to that of the Company.

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

(ii) Dependence on the Soap Chips Manufacturers

The Group's main income contributor is mainly from sales of soap chips. This business activity contributes to about 40.2% and 45.7% towards the Group's profit before tax for the financial years ended 31 May 1998 and 1999 respectively. The production of soap chips is contracted out to only a few contract manufacturers capitalising on the excess capacity in the palm oil refinery and soap chips business.

In addition, the Group has relied on Unichema (Malaysia) Sdn Bhd ("Unichema") as the main contract manufacturer representing 77.2% to 39.3% of the total the Group's soap chips production for the five (5) financial years ended 31 May 1999.

As such, no assurance can be given that any disruption or shortage of the supply of soap chips to PHB will not have a material adverse effect on PHB Group's business. However, the Group has an undertaking by Unichema to continue supplying soap chips to the Group for the next three years.

(iii) Business Risks

The Group is subject to certain risks inherent in the palm oil industry. These include, inter alia, availability of raw materials, increase in labour costs, market demand for its products and changes in general economic and business conditions as well as changes in the legal and regulatory framework. Although PHB Group seeks to limit these risks, no assurance can be given that any change to these factors will not have a material adverse effect on PHB Group's business.

(iv) Political, Economic and Regulatory Considerations

The sales of the Groups' subsidiary companies, namely PISB and POISB are exported. The export market includes The People's Republic of China, Vietnam, Cambodia, Laos, South Korea, etc. The export sales comprises 26.5% to 48.0% in PISB and 57.7% to 84.8% in POISB of the total sales for the past five financial years/period ended 31 May 1999 as shown in Section 6.4.6 of this Prospectus. Therefore, adverse developments in political and economic conditions in Malaysia and other countries where the Group is currently marketing its products could materially and adversely affect the financial prospects of the Group. Other political and economic uncertainties include risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, changes in interest rates and methods of taxation and currency exchange controls.

3. INVESTMENT CONSIDERATIONS (Cont'd)

(v) Profit Estimate and Forecast

This Prospectus contains the profit estimate and forecast of the Group for the financial year ended 31 May 2000 and financial year ending 31 May 2001 which are based on reasonable assumptions that are subject to uncertainties and contingencies. As such no assurance can be given that the profit estimate and forecast contained herein will be realised, and actual results may differ materially from the profit estimate and forecast. Investors are deemed to have read and understood the underlying assumptions and uncertainties upon which the financial estimate and forecast has been based.

(vi) Dependence on Key Personnel

As in any other business, the Group believes that its continued success will depend to a significant degree upon the abilities and continued efforts of its existing Directors and senior management of the Group. Any departure of key members of the Board of Directors or senior management team, could adversely affect the Group's continued ability to compete in the industries that the Company operates in. However, every effort is presently made including a succession plan to groom the younger members of the management to gradually take over from the senior members to ensure a smooth transition in the management team should changes occur. The Group's future success will depend upon its ability to attract and retain skilled personnel.

(vii) Control by Substantial Shareholders

Following the completion of the Public Issue, Dato' Lim Tong Yong @ Lim Tong Yaim and Md Azar bin Ismail will own 54.6% and 15.3% of the Company's share capital respectively. As a result, it is likely that Dato' Lim Tong Yong @ Lim Tong Yaim and Md. Azar bin Ismail will be able to control the outcome of certain matters requiring the vote of the Company's shareholders.

(viii) Foreign Exchange Fluctuation

The Group's revenue is mainly denominated in United States Dollar as most of its products exported. The risk of foreign exchange fluctuations has been limited since the imposition of capital control vis-à-vis a fixed exchange rate for RM against USD (RM3.80 to USD1.00) in September 1998. However, no assurance can be given that the uplifting of the aforesaid capital control or a change in the aforesaid fixed exchange rate will not have a material adverse effect on PHB Group's business.

4. INTRODUCTION

This Prospectus is dated 30 June 2000. A copy of this Prospectus has been lodged with and registered by the ROC, who takes no responsibility for its contents.

The approval of the SC shall not be taken to indicate that the SC recommends the Public Issue. Investors should rely on their own evaluation to assess the merits and risks of making an investment.

Application has been made to the KLSE for admission to the Official List and for dealing in and quotation for the entire issued and fully paid-up ordinary shares of PHB, including the Public Issue Shares which is the subject of this Prospectus. Such permission will be granted when the Company has been admitted to the Official List of the KLSE. These ordinary shares of PHB will be admitted to the Official List of the Main Board of the KLSE, and official quotation will commence after the receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of application for the ordinary shares will be conditional upon permission being granted by the KLSE to deal in and quotation for all the issued and fully paid-up share capital of PHB. Monies paid in respect of any application accepted will be returned if the said permission is not granted. The Company is not listed on any other stock exchange and admission to listing is not sought on any other stock exchange.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991 and Section 39(1)(j) of the Companies Acts, 1965, the KLSE has prescribed PHB shares as a prescribed security. In consequence thereof, the shares issued through this Prospectus will be deposited directly with the MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of the MCD.

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

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

The issue price of RM2.00 per share was entirely determined and agreed upon by PHB and the underwriters based on various relevant factors. Investors should form their own views on the valuation of the securities and the reasonableness of the bases used.

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

The distribution of this Prospectus and the making of the Public Issue in certain jurisdictions may be restricted by law. Persons in possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of invitation to subscribe for the Public Issue Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

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

5. SHARE CAPITAL

<i>Authorised</i>	
100,000,000 ordinary shares of RM1.00 each	100,000,000
<i>Issued and paid-up</i>	
50,820,000 ordinary shares of RM1.00 each	50,820,000
<i>To be issued pursuant to the Public Issue</i>	
9,180,000 new ordinary shares of RM1.00 each	9,180,000
	<u>60,000,000</u>

The issue price of RM2.00 per share is payable in full on application.

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

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in PHB shall, in proportion to the amount paid up on the shares held by them, be entitled to share in the whole of the profits paid out by PHB as dividends and other distributions and in respect of the whole of any surplus in the event of the liquidation of the Company, in accordance with the Article of Association of the Company.

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

6. INFORMATION ON THE PHB GROUP

6.1 History and Principal Activities

PHB was incorporated in Malaysia under the Companies Act, 1965 as a public company limited by shares on 11 November 1997 under its present name. The Company was incorporated for the purpose of facilitating its subsequent flotation on the Main Board of the KLSE as described below.

The principal activity of the Company is that of investment holding whilst the principal activities of its subsidiary companies are manufacturing and distribution of soap and its related products and trading of specialty fats from palm oil, manufacturing of specialty fats and animal feed from palm oil.

6.2 Share Capital

The authorised share capital of PHB is RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each, of which 50,820,000 ordinary shares of RM1.00 each have been issued and paid-up.

Details of the changes in the issued and paid-up share capital of the Company since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration	Cumulative issued and paid-up share capital RM
11.11.1997	2	Subscribers' shares	2
01.06.2000	24,475,438	Issued as consideration for the acquisition of the entire equity interest in PISB at an issue price of approximately RM1.20 per share	24,475,440
01.06.2000	7,424,560	Issued as consideration for the acquisition of the entire equity interest in POISB at an issue price of approximately RM1.20 per share	31,900,000
22.06.2000	18,920,000	Rights issue on the basis of approximately 593 : 1000 at an issue price of RM1.05 per share	50,820,000

6. INFORMATION ON THE PHB GROUP (Cont'd)

6.3 Restructuring Scheme

In conjunction with and as an integral part of the admission to the Official List and the listing of and quotation for its entire enlarged issued and paid-up share capital on the Main Board of the KLSE, the Company undertook a restructuring scheme which involves the following:-

(i) Stage I – Acquisitions

Details of the Acquisitions by PHB are as follows:-

- **Acquisition of PISB**

PHB had on 24 November 1997 entered into a conditional sale and purchase agreement and subsequently on 1 June 2000, entered into a supplemental sale and purchase agreement with the shareholders of PISB for the acquisition of the entire issued and paid-up share capital of PISB comprising 5,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM29,491,069 satisfied by the issue of 24,475,438 new ordinary shares of RM1.00 each in PHB at an issue price of approximately RM1.20 per share, credited as fully paid-up.

The purchase consideration was arrived at based on the audited NTA of PISB as at 31 May 1999 of RM29,491,069.

- **Acquisition of POISB**

PHB had on 24 November 1997 entered into a conditional sale and purchase agreement and subsequently on 1 June 2000, entered into a supplemental sale and purchase agreement with the shareholders of POISB for the acquisition of the entire issued and paid-up share capital of POISB comprising 3,100,000 ordinary shares of RM1.00 each for a purchase consideration of RM8,946,038 satisfied by the issue of 7,424,560 new ordinary shares of RM1.00 each in PHB at an issue price of approximately RM1.20 per share, credited as fully paid-up.

The purchase consideration was arrived at based on the audited NTA of POISB as at 31 May 1999 of RM8,946,038.

The Acquisition of PISB and the Acquisition of POISB were completed on 1 June 2000, and the issued and paid-up share capital of PHB was increased to 31,900,000 ordinary shares of RM1.00 each.

Upon completion of the Acquisitions, Dato' Lim Tong Yong @ Lim Tong Yaim had acquired the two (2) subscribers shares, comprising two (2) ordinary shares of RM1.00 each in PHB for a cash consideration of RM2.00.

6. INFORMATION ON THE PHB GROUP (Cont'd)

The aggregate number of new PHB shares issued to the vendors of the PISB and POISB are tabulated below:-

Vendors	Acquisition of PISB			Acquisition of POISB			After the Acquisitions	
	No. of shares held in PISB	%	No. of PHB shares issued	No. of shares held in POISB	%	No. of PHB shares issued	No. of PHB shares held	%
Dato' Lim Tong Yong @ Lim Tong Yaim	3,222,581	64.45	15,774,815	2,000,000	64.51	4,790,040	20,564,857 *	64.46
Md Azar bin Ismail	903,225	18.06	4,421,365	560,000	18.06	1,341,211	5,762,576	18.06
Hanapi bin Suliman	290,323	5.81	1,421,157	180,000	5.81	431,103	1,852,260	5.81
Datin Khadijah binti Mohd Yasin	290,323	5.81	1,421,157	180,000	5.81	431,103	1,852,260	5.81
Siti Hawa binti Mohd Nor	290,323	5.81	1,421,157	180,000	5.81	431,103	1,852,260	5.81
Lim May Kuin	3,225	0.06	15,787	-	-	-	15,787	0.05
Total	5,000,000	100.00	24,475,438	3,100,000	100.00	7,424,560	31,900,000	100.00

* including two subscribers' shares acquired by Dato' Lim Tong Yong @ Lim Tong Yaim following the completion of the Acquisitions.

(ii) Stage II – Rights Issue

PHB will implement a rights issue of 18,920,000 new ordinary shares of RM1.00 each at an issue price of RM1.05 per share on the basis of approximately five hundred ninety three (593) new ordinary shares for every one thousand (1,000) ordinary shares held after the Acquisitions.

The Rights Issue was completed on 22 June and together with the Acquisitions, the issued and paid-up share capital of PHB was further increased to 50,820,000 ordinary shares of RM1.00 each.

(iii) Stage III – Public Issue

Following the completion of the Acquisitions and the Rights Issue, and in conjunction with the listing of PHB on the Main Board of the KLSE, the Company is undertaking a public issue of 9,180,000 new ordinary shares of RM1.00 each at an issue price of RM2.00 per ordinary share to the Malaysian public, Directors, eligible employees of PHB Group and parties that have contributed to the success of the Group.

Upon the completion of Stage (I), (II) and (III) above, the Company's issued and paid-up share capital of PHB will increase to 60,000,000 ordinary shares of RM1.00 each.

6. INFORMATION ON THE PHB GROUP *(Cont'd)*

(iv) Stage IV – Listing and Quotation

Upon the completion of the three (3) stages above, the Company will be admitted to the Official List and the listing of and quotation for the entire issued and paid-up share capital of PHB comprising 60,000,000 ordinary shares of RM1.00 each on the Main Board of the KLSE.

All the ordinary shares of PHB issued pursuant to the Acquisitions and the Rights Issue ranked *pari passu* in all respects with the other existing ordinary shares of PHB including voting rights and the rights to all dividends and other distribution that may be declared subsequent to the date of this Prospectus.

The restructuring scheme was approved by SC, MITI and FIC on 21 February 2000, 27 March 2000 and 20 April 2000 respectively.

6.4 Business Overview of PHB Group

PHB Group was founded by Dato' Lim Tong Yong @ Lim Tong Yaim in 1987, with the vision of capitalising the then, much untapped opportunity of the country's 'golden crop'. In its early days, the Group was involved in the trading of palm oil and palm oil-based products. However, the development of the industry via the scientific and nutritional studies on palm oil has provided vast opportunity within the industry as palm oil obtained worldwide acceptance and recognition. At the sametime, the oleochemical development was coming into fore through promotion of palm oil for industrial uses, especially in the making of soap and detergent. In line with these development, the founder, Dato' Lim Tong Yong @ Lim Tong Yaim has successfully steered the Group towards production and export of value added products such as soap chips, finished soap, super olein, palm mid fraction ("PMF"), refined, bleach and deodorised ("RBD") palm stearin, hard stearin and animal feed. Furthermore, he has managed to lead the Group in penetrating the overseas market for its soap chips.

The Group has grown in parallel with the development of the palm oil industry and is currently operating on the international scene wherein its products are mainly exported.

6.4.1 Principal Activities

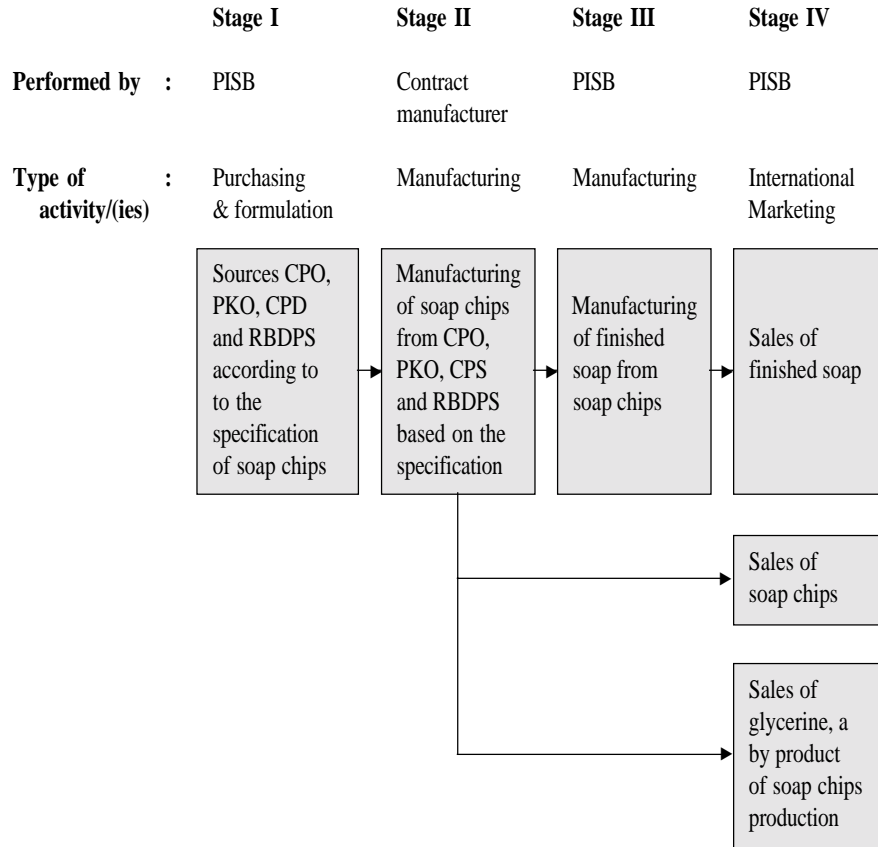
Presently, the Group's principal business activities are described as follows:-

(i) Principal for Contract Manufacturing of Soap Chips

There is an over-capacity in the local refinery and soap chips industry in Malaysia. Hence, the Group has concentrated its resources on the soap chips business by utilising the excess capacity by subcontracting the manufacturing of soap chips to local manufacturers and the local contract manufacturers to manufacture and export soap chips. In addition, there is a higher demand for soap chips, being the intermediate product in the soap making, as compared to finished soap in countries such as The People's Republic of China and Bangladesh. This is due to the imposition of high import tax on finished soap to protect their local soap production industry.

6. INFORMATION ON THE PHB GROUP (Cont'd)

The business activity of PISB can be summarised in the chart below.



Abbreviation:-

- CPO* ~ *crude palm oil*
- PKO* ~ *palm kernel oil*
- CPS* ~ *crude palm stearin*
- RBDPS* ~ *RBD palm stearin*

As illustrated in the above chart, the company sources the raw materials such as CPO, PKO, CPS and RBDPS from a range of suppliers such as Felda Marketing Services Sdn Bhd, Yee Lee Edible Oil Sdn Bhd, Hup Lee Oil Mill Sdn Bhd and Senawang Edible Oil Sdn Bhd. The Group is not dependent on specific suppliers for the supply of raw materials as there are many suppliers in the market. The raw materials are then delivered to the contract manufacturers for production of soap chips.

Presently, there are only a few companies with manufacturing facilities to produce soap chips, namely Uniqema (Malaysia) Sdn Bhd, Derichem (M) Sdn Bhd, Pan Century Edible Oils Sdn Bhd, Pacific Soap Manufacturing Sdn Bhd, Southern Edible Oils Sdn Bhd and Palm Oleo Sdn Bhd. The Group has cultivated strong working relationships with the contract manufacturers, especially Uniqema (Malaysia) Sdn Bhd.

6. INFORMATION ON THE PHB GROUP (Cont'd)

A summary of the amount of soap chips produced by these contract manufacturers for the Group for the past five (5) financial years ended 31 May 1999 is as follows:-

	Financial year ended 31 May									
	1995		1996		1997		1998		1999	
	mt	%	mt	%	mt	%	mt	%	mt	%
Uniqema (Malaysia) Sdn Bhd	24,620	88.5	25,200	86.9	23,730	89.3	37,091	77.2	24,784	77.8
Pacific Soap Manufacturing Sdn Bhd	1,896	6.8	2,325	8.0	888	3.3	3,704	7.7	5,342	16.8
Pan Century Edible Oil Sdn Bhd	1,314	4.7	820	2.8	360	1.4	2,785	5.8	1,735	5.4
Derichem (M) Sdn Bhd	-	-	666	2.3	1,584	6.0	4,483	9.3	-	-
	27,830	100.0	29,011	100.0	26,562	100.0	48,063	100.0	31,861	100.0

Soap chips produced by the contract manufacturers are exported or further processed by the Group into finished soap. The Group's export market for soap chips include The People's Republic of China, Vietnam, Cambodia, Laos, Macau, Hong Kong, Bangladesh, South Korea, Taiwan, Mongolia and Australia.

In addition, the manufacturing of soap chips would generate a by-product known as glycerine, which can be used, amongst others, in toothpaste, chewing gum, tobacco, paint and pharmaceuticals industries. Depending on the arrangement of each contract, PISB would either export the refined glycerine to The People's Republic of China, South Korea, Vietnam, Mongolia and Bangladesh or sell it to the contract manufacturers.

(ii) Contract Manufacturing of Finished Soap

Another business activity undertaken by the Group is contract manufacturing of finished soap which started in 1990 to cater mainly for the orders of miniature soap from hotels and resorts.

6. INFORMATION ON THE PHB GROUP (Cont'd)

However, through the years of extensive marketing and proper planning, this business segment has achieved a gradual and steady growth. Presently, the Group is not taking orders from hotels and resorts, and is concentrating on contract manufacturing and exporting of finished soap for the following principals:-

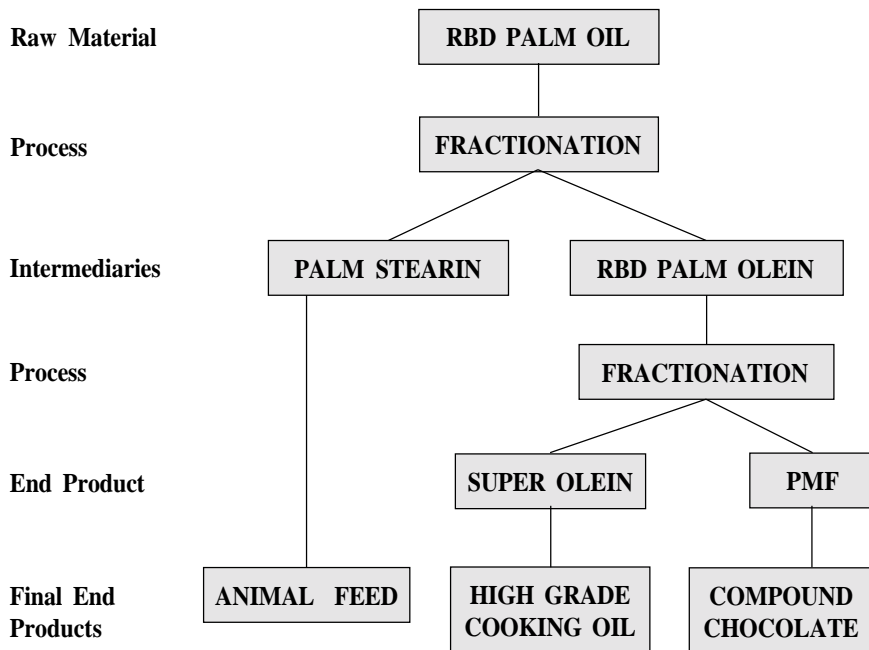
Principal	Country	Brand names
Dae San Industrial Co.	South Korea	New SPA, SPA, Ssuk Dubore, Chamsol, Deluxe Palm and Mild Palm
Le Jour Industry Co. Ltd	Taiwan	Pona, Free Power and Florescence
Ho Hsing Sheng International Trade Limited Company	Taiwan	LEON, PAOS and Luolan
Max Co. Ltd Pola Chemicals Industries, Inc	Japan	La Foret and Max Royal POLA KAORIBANA

It is feasible for the Group to manufacture finished soap in Malaysia and export it to the above developed countries as they impose low import duty on finished soap. Hence, it augurs well with the Group's business activity of contract manufacturing of finished soap.

(iii) Manufacturing of Specialty Fats

The Group's involvement in palm oil processing started in 1994 with the formation of POISB. Presently, the Group produces specialty fats i.e. palm oil-based products such as super olein, PMF, RBD palm stearin and hard stearin.

The production process chart of specialty fats is set out below:-



6. INFORMATION ON THE PHB GROUP *(Cont'd)*

The Group sources the raw materials such as RBD palm oil, for the production of palm oil-based products from a range of palm oil suppliers. The raw materials are delivered to the Group's manufacturing plant in Banting, Selangor for the production process.

Firstly, RBD palm oil is subject to the process of fractionation which involves separation of oil or fats into two or more fractions. In this process, RBD palm oil is crystallised under controlled cooling conditions and then separated into liquid and solid fractions by physical filtration process. A cycle of the fractionation process would take about 7 to 8 hours. Upon completion of the first stage of fractionation, the RBD palm oil would be separated into palm stearin and RBD palm olein.

Subsequent to the first stage of fractionation, palm stearin is processed into animal feed, being the final end product. Whereas, RBD palm olein is further processed into super olein and PMF. Super olein is the high quality cooking oil. It is different from that of normal palm olein as it contains high iodine value¹ ("IV") with better resistance to clouding and has lower slip melting point. The figure "IV" is the measure of liquidness of olein whereas slip melting point is the cut off point (measured in degree celcius) between the hard and liquid features of the olein.

POISB produces super olein from RBD palm olein. POISB's super olein is known for its high quality, measured by IV of 60 to 68, depending on customer's specification. Super olein is exported to Europe where it would be used as an alternative for the process of partial hydrogenation of polyunsaturated oil or seed oil such as sunflower, safflower, soyabean, groundnut, and canola oil. Partial hydrogenation is a process where the content of polyunsaturated acids in the seed oil are reduced to enhance the oxidative stability as well as improve shelf life of the oil. However, blending of up to 30% of super olein with seed oils would give the same result as the process, minus the high cost and the presence of an unwanted element.

PMF is also known as "soft stearin". It is similar in physical features with cocoa butter. Therefore, PMF is a suitable cocoa butter substitute in the production of confectioneries, chocolate and chocolate based products. The high price of cocoa butter and fluctuations in the availability of cocoa beans provides an opportunity for PMF as cocoa butter substitute.

Note:-

1. *Palm Oil Refiners Association of Malaysia ("PORAM") (1989) specification stipulates a minimum iodine value of 60 and maximum slip melting point of 19 degree celcius for olein to be classified as super olein.*

(Source: Management)

6. INFORMATION ON THE PHB GROUP (Cont'd)

(iv) Contract Manufacturing of Animal Feed

Palm stearin produced in the manufacturing of specialty fats as mentioned in section (iii) above can be further processed into animal feed. The Group had in March 1999, commenced commercial production of animal feed after the construction of its animal feed manufacturing plant was completed. This was an extension to its initial palm oil processing plant in Banting.

The Group is the contract manufacturer of animal feed for Berg & Schmidt GmbH, an established animal feed producer in Germany. In this respect, the Group has secured a contract to supply a minimum 2,500 mt of animal feed per month to Berg & Schmidt GmbH for a period of five (5) years expiring on 22 October 2003. Presently, this arrangement constitutes the entire production of the Group's animal feed.

(v) Packing of Cooking Oil

The Group is also involved in the packing of cooking oil with the completion of the renovation of its existing premises at No. 65, Persiaran Selangor, Section 15, 40000 Shah Alam, Selangor Darul Ehsan to house the packing factory, last December 1999. The total development costs of the packing factory was approximately RM1 million and was funded by internally generated funds. The packing factory commenced commercial production on 5 February 2000.

The cooking oil is sourced from local refinery company, Intercontinental Specialty Fats Sdn Bhd. The packed cooking oil is sold to local distributors and restaurant operators. The Group also plans to market the cooking oil overseas in Asia through distributors located in countries where the Group intends to penetrate.

6.4.2 Manufacturing Facilities

Details of the Group's factory and manufacturing plants are as follows:-

Location of factory/ manufacturing plant	Business activity	Production capacity (mt per month)
1. No. 65, Persiaran Selangor Section 15 Shah Alam Selangor Darul Ehsan	(i) Manufacturing of finished soap	6,000
	(ii) Packing of cooking oil	500
2. Lot No. 1 & 3 Jalan Perusahaan 8 Kawasan Perusahaan Banting Selangor Darul Ehsan	(i) Manufacturing of super olein, palm mid fraction, RBD palm stearin and hard stearin	15,000
	(ii) Manufacturing of animal feed	6,000

6. INFORMATION ON THE PHB GROUP (Cont'd)

The Group's finished soap factory is located on 254,850 square feet of leasehold land (expiring 26 March 2071) at No. 65, Persiaran Selangor, Section 15, Shah Alam, Selangor Darul Ehsan. The finished soap factory occupies approximately 30,000 square feet of the above property. It accommodates six (6) complete soap finishing lines with each equipped with weighing machine, mixer, roll mill, vacuum plodder, cutter, presser, metal detector with reject station and reject bin, chiller and condenser. The above machines are complete with inter-connecting and scrap return conveyors and integrated electrical control panels. The mould machines are capable of catering up to 50 different soap shapes and the packaging machine can handle a wide range of packaging and wrapping style, amongst others, plastic wrapping, printed film wrapping, carton wrapping, pillow wrapping. Due to the automated features, each production line requires to be manned by 3 to 4 persons only.

The present total production capacity of the six (6) soap finishing lines is 6,000 mt per month. The soap finishing lines operates on 12-hour shift per day.

The packing factory of the Group is also located at No. 65, Persiaran Selangor, Section 15, Shah Alam, Selangor Darul Ehsan. The built-up area for the packing factory is 4,600 square feet, inclusive of an office for personnel operating the packing lines. There are two (2) packing lines in the factory which have a total production capacity of 500 mt cooking oil per month. Presently there are 4 employees operating the packing lines on one 8-hour shift per day.

The Group's plant for processing palm oil-based products and animal feed is located on 119,356 square feet of leasehold land (expiring on 16 April 2089) at Lot 1 & 3, Jalan Perusahaan 8, Kawasan Pekan Banting, Selangor Darul Ehsan. The built-up area of the plant is approximately 37,452 square feet. The plant consists of two sections which cater for two production processes, i.e. one section for palm oil processing and the other for animal feed production. The two sections are inter-connected by pipelines which are used for transporting the raw materials.

The plant is highly automated with centralised control panel. The production plant is computerised which enable the temperature for the production process to be controlled to precise specification. The plant has the capability of processing 15,000 mt of palm oil-based products per month and 6,000 mt of animal feed per month. The plant is operated by 10 personnel per shift, on three 8-hour shifts per day.

The production level of the finished soap factory and the manufacturing plant over the past five (5) financial years ended 31 May 1999 are as follows:-

Products manufactured by the factory/ plant	Production level Financial year ended 31 May				
	1995 (mt)	1996 (mt)	1997 (mt)	1998 (mt)	1999 (mt)
Finished soap	500	750	1,680	1,750	1,900
Palm oil-based products	–	25,275	37,921	39,843	49,561
Animal feed	–	–	–	–	3,350 *

* The Group only commenced the commercial production of animal feed in March 1999.

6. INFORMATION ON THE PHB GROUP (Cont'd)

6.4.3 Quality Control

As the Group's products are mainly exported, the Group places great emphasis on the quality of the products it manufactures. The quality of the Group's products lies in the precision of its ingredients as well as good quality control practised by the Group as shown below:-

- The raw materials are in accordance with the standard imposed by Palm Oil Refiners Association of Malaysia and are tested prior to their usage in the production. Any raw materials which are not in accordance to the standard will be rejected;
- The finished products undergo a quality check system before they are delivered to customers to ensure the products are within the required specification. For example, Cintex Autosearch Metal Detector machine, which is in compliance with the European Standard of soap manufacturing are installed at the soap finishing lines to detect the presence of any metal component which can harm the end users; and
- The fully automated machines in its Banting plant are capable of producing high quality products and reduces the risk of human error.

6.4.4 Export Market and Distribution Channel

The Group has an established market and distribution channels, both locally and internationally. Presently, the Group's market for soap chips include The People's Republic of China, Indo-China (comprising Cambodia, Vietnam and Laos), Macau, Hong Kong, Bangladesh, South Korea, Taiwan, Mongolia and Australia. Furthermore, strong working relationships established over the years with international soap chips merchants in these countries have enabled PHB to capture the market in their respective countries and accumulate knowledge on its customers' requirements.

The amount (in mt) and percentage of the Group's export of soap chips to each of the above countries for the financial year ended 31 May 1999 are as follows:-

Country	Export of Soap Chips	
	Mt	%
The People's Republic of China	3,474	11.36
Indo-China (comprising Cambodia, Vietnam and Laos)	247	0.81
Hong Kong	13,828	45.24
Bangladesh	9,259	30.29
South Korea	3,118	10.20
Taiwan	402	1.32
Australia	239	0.78
Total export of soap chips	30,567	100.00

Presently, the Group's contract manufacturing of finished soap is carried out mainly for its principals located in Japan, South Korea and Taiwan.

6. INFORMATION ON THE PHB GROUP (Cont'd)

The amount (in mt) and percentage of the Group's export of finished soap to each of the above countries for the financial year ended 31 May 1999 are as follows:-

Country	Export of Soap Soap	
	Mt	%
Japan	22	1.56
South Korea	1,160	82.15
Taiwan	230	16.29
Total export of finished soap	1,412	100.00

The Group mainly exports its palm oil-based products i.e. PMF and super olein to Europe. It has established business relationship with Karlshamns Sweden AB, a Swedish entity which undertake the distribution of the Group's palm oil-based products in the Europe. Besides Europe, the Group also export its palm oil-based products to other countries such as India, Pakistan, Africa, Turkey and Mombasa through a worldwide broker in Singapore. The total export for the Group's palm oil-based products for the financial year ended 31 May 1999 was approximately 46,256 mt, which accounts for 93.3% of its total production.

As for animal feed, the Group is presently selling in bulk to Berg Schmidt GmbH, who markets the animal feed in Europe. For the financial year ended 31 May 1999, the Group has exported its entire production comprising 3,350 mt of animal feed to Berg Schmidt GmbH.

6.4.5 Barriers to Entry

Manufacturing soap to the varying specifications of different foreign brands is predicated on the need for a flexible and automated soap manufacturing system. Therefore, new entrant requires substantial capital investments on the right manufacturing facilities.

New entrants would also require expertise, experience and knowledge about the palm oil industry in order to survive the competition. Amongst the skills and expertise that needs to be acquired include knowledge on the market trend and needs of consumers as well as expertise on the most cost-effective methods of production. As such, to certain extent it deters new entrants from entering the market. The Group possesses knowledge on cost-effective manufacturing process of finished soap and soap chips which has been acquired through years of experience at the international level, which has enabled it to better serve the customers' needs. Although the Group engaged contract manufacturers to produce its soap chips, the quality of these products has met the requirements of its customers and the Group has not failed to deliver.

6. INFORMATION ON THE PHB GROUP (Cont'd)

Furthermore, over the years, the Group has established its presence and reputation internationally. This was due to the Group's ability to comply with the varying and stringent soap products specifications of its overseas customers. Hence, new players without track record on products quality, reliability and financial standing would find difficulty in penetrating the market which the Group is serving.

The Group, through PISB, is also involved in the trading of soap chips by exporting mainly to developing countries such as The People's Republic of China and Bangladesh. Notwithstanding the long established business relationship between PISB and its customers and suppliers, the business of trading in soap chips is generally considered to have low barriers to entry.

6.4.6 Local and Export Sales

The breakdown on turnover of PISB and POISB for the past five (5) financial years/ periods are as follows:-

PISB

	Financial year ended 31 May									
	1995		1996		1997		1998		1999	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local	21,278	26.5	31,229	32.9	59,251	48.0	76,153	31.2	165,822	43.3
Export	58,906	73.5	63,742	67.1	64,104	52.0	168,138	68.8	217,186	56.7
	80,184	100.0	94,971	100.0	123,355	100.0	244,291	100.0	383,008	100.0

POISB

	Period ended 08.06.94 to 30.11.95		Year ended 30.11.96		Year ended 30.11.97		Year ended 30.11.98		Year ended 31.05.99	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local	10,953	57.7	22,677	60.5	34,117	69.9	94,767	80.2	55,090	84.8
Export	8,045	42.3	14,796	39.5	14,686	30.1	23,443	19.8	9,854	15.2
	18,998	100.0	37,473	100.0	48,803	100.0	118,210	100.0	64,944	100.0

6. INFORMATION ON THE PHB GROUP (Cont'd)

6.4.7 Segmental Analysis of Turnover and Gross Profit

The segmental analysis of the Group's products for the past two (2) financial years ended 31 May 1998 and 1999, based on the accounting records of PISB and POISB after making such adjustments considered necessary, are as follows:-

Turnover

	Proforma Financial year ended 31 May			
	1998		1999	
	RM'000	%	RM'000	%
Soap chips	108,228	32.8	83,710	16.4
Finished soap	7,715	2.3	8,428	1.7
Glycerine	5,038	1.5	5,718	1.1
Palm oil-based products*	85,399	25.9	124,857	24.5
Animal feed	–	–	1,311	0.3
RBD palm stearin	60,179	18.3	158,460	31.1
Palm oil	46,409	14.1	102,280	20.1
Others**	16,721	5.1	24,412	4.8
	329,689	100.0	509,176	100.0
Less: Consolidation elimination	(130,795)	–	(220,612)	–
Proforma turnover	198,894	–	288,564	–

* Represents palm oil-based products produced by POISB such as PMF, super olein and RBD palm olein.

** Represents trading sales of mixed corn oil, monomer and olein.

Gross Profit

	Proforma Financial year ended 31 May			
	1998		1999	
	RM'000	%	RM'000	%
Soap chips	6,842	38.1	8,149	39.9
Finished soap	790	4.4	787	3.9
Glycerine	604	3.3	696	3.4
Palm oil-based products*	4,595	25.5	4,936	24.2
Animal feed	–	–	371	1.8
RBD palm stearin	2,222	12.4	1,706	8.4
Palm oil	998	5.6	1,342	6.6
Others**	1,927	10.7	2,406	11.8
Gross profit	17,978	100.0	20,393	100.0

* Represents palm oil-based products produced by POISB such as PMF, super olein and RBD palm olein.

** Represents trading profit of mixed corn oil, monomer and olein.

6. INFORMATION ON THE PHB GROUP (*Cont'd*)

6.4.8 Stability of Revenues

Palm oil-based products, food and non-food products such as super olein, PMF and finished soaps can be considered as essentials and are consumed daily. Therefore, the demand for the Group's products is fairly stable. Furthermore, being a contract manufacturer, the Group does not face stiff competition in terms of product brand and differentiation, which may create income instability. As soap chips is the raw material for the production of finished soap, hence, the above is also applicable for soap chips.

6.5 Promoter

Dato' Lim Tong Yong @ Lim Tong Yaim is the Promoter for the Proposed Flotation. Please refer to Section 6.6.1 below for details on Dato' Lim Tong Yong @ Lim Tong Yaim.

6.6 Directors and Management Team

6.6.1 Directors

The directors of PHB are as follows:-

Dato' Lim Tong Yong @ Lim Tong Yaim, aged 50, is the founder of PHB Group and was appointed to the Board of Directors on 2 June 2000. He obtained his Bachelor Degree in Malay Studies from Nanyang University, Singapore in 1971. Thereafter, he worked as a lecturer for the course of Malay Studies in Taylor's College from 1972 to 1973, Nanyang University from 1973 to 1974 and Zulin College, in Singapore from 1974 to 1978. Prior to setting up the Group's business, he served Maran Edible Oil Sdn Bhd, a company involved in palm kernel crushing, as Marketing Manager from 1979 to 1984. Using his knowledge and experience about the palm oil industry, he established PISB in 1987. In its early days, the company was mainly involved in the trading of palm oil and palm oil-based products. However, instead of operating upstream, he steered the company towards the downstream of the industry, producing and being involved in the production of value-added products from oil palm, such as finished soap, various palm oil-based products and soap chips.

Md Azar bin Ismail, aged 50, was appointed to the Board of Directors of PHB on 2 June 2000. He held several positions in the finance sector which include amongst others, Officer in Standard Chartered Bank Berhad in 1973 to 1982, Manager in Arab Malaysian Finance Berhad from 1982 to 1983, Head of Credit Department in Kwong Yik Bank Berhad from 1983 to 1985 and Senior Manager in Pacific Bank Berhad from 1985 to 1992. He has been the Chairman of Bina Goodyear Berhad since 10 January 1995 and had been the Executive Director of STS Tecnic Berhad since 8 February 1995, both companies are listed on the Second Board of the KLSE; he has since been appointed as Executive Chairman for STS Tecnic Berhad effective 21 June 2000. He has also been a Director in Integrated Logistic Berhad listed on the Main Board of the KLSE since 10 July 1996. He also sits on the Board of several private limited companies.

6. INFORMATION ON THE PHB GROUP (*Cont'd*)

Lim Tong Hai (@) Lim Ah Jee, aged 58, is an Executive Director of PHB. He was appointed to the Board of Directors on 2 June 2000. He obtained his Bachelor Degree in English Literature from Nanyang University, Singapore in 1967 and later obtained his Master Degree in Public Administration from the University of Guelph, Canada in 1969.

He started his career in 1970 at United Vegetable Oil Pte Ltd, which is principally involved in refining vegetable oil in Singapore. He served the company for about ten years as Sales and Marketing Manager and later moved to Wah Chang International Pte Ltd, an international group of companies involves in manufacturing of lines, international trade and investment. In 1981 he ventured into international trading of vegetable oil. Subsequently, in 1989, he served Hung Phu Soap Factory, a company in Vietnam principally involved in soap manufacturing as Marketing Manager for seven years. He joined the Group in 1996 as General Manager at the Group's marketing department.

Wang Hak Tham @ Wong Hak Tham, aged 58, was appointed as Director of PHB on 2 June 2000. He is an Associate of Chartered Institute of Secretary and Administrator, London and an Associate of Chartered Institute of Bankers, London. He started his career as Officer in Malayan Banking Berhad in 1962. He served the bank until 1985 before joining Perwira Affin Bank Berhad as Assistant General Manager in 1986. He left Perwira Affin Bank Berhad in 1992 to join Long Huat Berhad as Group General Manager. Later, in 1993 he rejoined Perwira Affin Bank Berhad as the General Manager of Banking & Operations Division before he retired in 1996. Thereafter, in 1997, he was appointed to the Board of Kaohsiung Timber Company Sdn Bhd, a company involved in timber logging and resigned in early 1999. Presently, he is also the director of Best Grade Printing Sdn Bhd, a company involved in printing business.

Tan Sri Abdullah Sanusi Ahmad, aged 64, was appointed as Director of PHB on 2 June 2000 graduated with a Bachelor of Arts degree from the University of Malaya, Singapore in 1960 and a Masters in Public Administration from the University of Pittsburgh in 1971. He obtained his PhD degree in Public Administration in 1977 from the University of Southern California, USA. In 1961, he joined the government service as an assistant District Officer of Jelebu, Negeri Sembilan. He subsequently held various posts in the National Institute of Public Administration, Malaysia and as the founder Director-General of Malaysian Administration Modernization and Manpower Planning Unit, Prime Minister's Department from 1977 to 1980. His final posting in the government service was as Secretary-General, Ministry of Public Enterprises from 1981 to 1986. Subsequently, he left the government service and joined the Petroliam Nasional Berhad as its Vice-President, Human Resource Management, a post he held from 1986 to 1994. In March 1994, he was appointed as Vice-Chancellor of UM, a position he held for six years. Currently, he is the Group Executive Chairman of Multimedia Technology Enhancement Operations Sdn Bhd and a Director of Nationwide Express Sdn Bhd. He is a Board Member of the State Economic Development Corporation, Negeri Sembilan, Lembaga Tabung Angkatan Tentera and International Consortium of Consultants.

6. INFORMATION ON THE PHB GROUP (*Cont'd*)

6.6.2 Management Team

Details of the management team of PHB Group are as follows:-

Tan Tai Fong, aged 37, is the General Manager overseeing the overall purchasing of various palm oil products, according to the Group's requirements. He obtained his Bachelor Degree in Engineering from Nanyang Technological Institute of Singapore in 1986. Prior to joining the Group, he served Shimizu Constructions as Site Supervisor in 1985 (during his study vacation training programme) and Azman Sdn Bhd as Project Coordinator in 1986. These companies are involved in the construction sector. Later, he joined Marpro Oils & Grains Sdn Bhd, a company involved in trading of commodities on the Kuala Lumpur Commodities Exchange, as a Commodities Broker in 1986 and subsequently joined PISB as Purchasing Executive in 1993. He was promoted to the position of Purchasing Manager on 1 January 1999 and was later to the position of General Manager effective 1 March 2000.

Chan Kheng Tiong, aged 43, is the Shipping Manager at PISB overseeing the overall export and shipping activities of the Group which include arranging and chartering containers and liaising with the representatives of the Royal Customs & Excise Malaysia. He obtained his Bachelor Degree in Business Administration from National Chengchi University of Taiwan in 1982. After graduation, he joined Taiwan Yellow Pages Co., a business advertisement company as a Sales Executive and was later promoted to Manager. Subsequently, he left in 1985 to set-up a trading company, Must Light Corporation, Taiwan, which is mainly involved in export of commodities, bulk cargo such as cement, clinker, wood pulp, machinery and general items. He joined PISB in 1992 as a Shipping Manager and has approximately 18 years experience in import and export business.

Ch'ng Siew Lei, aged 31, is the Financial Controller responsible for the implementation of the Group's accounting system and financial reporting. After completing her secondary education in 1986, she obtained her Higher Diploma, London Chamber of Commerce and Industry ("LCCI") from Vermond Institute, Klang in 1989. She pursued her Chartered Institute of Management Accountants ("CIMA"), a professional accountancy course in Systemic Professional Centre, Kuala Lumpur in 1990 while working at Cullis Raggett Insurance Brokers Sdn Bhd as an Account Officer. After completing the course in 1994, she joined Chua Song Seng Sdn Bhd, a company involves in whole sale of liquor as Assistant Accountant cum Administrator. Subsequently, in 1996, she joined Asian Professional Golf Association as Accountant, and in June 1998, she joined Asia Poly Sdn Bhd, a company involved in manufacturing of cast acrylic sheet as Accountant, before joining the Group, on 1 April 2000 as Financial Controller.

Wong Loke Sun, aged 51, is the General Manager of Marketing. He obtained his Bachelor of Science (Honours) Degree from the University of Malaya in 1973. He also received a Certified Diploma in Accounting & Finance awarded by the Chartered Association of Certified Accountants, UK in 1986 and Masters Degree in Business Administration (Honours) from Oklahoma City University, USA in 1989.

6. INFORMATION ON THE PHB GROUP (*Cont'd*)

He served UNILEVER Group of Companies from 1973 to 1997, an Anglo-Dutch multinational group of companies involved in manufacturing and distributing of consumer goods and industrial and chemical products. He started his career within the UNILEVER Group of Companies at Lever Brothers Malaysia Sdn Bhd (“LBMSB”) in 1973 as Production Management Trainee and later served the company as Development Manager from 1975 to 1980. Subsequently, he served Unichema International Malaysia, a division of LBMSB as Laboratory/Quality Assurance Manager from 1981 to 1983. He was assigned to Unichema International Asia Pacific as Sales Manager from 1983 to 1988 and later as Business Development Manager from 1988 to 1989, during which he successfully developed and supervised the soap and specialty chemicals businesses of the company within the region of Asia Pacific. Later, he served Unichema International Taiwan as General Sales Manager from 1990 to 1993 where he was involved in setting up of the new sales office and assisted the manufacturing outfit in Taiwan to serve the markets for oleochemicals and their derivatives in Taiwan, The People’s Republic of China and South Korea. From 1993 to 1997, he was the Deputy General Manager cum Supply-chain Controller of Wall’s (China) Co. Ltd., Beijing, The People’s Republic of China, a company involved in the manufacturing, marketing, selling and distributing ice-cream in The People’s Republic of China. He was involved in the overall setting up of the company’s factories and business in The People’s Republic of China as well as the development of its sales operation. Thereafter, he returned to Unichema International Asia Pacific, Malaysia in 1997. In 1997, he joined KIWI Brands Tianjin, The People’s Republic of China, a company involved in the manufacturing, selling and distribution of shoe-care and leather-care products as General Manager and Director. He joined the Group as General Manager of Marketing effective 22 May 2000.

Lim May Kuin, aged 31, was appointed to the Board of PISB in 1995. She is the Personnel and Administration Manager. She obtained her Diploma in Private Secretarial from Stamford College in 1990. Following her graduation in 1991, she joined Lion Property Sdn Bhd as Credit Control Assistant. She was recruited into the management of PISB in 1992 as an executive secretary to oversee the day-to-day management of the Group. Her responsibilities include coordinating the sales, purchase and export of raw materials as well as handling contracts between suppliers and buyers and the human resource management of the Group. Since PISB initially had a few management personnel, she was entrusted with various responsibilities as mentioned above that were crucial to the operations of the Group and was appointed a Director of PISB in 1995.

Lim Chang Ching, aged 26, is the Business Development Manager of the Group entrusted to identify and develop any new business opportunity. She obtained her Third Level Group Diploma in Management Accounting, LCCI, in 1992. She did her GCE Advance Level at Taylor’s College in 1993 and later obtained her Bachelor of Arts in Business Studies from The University of Sheffield, United Kingdom in 1996. After graduation, she joined Intercontinental Specialty Fats Sdn Bhd, a company involves in the production of specialty fats, as Shipping & Accounts Assistant, and later as Commercial Executive from 1996 to 1997. Subsequently, she joined Asia Poly Industrial Sdn Bhd as Commercial Manager in 1998 before joining the Group as Business Development Manager on 1 April 2000.

Ong Wah Sin, aged 38, is the Technical Manager of PISB with the responsibility of overseeing the technical aspect of the soap finishing lines at PISB’s factory in Shah Alam. He is entrusted to service and maintain the production lines as well as improving the efficiency of the lines. He obtained his ‘Sijil Pelajaran Malaysia’ from Sekolah Menengah Teknik, Melaka in 1980. Prior to joining the Group in 1997 as Technical Manager, he served General Edible Oil Sdn Bhd as Technical Supervisor from 1983 to 1985 and Lam Soon (Malaysia) Berhad as Production Executive from 1985 to 1997. Both of the companies are involved in the palm oil processing activities.

6. INFORMATION ON THE PHB GROUP *(Cont'd)*

Lee Sen Sam, aged 34, is the Production Manager entrusted with the responsibility of ensuring the smooth running of the production lines at PISB's factory in Shah Alam. He obtained his Bachelor Degree in Engineering (Chemical) from University of Malaya in 1991. Prior to joining PISB in 1998, he worked in Matsushita Electronics Corporation (M) Sdn Bhd as Process Engineer from 1991 to 1997. Subsequently, he joined United Jian Lik Hardware Sdn Bhd, a company involved in welding equipment, machinery and hardware products, as Sales Executive from 1997 to 1998.

Wan Mohd Azlan bin Wan Hassan, aged 45, is the Finance Manager of the Group. He is entrusted to oversee the overall banking and finance aspects of the Group's operation. He obtained his Diploma in Accounting from Goon Institute in 1976 and Part II of the Chartered Association of Certified Accountants ("ACCA"), UK, from Vento Academy in 1978. He has vast experience in the financial industry. He served Hongkong & Shanghai Bank Corporation as Internal Officer from 1979 to 1982. Subsequently, he joined Perwira Affin Bank Berhad where he held various positions such as Executive (Grade II) from 1983 to 1989, Executive (Grade I) from 1989 to 1992, Business Development Executive from 1992 to 1995, Credit Manager from 1995 to 1997 and Branch Manager from 1997 to 1998. Later, he joined Mayban Life Assurance Berhad in 1999 as Financial Analyst before joining the Group in May 1999.

Lim Jer Chi, aged 29, is the Information System Manager, the position he held since joining PISB in 1998. He obtained his Bachelor Degree in Business Administration from University of Montana, USA in 1996. He performed his national service in Singapore in 1997 before joining the Group in 1998. He is entrusted with the job of overseeing the development of the information and database system of the Group.

Santha Kumari, aged 32, is the Commercial Manager at PISB. She obtained her Diploma in Business Administration from Association of Business Executives in 1991, Diploma in Management Studies from City of London College, UK in 1992 and Master Degree in Business Administration from University of Newcastle, UK in 1994. She is entrusted with the responsibility of handling the after sales service of soap chips and finished soap. Prior to joining PISB in 1999, she worked in Federal Flour Mills Berhad as Account and Production Clerk from 1990 to 1991. Subsequently, she served as Marketing Executive in Pan Century Edible Oils Sdn Bhd from 1994 to 1998 and Fortune Envoy (M) Sdn Bhd in 1998. These two companies are involved in the production of palm oil-based products.

Low Hock Seng, aged 50, is the Factory Manager at POISB entrusted with the responsibility of ensuring the smooth running of the production process at POISB's plant in Banting. He obtained his Senior Middle Three from Tsum Jin High School in Kuala Lumpur in 1969. Prior to joining POISB in 1998, he has a total of 28 years of experience in engineering and technical aspect of the production process of various palm oil-based products such as palm kernel oil, axotic fat and blended vegetable oil and fats, after having served Lam Soon (Malaysia) Berhad as Supervisor, Production Executive and Unit Manager, since the start of his career in 1970.

6. INFORMATION ON THE PHB GROUP (Cont'd)

Chew Sun Hai, aged 42, is the Plant Engineer at POISB entrusted with the job of servicing and maintaining the overall running of the machinery and production shut down of POISB's palm oil processing plant and animal feed plant in Banting. He obtained his Malaysia Certificate of Education ("MCE") from Methodist Boy School, Penang in 1975 and City and Guild 803 from Penang Skill Development Centre in 1996. Prior to joining POISB in 1998, he has 23 years of working experience after having served Palmex Industries Sdn Bhd as Supervisor from 1977 to 1995, Palm Oleo Sdn Bhd as Technical Assistant from 1995 to 1996 and Golden Agricultural Oils Sdn Bhd from 1996 to 1998. These companies are involved in the palm oil refinery industry.

Andrew Nair, aged 29, is the Chemist at POISB. He joined POISB in 1999. He obtained his Bachelor Degree with honours in Chemistry from University of Malaya in 1998. Prior to joining POISB, he worked as Assistant Chemist in Maxstead Chemicals Sdn Bhd, a company involved in production of chemical products, from 1998 to 1999.

6.6.3 Family Relationships

Save for Lim Tong Hai @ Lim Ah Jee, Lim Chang Ching and Lim Jer Chi who are the brother, the daughter, the nephew of Dato' Lim Tong Yong @ Lim Tong Yaim, respectively, there is no other family relationship between the Directors and senior management of PHB Group.

6.6.4 Employees

As at 23 June 2000 (the latest practicable date prior to the printing of this Prospectus), the Group has a total workforce of 116 employees. The employees of the PHB Group do not belong to any union organisations and the management maintains a good working relationship with the employees.

6.7 Subsidiary and Associated Companies

Information on the Company's subsidiary companies as at the date of this Prospectus are as follows:-

	Date and place of incorporation	Issued and paid-up share capital (RM)	Par value (RM)	Principal activities
PISB	11.08.1984/ Malaysia	5,000,000	1.00	Manufacturing and distribution of soap and its related products and trading of specialty fats from palm oil
POISB	08.06.1994/ Malaysia	3,100,000	1.00	Manufacturing of specialty fats and animal feed from palm oil
ALSB	22.11.1994/ Malaysia	190,000	1.00	Dormant

The Company has no associated companies.

6. INFORMATION ON THE PHB GROUP (Cont'd)

Details on the history and operations of the subsidiary companies of PHB are as follows:-

6.7.1 PISB

(i) History and Business

PISB was incorporated on 11 August 1984 in Malaysia under the name of Phang Swee Ying Realty Sdn Bhd under the Companies Act, 1965. It changed its name to Paos Industries Sdn Bhd on 12 September 1987. The principal activities of the company are that of manufacturing and distribution of soap and its related products and trading of specialty fats from palm oil.

(ii) Share Capital

The authorised share capital of PISB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up.

The details on the changes in the issued and paid up share capital of PISB since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 allotted	Consideration	Total issued and paid-up capital RM
11.08.1984	2	Subscribers' shares	2
15.08.1984	299,998	Cash	300,000
16.04 1990	165,000	Cash	465,000
21.10.1991	535,000	Cash	1,000,000
08.07.1996	550,000	Cash	1,550,000
15.05.1997	3,450,000	Cash	5,000,000

(iii) Subsidiary and Associated Companies

Currently, PISB does not have any subsidiary and/or associated companies.

(iv) Employees

PISB has a total workforce of 59 employees as at 23 June 2000 (the latest practicable date prior to the printing of this Prospectus).

6. INFORMATION ON THE PHB GROUP (Cont'd)

(v) Profit and Dividend Records

A summary of the audited results and dividend records of PISB for each of the past five (5) financial years ended 31 May 1999 and seven (7) month period ended 31 December 1999 is set out below:-

	Year ended 31 May					7 months ended 31 December 1999 RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	80,184	94,971	123,355	244,291	383,008	142,537
Profit before depreciation and interest	3,106	6,869	8,677	12,565	14,825	7,660
Depreciation	(358)	(510)	(790)	(1,127)	(2,462)	(1,399)
Interest expense	(632)	(1,329)	(1,670)	(4,392)	(4,839)	(1,922)
Interest income	12	102	234	569	1,060	944
Profit before taxation	2,128	5,132	6,451	7,615	8,584	5,283
Taxation	(754)	(1,717)	(1,705)	(847)	-	(1,823)
Profit after taxation	1,374	3,415	4,746	6,768	8,584	3,460
No. of ordinary shares in issue ('000)	1,000	1,000	5,000	5,000	5,000	5,000
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	1,000	1,000	1,746*	5,000	5,000	5,000
Net earnings per share (RM)	1.37	3.41	2.72	1.35	1.72	1.19**
Gross dividend rate (%)	-	-	-	-	-	-

* Weighted average number of ordinary shares in issue has been adjusted for the new issue of 550,000 and 3,450,000 ordinary shares of RM1.00 each on 8 July 1996 and 15 May 1997 respectively.

** Annualised.

Notes:

1. There were no extraordinary items during the year/period under review.
2. In 1999, no provision for taxation was made in view of the tax waiver year pursuant to the Income Tax (Amendment) Tax 1999.

6. INFORMATION ON THE PHB GROUP (Cont'd)

6.7.2 POISB

(i) History and Business

POISB was incorporated in Malaysia under the Companies Act, 1965 on 8 June 1994. The principal activity of the company is that of manufacturing of specialty fats and animal feed from palm oil. POISB is involved in the production of super olein, palm mid fraction, RBD palm stearin, hard stearin and animal feed.

(ii) Share Capital

The authorised share capital of POISB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which 3,100,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of POISB since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration	Cumulative issued and paid-up capital RM
08.06.1994	2	Subscribers' shares	2
22.03.1995	1,999,998	Cash	2,000,000
23.07.1996	1,100,000	Cash	3,100,000

(iii) Subsidiary and Associated Companies

The details of the subsidiary company of POISB are as follows:-

Subsidiary Company	Date & Country of Incorporation	Issued and Paid-up Share Capital RM	Effective Equity Interest (%)	Principal Activities
ALSB	22.11.1994/ Malaysia	190,000	100.0	Dormant

POISB does not have any associated companies.

(iv) Employees

POISB has a total workforce of 57 employees as at 23 June 2000 (the latest date practicable prior to the printing of this Prospectus).

6. INFORMATION ON THE PHB GROUP (Cont'd)

(v) Profit and Dividend Record

A summary of the consolidated audited results and dividend records of POISB for the period from 8 June 1994 (date of incorporation) to 30 November 1995, four (4) financial years ended 30 November 1999 and one (1) month period ended 31 December 1999 are as follows:-

	For the period from 08.06.94 to 30.11.95 RM'000	Financial year ended 30 November				1 month period ended 31.12.99 RM'000
		1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	18,998	37,473	48,803	118,210	117,285	4,545
Profit before depreciation and interest	759	1,582	1,972	3,616	9,330	845
Depreciation	(373)	(581)	(595)	(698)	(1,784)	(180)
Interest expenses	(109)	(496)	(435)	(661)	(1,676)	(140)
Interest income	4	95	23	60	122	-
Profit before taxation	281	600	965	2,317	5,992	525
Taxation	(131)	(157)	(275)	(597)	(157)	(46)
Profit after taxation	150	443	690	1,720	5,835	479
No. of ordinary shares in issue	2,000	3,100	3,100	3,100	3,100	3,100
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	2,000	2,367 *	3,100	3,100	3,100	3,100
Net earnings per share (sen)	7.5	18.7	22.3	55.5	188.2	185.4 **
Gross dividend rate (%)	-	-	-	-	-	-

* Weighted average number of ordinary shares in issue has been adjusted for the new issue of 1,100,000 ordinary shares of RM1.00 each on 23 July 1996.

** Annualised

6. INFORMATION ON THE PHB GROUP (Cont'd)

Notes:

1. *There were no extraordinary items during the financial years/period under review.*
2. *The turnover of the Company almost doubled from 1995 to 1996 as in 1995, the Company was only in operation for about 6 months.*
3. *The increase in turnover in 1997 is in line with the increasing demand for specialty fats. In 1998, turnover increased mainly due to increase in palm oil prices from almost RM1,000 per mt in June 1997 to 2,451 per mt in June 1998.*
4. *The increase in profit in 1999 is mainly due to the commencement to contract manufacture animal feed from palm oil for a customer. POISB receives a fixed amount of processing fees monthly from this customer.*
5. *In 1999, no provision for taxation was made in view of the tax waiver year pursuant to the Income Tax (Amendment) Act 1999. The taxation provided in 1999 relates to underprovision of prior years' taxes.*

6.7.3 ALSB

(i) History and Business

ALSB was incorporated in Malaysia on 22 November 1994 as a private limited company under the Companies Act 1965. The company is currently dormant.

(ii) Share Capital

The authorised share capital of ALSB is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 190,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and fully paid-up share capital of ALSB since its incorporation are as follows:-

Date of allotment	No. of shares RM1.00 each allotted	Consideration	Total issued and paid-up capital RM
22.11.1994	2	Subscribers' shares	2
02.08.1996	9,998	Cash	10,000
05.11.1996	180,000	Cash	190,000

6. INFORMATION ON THE PHB GROUP (Cont'd)

(iii) Subsidiary and Associated Companies

Currently, ALSB does not have any subsidiary and/or associated companies.

(iv) Employees

ALSB does not have any employees as at 23 June 2000 (the latest practicable date prior to the printing of this Prospectus).

(v) Profit and Dividend Record

The following financial information is based on the audited accounts of ALSB for the year ended 30 November 1998, 30 November 1999 and one (1) month period ended 31 December 1999.

	Year ended 30 November		1 month
	1998	1999	ended 31
	RM'000	RM'000	December
			1999
			RM'000
Loss before depreciation and interest	(413)	(15)	–
Depreciation	–	–	–
Interest expenses	–	–	–
Loss for the year/period	(413)	(15)	–
Transfer from revaluation reserve	310	–	–
	(103)	(15)	–

Notes:-

- (i) *The company is presently dormant.*
- (ii) *The loss in 1998 is mainly due to the disposal of the company's long term leasehold land to POISB at cost i.e. RM190,000, and the preliminary and pre-operating expenses written off. The revaluation reserve amounting to RM310,000 was transferred to profit and loss account upon the disposal.*
- (iii) *The loss in 1999 mainly relates to underaccrual of expenses for the disposal of the Company's long term leasehold land in 1998 and pre-operating expenses incurred during the year.*
- (iv) *There were no extraordinary items during the years/period under review.*

6. INFORMATION ON THE PHB GROUP (Cont'd)

6.8 Properties

The details of the properties of PHB Group as at the date hereof are as follows:-

Owner/Title No./ Location	Description/Existing use	Tenure of the land/ Age of buildings (years)	Land/ Built up area (square feet)	Audited net book value as at 31 December 1999 RM'000
PISB/ H.S.(D) 65/ No. 65, Persiaran Selangor, Section 15, Shah Alam, Selangor Darul Ehsan	Industrial/double storey office block, four storey office block annexed single storey factory building and single storey warehouse building	99 years lease expiring on 26.03.2071/ 20 years	254,850/ 160,740	20,751
PISB/ P.N. 7034 (formerly Q.T.(R) 18) and P.N. 7305 (formerly Q.T.(R) 20)/ Lot 113 & 114, Town of Shah Alam, District of Klang, Selangor Darul Ehsan	Industrial/ two contiguous and adjacent industrial lots erected thereon with detached factory and single storey office annex	99 years lease expiring on 13.05.2070/ 19 years	41,800/ 22,806	2,346
PISB/ H.S.(D) 87006/ No. 61, SS 19/4, 47500 Subang Jaya, Selangor Darul Ehsan	Residential/double storey detached house	Freehold/ 13 years	11,467/ 4,223	851
POISB/ ⁽¹⁾ / Lot 1 & 3, Jalan Perusahaan 8, Kawasan Perusahaan Pekan Banting, Selangor Darul Ehsan	Industrial/single storey detached factory cum office annex	99 years lease expiring on 20.04.2089/ 1 year	119,356/ 37,452	7,657

Notes:-

- (1) As at to-date, the individual title for Lot 1 & 3 have not been issued yet. The application for the individual title was made on 23 December 1997.
- (2) There was no revaluation undertaken on the Group's properties in respect of the listing exercise. The values of the properties are based on net book values as at 31 December 1999.

7. PARTICULARS OF THE PUBLIC ISSUE

7.1 Opening and Closing of Application Lists

The Application Lists will open at 10.00 a.m. on 14 July 2000 and will remain open until 8.00 pm on the same day or for such further period or periods as the Directors of PHB in their absolute discretion may decide.

7.2 Details of the Public Issue

The Public Issue is an invitation to the Malaysian public, the Directors, eligible employees of PHB as well as parties that have contributed to the success of the Company to subscribe for 9,180,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM2.00 per share payable in full on application.

The Public Issue Shares represent 15.3% of the entire enlarged issued and paid-up share capital of PHB of RM60,000,000 comprising 60,000,000 ordinary shares of RM1.00 each.

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

- (a) 920,000 Public Issue Shares have been reserved for the Directors and eligible employees of PHB Group;
- (b) 1,480,000 Public Issue Shares have been reserved for the parties that have contributed to the success of the Group such as contract manufacturers, suppliers etc.; and
- (c) 6,780,000 Public Issue Shares will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which at least 30.0% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

The Public Issue Shares referred to in paragraph (a) and (b) above will not be underwritten. In the event that any of the shares under paragraph (a) and (b) above is not taken up, such number of unsubscribed shares will be made available for application by the Malaysian public and will be underwritten. The Public Issue Shares made available to the Malaysian public as stated in paragraph (c) together with any ordinary shares not subscribed pursuant to paragraph (a) and (b) above have been fully underwritten by the Managing Underwriter and Underwriters described in Section 2 above.

7.3 Basis of Arriving at the Issue Price

The issue price of RM2.00 per Public Issue Share was determined and agreed upon by the Company and PAMB as Adviser and Managing Underwriter based on various factors after taking into consideration the following:

- (i) The prospective net PE multiple of 5.3 times and 7.7 times based on an estimate and forecast net EPS of 37.8 sen and 26.1 sen for the financial year ended 31 May 2000 and financial year ended 31 May 2001 respectively;
- (ii) The proforma consolidated NTA per share of PHB as at 31 December 1999 of RM1.37;
- (iii) The forecast gross dividend yield for the financial year ending 31 May 2001 of 2.2%; and
- (iv) The prospects and future plans of PHB as outlined in Section 9 of this Prospectus.

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

Based on the foregoing, the Directors of PHB and PAMB are of the opinion that the issue price is fair and reasonable after careful consideration of the abovementioned factors. However, investors should form their own opinion on the valuation of the shares and the reasonableness of the bases used, since the market price of PHB shares upon listing on the KLSE is subject to the vagaries of the market forces and other uncertainties which may affect the price of PHB shares being traded.

7.4 Purposes of the Public Issue

The purposes of the Public Issue are as follows:-

- (i) To obtain listing of and quotation for the entire enlarged issued and paid-up share capital of PHB on the Main Board of the KLSE and hence greater access to funds from the Malaysian capital markets in order to finance its future growth and expansion;
- (ii) To provide an opportunity for the Malaysian public to participate directly in the continuing growth of the Group by way of equity participation; and
- (iii) To provide an opportunity for the eligible employees of the PHB Group to participate in the future growth of the Company in recognition of their contribution and as an incentive to spur better performance and continued commitment and dedication.

7.5 Proceeds of the Rights Issue and the Public Issue

The gross proceeds raised from the Rights Issue was RM19,866,000 while the Public Issue is expected to raise a further RM18,360,000 to the Company.

As all proceeds from the Public Issue will accrue to the Company, it shall bear all expenses specifically relating to the Public Issue such as brokerage and underwriting commission and other expenses and fees incidental to the listing of and quotation for entire enlarged issued and paid-up share capital of PHB on the Main Board of the KLSE estimated at RM2,000,000. These incidental expenses will be set off against the Company's share premium account.

The SC had on 21 February 2000 and 5 June 2000 approved the utilisation of proceeds as set out in the ensuing paragraphs.

The total gross proceeds from the Public Issue and the Rights Issue of RM38,226,000 will be utilised in the following manner:-

Purposes	Note	RM'000
Repayment of long term loan	(i)	7,800
Repayment of trade line facilities	(ii)	15,615
Working capital	(iii)	12,811
Estimated listing expenses	(iv)	2,000
		<u>38,226</u>

7. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

(i) Repayment of long term loan

PISB, a wholly owned subsidiary company of PHB had on 20 August 1996 entered into a sale and purchase agreement with Kumpulan Emas Berhad for a purchase of land and building located at No. 65, Persiaran Selangor, Section 15, Shah Alam, Selangor Darul Ehsan for cash consideration of RM17,261,000. The aforesaid land has a total land area of 254,850 square feet and the building comprises a detached factory with double storey office block, four storey office block annexed single storey factory building and a single storey chemical store with a total build-up area of 123,342 square feet. The land and building are presently used to house the Group's factory for production of finished soap, head office and warehouse.

The acquisition was essential to cater for the expansion of the Group's business activity in the production of finished soap, as evidenced by the subsequent purchase of additional five (5) soap finishing lines in June 1997.

A term loan facility for an amount of RM10 million with a tenure of 10 years from the date of full drawdown was secured from the Pacific Bank Berhad to part finance the aforesaid acquisition. The amount outstanding of the aforesaid term loan as at 31 May 2000 (being the latest practicable date prior to the printing of this Prospectus) is RM7,935,235.

The repayment of the term loan will result in an interest saving of approximately RM602,000 per annum based on the assumed interest rates of 8.05%.

(ii) Repayment of trade line facilities

The Group requires a substantial amount of trade facilities such as bankers acceptance, revolving credit, trust receipt, letter of credit and bank guarantee to finance its high level of turnover. As such, the proceeds from the Rights Issue and Public Issue would improve the future cashflow position of the Group. Moreover, the Group would be able to increase its turnover as there would be trade line facilities available as a result of the retirement of existing trade line facilities from the cash proceeds and incur lower finance charges.

The repayment of about RM15.6 million of the Group's trade line facilities will result in an interest savings of approximately RM598,000 per annum based on the assumed interest rates of 4%-9%.

As at 31 May 2000 (being the latest practicable date prior to the printing of this Prospectus), the Group has a total outstanding trade line facilities of RM53,470,235.

(iii) Working capital

PHB will utilise an amount of RM12.8 million from the issue proceeds to support its existing business operations and to facilitate its continuous growth. The proceeds will mainly be used to finance the Group's purchases of raw materials and factory overhead expenses.

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

(iv) Estimated listing expenses

The expenses and fees specifically related to the Public Issue which are incidental to the listing of and quotation for the entire issued and paid-up share capital of PHB on the Main Board of KLSE such as brokerage, underwriting commission, stamp duty, registration and transfer fees totalling approximately RM2 million shall be borne by the Company.

7.6 Brokerage and Underwriting Commission

The Managing Underwriter and Underwriters, as stated in Section 2 of this Prospectus, have underwritten 6,780,000 of the Public Issue Shares to be issued to the Malaysian public and any shares not taken up by the Directors, eligible employees of the PHB Group as well as parties that have contributed to the success of the Group. Underwriting commission is payable by the Company at the rate of 1.5% of the issue price of RM2.00 per ordinary share.

Brokerage is payable by the Company in respect of the Public Issue Shares at the rate of 1.0% of the issue price of RM2.00 per share in respect of successful applicants bearing the stamps of PAMB, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

8. INDUSTRY OVERVIEW

The Group's involvement in the production of PMF, RBD palm olein, RBD palm stearin, super olein, and animal feed can be categorised under the palm oil industry, and its involvement in the manufacturing and trading of soap chips and finished soap can be categorised under the oleochemical downstream products industry. In the context Malaysia's palm oil industry and oleochemical downstream products industry, the two are inter-related as palm oil is the main source of raw material of oleochemicals. As such, the assessment of the industry overview in relation to the Group's business, takes into account the assessment of oleochemical industry in Malaysia in conjunction with the country's palm oil industry.

8.1 Palm Oil Industry

The prospect of the country's palm oil industry continues to be bright as Malaysia continues to maintain its share in the global oil and fats market. According to the statistics produced by the Malaysia Palm Oil Board, the country exported about 7.6 million tonnes of palm oil in 1999 accounting for about 63.9% of the world palm oil export. Also, according to the statistics, palm oil and palm kernel oil account for about 14.7 million tonnes or 49.0% of the global export of vegetable oils in 1999.

An extract of the performance of palm oil industry from the latest Economic Report 1999/2000 is as follows:-

“Value added for palm oil is expected to increase by 19.5% to RM5,369 million in 1999 in tandem with the increase in crude palm oil production. With matured planted hectareage in Sabah and Sarawak increasing by 150,000 and 130,000 hectares respectively and higher yield of fresh fruit bunches, crude palm oil production is expected to increase by 19.4 % or 9.93 million tonnes in 1999 after registering a decline of 8.3% or 8.32 million tonnes in 1998. With more higher-yielding hectarages coming into maturity, average yield of fresh fruit bunches could increase by 25.2% or 20 tonnes per hectare from 15.98 tonnes per hectare in 1998. For the first nine months of 1999, crude palm oil production increased to 7.61 million tonnes or 23.4% higher than the production in 1998 (January – September 1998 : 6.166 million tonnes)”

The future development of palm oil products industry depends on the ability of the industry to increase world market share in finished products produced from palm oil. Towards this end, it is necessary to ensure adequate supply of raw materials to support further development of the industry. At the same time, research and development, and marketing efforts have to be intensified.

It is imperative for Malaysia to sustain existing as well as develop new non-traditional markets for palm oil products in order to strengthen further its position in the world market. With the emphasis on the development of downstream products, future marketing strategies will be reoriented towards the export of finished consumer products, Malaysian brand products and 'halal' products. The marketing strategy will aim at developing Malaysia as an international oils and fats centre. (*Source : Second Industrial Master Plan 1996 - 2005*)

The favourable position of the palm oil industry and the support of the government via the Second Industrial Master Plan 1996-2005, to promote a wider downstream linkages in the industry would provide a platform for companies to further expand the production of value added palm oil-based products. In this respect, the Group's business activities augurs well with the above development as it operates at the downstream of the industry.

8. INDUSTRY OVERVIEW (*Cont'd*)

8.2 Oleochemical Downstream Products Industry

There are five basic oleochemicals namely fatty acids, fatty alcohols, fatty esters, fatty amines and glycerol. These oleochemicals can be processed further into intermediaries or derivatives which in turn can be used in the production of pharmaceuticals, toiletries, soap chips, soaps, detergents as well as other industrial uses.

Prior to 1980, about 90% of the world's production of fatty acids and fatty alcohols, and 100% of other basic oleochemicals (fatty ester, fatty amines and glycerol) were carried out in Europe, USA and Japan. The main raw materials used were tallow, for supplying fatty acids with C16-C18 chain lengths, and coconut oil for lauric (C12) and myristic (C14) fatty acids. (*Source: PALM OIL technical bulletin, March – April '98*)

However, by the mid-1980's, tallow and coconut oil were increasingly being replaced by palm oil and palm kernel oil since the production of the former was stagnating. The shift to the greater usage of palm oil and palm kernel oil was accelerated by the establishment of many oleochemical plants in the Association of South East Asian Nation ("ASEAN") and the Asia-Pacific region, notably Malaysia. (*Source: PALM OIL technical bulletin, March – April '98*)

Although 80% of palm oil's use is currently in the edible sector, the palm-based non food sector in Malaysia also has great potential. The non food sector's focus is on oleochemicals and derivatives associated with these products. The production of oleochemicals in Malaysia increased from 126,000 mt in 1984 to 807,000 mt in 1995. The production is expected to reach 1.2 million mt by the year 2000. Malaysia's basic oleochemicals production was 15.3% of total world output in 1995 and is expected to reach 19.7% in 2000. Malaysia's export of basic oleochemicals, including a small proportion of derivatives, was 720,000 mt in 1995 which was valued at RM1.3 billion or 90% of total production. These basic oleochemicals are mainly exported to the USA, European Union, Japan, South Korea and Taiwan. The domestic market for oleochemicals, their derivatives and intermediates is still very small. Malaysia's downstream value-added products that use oleochemicals are mainly soaps, detergents, surfactants and personal care products. (*Source: PALM OIL technical bulletin, March – April '98*)

Based on the Second Industrial Master Plan, the emphasis is on development of greater application of oleochemicals through extensive research and development. In future, we could also expect a gradual technology transfer from the more advanced countries as well as local development of product innovations and indigenous research and development capabilities.

8.3 Industry life cycle

The Group is engaged in manufacturing and marketing of palm oil-based products sector. Presently, Malaysian palm oil is still mainly traded as a bulk product at international level. However, under the Second Industrial Master Plan ("IMP2"), emphasis has been given on the development of downstream products of palm oil as there is increased competition from other emerging palm oil producers such as Indonesia. Hence the palm oil-based products sector in Malaysia can be categorised as at its development stage with potential for further development.

8. INDUSTRY OVERVIEW (*Cont'd*)

8.4 Government legislation, policies and incentives

The Industrial Master Plan (“IMP”), 1986 - 1995 has laid the foundation for the growth of the manufacturing sector. Such rapid growth of the manufacturing sector will have to be sustained in the next decade in order to obtain the objective of becoming a fully developed industrialised nation by the year 2020. The IMP2, 1996-2005 focuses on increasing competitiveness through strengthening industrial linkages, both forward and backward, enhancing value added activities, and increasing the productivity of the manufacturing sector. (*Source: Second Industrial Master Plan 1996-2005*)

The Government’s drive to continue improving our manufacturing sector is in accord with the Group’s effort to further strengthen and expand its manufacturing capability.

9. FUTURE PLANS

While the Group recognises the importance of building earnings-base around manufacturing activities, the soap chips business continues to be attractive. Presently, there are huge markets for soap chips as compared to finished soap in densely populated countries such as The People's Republic of China and Bangladesh as these less developed countries will continue to protect its local soap production industry by imposing high import tax on finished soap. As such, in the short and medium term, the Group would still concentrate its resources on the distribution of soap chips. However, the Group will enter into negotiation with its contract manufacturers to set up a joint venture to build its own manufacturing facilities for soap chips in the medium term. This is in line with the Group's intention to increase its manufacturing facilities and to provide value-added products by increasing emphasis on research and development activities.

In addition, the management also foresees potential for contract manufacturing of finished soap to expand further as cost of production of finished soap in developed nations is gradually increasing. Furthermore, Malaysia being the largest producer of palm oil products, presents Malaysian companies an edge in terms of pricing due to economies of scale and lower transportation costs as the manufacturing plants are located near the source of raw materials. Therefore, the Group is well poised to capitalise on this development and opportunity, given the years of experience the Group possesses in soap manufacturing.

Palm oil processing activity undertaken by POISB is expected to play an important role in the future direction of the Group. With the increased production capacity at the present palm oil processing plant and the newly completed animal feed plant, the Group is expecting an increase in contribution from these business activities towards its future earnings.

The Group believes it is well poised to grow further especially after its listing on the Main Board of the KLSE, where it would be able to obtain further funding through the capital market.

The Group is focused on its core business activities of producing palm-oil based products and is poised to be a major player in this industry. Accordingly, future business direction of the Group is towards enhancement of its earnings base, especially from its own manufacturing activities. The Group anticipates that the total contribution from the manufacturing activities will surpass the contribution from the marketing and distribution of soap chips in the near future.

10. FINANCIAL INFORMATION

10.1 Profit and Dividend Record

The following, as extracted from the Accountant's Report set out in section 12 of this Prospectus, is a summary of the proforma consolidated financial results of the PHB Group for the past five (5) financial years ended 31 May 1999 and the seven (7) months ended 31 December 1999, based on the assumption that the Group had been in existence since 1 June 1994.

	Proforma					Audited
	<----- Year ended 31 May ----->					7 months
	1995	1996	1997	1998	1999	ended 31
	RM'000	RM'000	RM'000	RM'000	RM'000	December
						1999
						RM'000
Turnover	80,184	90,223	117,312	198,894	288,564	105,685
Profit before depreciation and interest	3,106	8,417	10,495	16,725	19,163	14,048
Depreciation	(358)	(1,173)	(1,347)	(1,804)	(3,423)	(2,762)
Interest expense	(632)	(1,685)	(2,093)	(4,975)	(5,339)	(2,186)
Interest income	12	154	301	605	612	152
Profit before taxation	2,128	5,713	7,356	10,551	11,013	9,252
Taxation	(754)	(1,927)	(1,947)	(958)	(554)	(2,026)
Profit after taxation	1,374	3,786	5,409	9,593	10,459	7,226
Proforma no. of ordinary shares in issue ('000)	31,900	31,900	31,900	31,900	31,900	31,900
Earnings per share (sen)						
– Gross	6.7	17.9	23.1	33.1	34.5	49.7 *
– Net	4.3	11.9	17.0	30.1	32.8	38.8 *
Gross dividend (%)	–	–	–	–	–	–

* Annualised

Notes:-

- (i) The proforma consolidated results of PHB Group have been prepared for illustrative only and are based on the audited accounts of PISB and POISB after making such adjustments considered necessary.

10. FINANCIAL INFORMATION (Cont'd)

- (ii) *The accounting year end of PHB Group is 31 May. The results of POISB whose financial year end were 30 November have been consolidated after making such adjustments considered necessary to be coterminous with the financial year end of the Group.*
- (iii) *The proforma number of shares in issue is based on the issued and paid-up share capital of PHB after taking into account the shares issued by PHB for the Acquisitions.*
- (iv) *There were no extraordinary items in respect of the above financial years/period under review.*
- (v) *The increase in turnover and operating profit before taxation during 1995 to 1997 were in line with the strong Malaysian and Asian economy and the growth in the industrial sector. PISB has managed to increase its sales locally and overseas.*
- (vi) *The turnover increased in 1998 was mainly due to the increase in demand of soap chips in PISB and the increase in the palm oil prices.*
- (vii) *In 1999, POISB increased its production capacity to produce specialty fats and has contributed to increase the group's turnover. However, the increase was slightly offset by the declining palm oil prices then.*
- (viii) *No provision for taxation was made in 1999 for PISB in view of the tax waiver pursuant to the Income Tax (Amendment) Act 1999. For POISB, the provision for tax was made in the financial year ended 30 November 1998 of which 6 months ended 30 November 1998 was included in the performance of the Group for the year ended 1999.*
- (ix) *The increase in profit for the 7-month ended 31 December 1999 was mainly due to the commencement of contract manufacturing of animal feed from palm oil for a customer in POISB. POISB received a fixed monthly processing fee from the customer.*
- (x) *The turnover for the 7-month ended 31 December 1999 after annualising was RM181 million and was lower than that of 1998. This was mainly due to the declining palm oil prices.*

10.2 Working Capital, Borrowings, Contingent Liabilities and Capital Commitment

(i) Working capital

The Directors are of the opinion that after taking into consideration the cashflow forecast and projections and the banking facilities available, the Group will have adequate working capital for its present and foreseeable future requirements.

(ii) Borrowings

As at 31 May 2000 (the latest practicable date prior to the printing of this Prospectus), the total borrowings of the Group amounted to RM61,405,470.

(iii) Contingent Liabilities

As at 23 June 2000 (the latest practicable date prior to the printing of this Prospectus), the Group does not have any loan capital outstanding or created but unissued or mortgages or charges outstanding or any material contingent liabilities.

(iv) Capital Commitments

As at 23 June 2000 (being the last practicable date prior to the printing of this Prospectus), the Company does not have any capital commitments (approved and contracted for).

10. FINANCIAL INFORMATION (Cont'd)

10.3 Consolidated Profit Estimate and Forecast together with the Assumptions thereto

The Directors estimate and forecast that, barring unforeseen circumstances, the consolidated profit estimate and forecast after taxation of the PHB Group for the year ended 31 May 2000 and for the year ending 31 May 2001 will be as follows:-

	ESTIMATE Year ended 31 May 2000 RM'000	FORECAST Year ending 31 May 2001 RM'000
Consolidated profit before taxation (RM'000)	15,064	19,790
Taxation	(3,000)	(4,136)
Consolidated profit after taxation (RM'000)	12,064	15,654
Gross EPS (sen)	47.2 *	33.0 ^
Net EPS (sen)	37.8 *	26.1 ^
Gross PE Multiple based on issue price of RM2.00 per ordinary share (times)	4.2	6.1
Net PE Multiple based on issue price of RM2.00 per ordinary share (times)	5.3	7.7
* <i>Based on the proforma number of shares after the Acquisitions of 31,900,000 ordinary shares of RM1.00 each assuming the Group has been in existence during the financial year end.</i>		
^ <i>Based on the enlarged issued and paid-up share capital of 60,000,000 ordinary shares of RM1.00 each.</i>		

The principal bases and assumptions upon which the above proforma consolidated profit estimate and forecast have been made are as follows:-

1. There will be no significant changes in the principal activities of the PHB Group and its structure composition.
2. There will be no significant changes in the existing senior management and accounting, management and operational policies of the PHB Group which will adversely affect the PHB Group.
3. There will be no significant changes in the prevailing economic and political conditions that will adversely affect the activities and performance of the PHB Group.
4. There will be no significant changes in the present legislation and government regulations which will adversely affect the operations of the PHB Group or the overseas markets which it operates.

10. FINANCIAL INFORMATION (Cont'd)

5. Existing financing facilities will remain available to the PHB Group and interest rates will not change significantly from those presently prevailing Base Lending Rate at 6%. In addition, the PHB Group will be able to obtain financing facility at the present prevailing interest rates.

6. The inflation rate will not change materially from its current level. The exchange rate assumed for the purpose of the profit estimate and forecast are not materially different from the following:-

Selling & buying USD1.00 : RM3.80

7. There will be no significant changes in the rate and basis of taxation which may affect the PHB Group's activities or in the markets which it operates. The PHB Group will succeed in obtaining Reinvestment Allowance tax incentive under the Income Tax Act, 1967, on the capital expenditure incurred and to be incurred.

8. There will be no industrial disputes or any other abnormal factors or changes that will significantly affect the PHB Group's operations or sales at their estimate and forecast levels or disrupt their planned operations.

9. The crude palm oil prices will be at RM1,250 per metric tonne.

10. There will be no significant changes in the prices of other major materials, labour and other operating costs and in the selling prices and sales mix of the PHB Group's products.

11. The contract manufacturers have sufficient capacity to meet the demands of Paos Industries Sdn Bhd.

12. The production capacity for Premier Oil Industries Sdn Bhd is as follows for the following estimate and forecast years:

	2000	2001	2002
	<i>Capacity (metric tonne)</i>		
Specialty fats production	85,000	86,000	88,000
Animal feed production	30,000	36,000	40,000

13. There is no unforeseen downtime for the machinery other than those planned for maintenance purposes.

14. The current trend of increasing demand for the PHB Group's products will be maintained.

10. FINANCIAL INFORMATION (Cont'd)

15. The proforma consolidated profit estimate and consolidated profit forecast as shown above have been prepared as if the PHB Group has been existence throughout the year. However, the proposed restructuring exercise of the PHB Group which involved the following transactions will only be fully completed by August 2000.
- i) Acquisition of the entire issued and paid up share capital of Paos Industries Sdn Bhd (“PISB”) comprising 5,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM29,491,069 to be satisfied by the issuance of 24,475,438 new ordinary shares of RM1.00 each in PHB at an issue price of RM1.20 per ordinary share which was completed in June 2000.
 - ii) Acquisition of the entire issued and paid up share capital of Premier Oil Industries Sdn. Bhd. (“POISB”) comprising 3,100,000 ordinary shares of RM1.00 each, for a purchase consideration of RM8,946,038 to be satisfied by the issuance of 7,424,560 new ordinary shares of RM1.00 each in PHB at an issue price of RM1.20 per ordinary share which was completed in June 2000.
 - iii) Rights Issue of 18,920,000 new ordinary shares of RM1.00 each to the shareholders of PHB, at an issue price of RM1.05 per ordinary share on the basis of approximately 593 (five hundred and ninety three) new ordinary shares for every 1,000 (one thousand) existing ordinary shares of RM1.00 each which was completed in June 2000.
 - iv) Public Issue of 9,180,000 new ordinary shares of RM1.00 each in PHB at an issue price of RM2.00 per ordinary share which will be completed by August 2000.
 - v) The proposed listing expenses estimated at RM2,000,000 will be set off against the share premium account.
16. The gross proceeds from the Rights Issue and Public Issue amounting to RM19,866,000 and RM18,360,000 will be received in August 2000 and would be utilised as follows:-

	RM'000
Proceeds from Rights Issue	19,866
Proceeds from Public Issue	18,360
	<hr/>
	38,226
	<hr/>
Utilisation:-	
Estimated listing expenses	(2,000)
Repayment of term loan	(7,800)
Repayment of trade line facilities	(15,615)
Working capital	(12,811)
	<hr/>

10. FINANCIAL INFORMATION (Cont'd)

10.4 Reporting Accountants' Letter on the Proforma Consolidated Profit Estimate and Consolidated Profit Forecast

(Prepared for inclusion in this Prospectus)



KPMG (Firm No. AF 0756)
Public Accountants
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The Board of Directors
Paos Holdings Berhad
519, Block A
5th Floor, Kelana Business Centre
97, Jalan SS 7/2, Kelana Jaya
47501 Petaling Jaya
Selangor Darul Ehsan

Our ref: A4/AAS/DHSL/DPL/bsb/1

19 June 2000

Dear Sirs,

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED PROFIT ESTIMATE FOR THE YEAR ENDED 31 MAY 2000 AND CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 MAY 2001

We have reviewed the accounting policies and calculations for the Proforma Consolidated Profit Estimate and Consolidated Profit Forecast of Paos Holdings Berhad ("PHB") and its subsidiary companies ("PHB Group"), for which the Directors are solely responsible, for the year ended 31 May 2000 and year ending 31 May 2001, as set out in the Prospectus dated 30 June 2000 in connection with the Public Issue of 9,180,000 new ordinary shares of RM1.00 each in PHB at an issue price of RM2.00 per ordinary share and the listing and quotation of the entire issued and paid up capital comprising 60,000,000 ordinary shares of RM1.00 each in PHB on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Profit Estimate and Consolidated Profit Forecast, so far as the accounting policies and calculation are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the Prospectus and are presented on a basis consistent with the accounting policies normally adopted by the PHB Group.

Yours faithfully,

KPMG
(No. AF 0756)
Public Accountants

LIM HUN SOON & DAVID LIM
Partner
Approval Number: 1211/5/02(J)



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5th Floor, Kelana Business Centre
97, Jalan SS 7/2, Kelana Jaya
47501 Petaling Jaya
Selangor Darul Ehsan

10. FINANCIAL INFORMATION (Cont'd)

10.5 Proforma Consolidated Balance Sheets

The proforma consolidated balance sheets of PHB set out below are prepared for illustrative purposes only, to show the effects of the restructuring scheme on the balance sheets of the PHB Group as at 31 December 1999.

	Balance Sheet at 31.12.99 RM'000	Proforma consolidated balance sheet after stage 1 RM'000	Proforma consolidated balance sheet after stage 2 RM'000	Proforma consolidated balance sheet after stage 3 RM'000
Fixed Assets	–	63,400	63,400	63,400
Expenditure carried forward	27	538	538	27
Current Assets				
Stocks	–	10,787	10,787	10,787
Debtors	–	48,681	48,681	48,681
Deposits, Cash and bank Balances	*	7,843	27,709	44,580
	*	67,311	87,177	104,048
Current Liabilities				
Other Current Liabilities	(27)	(25,319)	(25,319)	(25,319)
Bank Borrowings	–	(49,773)	(49,773)	(49,773)
Term Loan	–	(986)	(986)	(986)
	(27)	(76,078)	(76,078)	(76,078)
Net Current (Liabilities)/Assets	(27)	(8,767)	11,099	27,970
	*	55,171	75,037	91,397
Financed by:				
Share Capital	*	31,900	50,820	60,000
Share Premium	–	6,537	7,483	14,663
Reserve on Consolidation	–	7,707	7,707	7,707
Shareholders' Funds	*	46,144	66,010	82,370
Long Term & Deferred Liabilities	–	9,027	9,027	9,027
	*	55,171	75,037	91,397
(Net Liabilities)/Net Tangible Assets per share (RM)	(13,500)	1.43	1.29	1.37

* RM2.00

10. FINANCIAL INFORMATION (*Cont'd*)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF PAOS HOLDINGS BERHAD AND ITS SUBSIDIARY COMPANIES AS AT 31 DECEMBER 1999

1. The Proforma Consolidated Balance Sheets of the PHB Group are based on the accounts of Paos Holdings Berhad and the audited accounts of its subsidiaries as at 31 December 1999.
2. The Proforma Consolidated Balance Sheets of the PHB Group have been prepared using accounting principles and bases consistent with those previously adopted in the preparation of audited financial statements.
3. The Proforma Consolidated Balance Sheets incorporate the following transactions as though they were effected on 31 December 1999:-

Stage 1

- Proposed acquisition of the entire issued and paid up share capital of Paos Industries Sdn Bhd (“PISB”) comprising 5,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM29,491,069 to be fully satisfied by the issuance of 24,475,438 new ordinary shares of RM1.00 each in PHB at an issue price of RM1.20 per ordinary share.
- Proposed acquisition of the entire issued and paid up share capital of Premier Oil Industries Sdn. Bhd. (“POISB”) comprising 3,100,000 ordinary shares of RM1.00 each, for a purchase consideration of RM8,946,038 to be fully satisfied by the issuance of 7,424,560 new ordinary shares of RM1.00 each in PHB at an issue price of RM1.20 per ordinary share.

Stage 2

- Rights Issue of 18,920,000 new ordinary shares of RM1.00 each to the shareholders of PHB, at an issue price of RM1.05 per ordinary share.

Stage 3

- Public Issue of 9,180,000 new ordinary shares of RM1.00 each in PHB at an issue price of RM2.00 per ordinary share.
- Listing expenses estimated at RM2,000,000 is written off against the share premium account.

10. FINANCIAL INFORMATION (Cont'd)

4. The gross proceeds from the Rights Issue and Public Issue amounting to RM19,866,000 and RM18,360,000 will be received in June 2000 and would be utilised as follows:

	RM'000
Proceeds from Rights Issue	19,866
Proceeds from Public Issue	18,360
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	38,226
Utilisation:-	
Estimated listing expenses	(2,000)
Repayment of term loan	(7,800)
Repayment of trade line facilities	(15,615)
Working capital	(12,811)
	<hr/>

5. Share Capital

	RM'000
Issued and fully paid:	
• Balance as at 31 December 1999	*
• 31,899,998 new ordinary shares at an issue price of RM1.20 per share issued for the acquisition of PISB's and POISB's entire issued and paid up capital	31,900
• Rights Issue of 18,920,000 new ordinary shares at an issue price of RM1.05 per ordinary share	18,920
• Public Issue of 9,180,000 new ordinary shares at issue price of RM2.00 per ordinary share	9,180
	<hr/>
	60,000
	<hr/>

* *This represents 2 ordinary shares of RM1.00 each.*

6. Share Premium

	RM'000
• 31,899,998 new ordinary shares at an issue price of RM1.20 per share issued for the acquisition of PISB's and POISB's entire issued and paid up capital	6,537
• Rights Issue of 18,920,000 new ordinary shares at an issue price of RM1.05 per ordinary share	946
• Public Issue of 9,180,000 new ordinary shares at issue price of RM2.00 per ordinary share	9,180
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	16,663
less: Estimated listing expenses	(2,000)
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	14,663
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10. FINANCIAL INFORMATION (Cont'd)

7. Reserve On Consolidation

	RM'000
Net tangible assets of PISB and POISB as at 31 December 1999	46,144
Purchase consideration to be satisfied by the issuance of 31,899,998 new ordinary shares at an issue price of RM1.20 per ordinary share	(38,437)
	<hr/> 7,707 <hr/>

10. FINANCIAL INFORMATION (Cont'd)

10.6 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)



KPMG (Number AF 0758)
Public Accountants
Wahid KPMG
Linn Danga, Derasussu Baitul
56400 Kuala Lumpur, Malaysia

SO. Lic 10047
10702 Kuala Lumpur
Malaysia

Tel + (603) 755 3000
Fax + (603) 755 3071

The Board of Directors
Paos Holdings Berhad
519, Block A
5th Floor, Kelana Business Centre
97, Jalan SS 7/2, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

Our ref: A4/AA5/DHSL/OPL/hab/2

19 June 2000

Dear Sirs

**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED
BALANCE SHEETS OF PAOS HOLDINGS BERHAD AND ITS SUBSIDIARY
COMPANIES**

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Paos Holdings Berhad ("PHB") and its subsidiary companies ("PHB Group"), for which the Directors are solely responsible, as at 31 December 1999, together with the notes thereon as set out in the Prospectus dated 30 June 2000 in connection with the Public Issue of 9,180,000 new ordinary shares of RM1.00 each in PHB at an issue price of RM2.00 per ordinary share and the listing and quotation of the entire issued and paid up capital comprising 60,000,000 ordinary shares of RM1.00 each in PHB on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheet, together with the notes thereon, are presented on a basis consistent with the accounting policies normally adopted by the PHB Group and are in a form suitable for the inclusion in the abovementioned Prospectus.

Yours faithfully

KPMG
(No AF: 0758)
Public Accountants

LIM HUN SOON @ DAVID LIM
Partner
Approval Number: 1514/5/02(J)



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10. FINANCIAL INFORMATION (Cont'd)

10.7 Dividend Estimate and Forecast

PHB intends to pursue a dividend policy in line with its profitability which would allow shareholders to participate in the profits of the Group as well as maintaining adequate reserves for its future growth and expansion.

No dividend shall be proposed for the financial year ending 31 May 2000. On the basis of the consolidated profit forecast after minority interest and extraordinary items, and on the assumption that the present basis for calculating taxation and rates of taxation will remain unchanged, the Directors of PHB anticipate that the Company will be in a position to propose, based on the enlarged issued and paid-up share capital of RM60,000,000, a gross dividend of 4.3% for the financial year ending 31 May 2001.

The intended appropriation of the Company's proforma forecast consolidated profit before taxation for the financial year ended 31 May 2000 and for the forecast consolidated profit after taxation for the financial year ending 31 May 2001 are as follows:-

	ESTIMATE Year ended 31 May 2000 RM'000	FORECAST Year ending 31 May 2001 RM'000
Consolidated profit before taxation	15,064	19,790
<i>Less</i> : Taxation	(3,000)	(4,136)
Consolidated profit after taxation	12,064	15,654
<i>Less</i> : Proposed dividend	–	(1,860)
	12,064	13,794
Gross dividend per share (sen)	–	4.3
Gross dividend yield (%)	–	2.2
Net dividend cover (times)	–	8.4

11. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)

Registered Office:

519, Block A
5th Floor, Kelana Business Centre
97, Jalan SS 7/2, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

22 June 2000

The Shareholders

Paos Holdings Berhad

On behalf of the Board of Paos Holdings Berhad ("the Company"), I report, after due inquiry, during the period from 31 December 1999 (being the date to which the last audited accounts of the Company and its subsidiary companies have been made up) to 23 June 2000 (being a date not earlier than fourteen (14) days before the issue of this Prospectus) that:-

- (a) the business of the Company and its subsidiaries have, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited accounts of the Company and its subsidiary companies which have adversely affected the trading or the value of the assets of the Company or its subsidiary companies;
- (c) the current assets of the Company and its subsidiary companies appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees given by the Company or its subsidiary companies; and
- (e) since the last audited accounts of the Company and its subsidiary companies, save as disclosed in the Accountants' Report as set out in Section 12 of this Prospectus, there have been no changes in published reserves nor any unusual factors affecting the profits of the Company and its subsidiary companies.

Yours faithfully

On behalf of the Board of Directors of
PAOS HOLDINGS BERHAD

DATO' LIM TONG YONG @ LIM TONG YAIM

Executive Chairman

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

13.1 Share Capital

- (i) No shares will be allotted on the basis of this Prospectus later than six (6) months after the date of this Prospectus.
- (ii) There are no founder, management or deferred shares in the Company. There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another.
- (iii) Save for the 2,400,000 ordinary shares of RM1.00 each reserved for Directors, eligible employees and parties that have contributed to the success of the Group, no person has been or is entitled to be given an option to subscribe for any share, stock or debentures of the Company or its subsidiary companies.
- (iv) Save as disclosed in paragraph (iii) above, as at the date of this prospectus, none of the capital of the Company or any of its subsidiary companies has been put under option or agreed conditionally or unconditionally to be put under option.
- (v) Save as disclosed in Sections 6.2 of this Prospectus, no shares or debentures of PHB and its subsidiary companies have been issued or are proposed to be issued as fully or partly paid-up for cash or otherwise than for cash within the two (2) years preceding the date of this Prospectus.

13.2 Articles of Association

The following provisions are reproduced from the Company's Articles of Association ("Article"), which have been approved by the KLSE.

A. 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 as stringent as those provided in the Companies Act, 1965, are as follows:-

Article 5

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Act and these Articles and to the provisions of any resolution of the Company, shares in the Company may be issued by the directors who may allot or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions, whether in regard to dividend, voting, return of capital, or otherwise and at such times as the directors may determine subject to an ordinary resolution of the Company PROVIDED ALWAYS THAT:-

- (1) the Company shall not issue shares to transfer a controlling interest without the prior approval of shareholders in general meeting;
- (2) every issue of shares or option 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 shareholders in general meeting have approved the specific allotment to be made to such a director and unless he holds office in an executive capacity;

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (3) the rights attaching to shares of a class other than ordinary shares shall be stated at the time of issue;
- (4) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (5) the total nominal value at any time of issued preference shares shall not exceed the total nominal value of issued ordinary shares;
- (6) the Company shall have the power to issue preference capital ranking equally with, or in priority to, preference shares already issued.

Article 14

No person shall exercise any rights of a meeting until his name shall have been entered in the Register or the Record of Depositors and he shall have paid all calls and other moneys for the time being due and payable on any share held by him whether alone or jointly with any other person PROVIDED THAT the Central Depository or its nominee company in whose name the Deposited Securities are registered shall not be entitled to any such rights unless required by virtue of the Central Depositories Act or the Rules or the context of these Articles.

Article 14(a)

Subject to any direction to the contrary that may be given by the Company in general meetings all new shares shall, before issue be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors may dispose of those shares in such manner as they may think most beneficial to the Company. The directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the directors, be conveniently offered under this regulation.

Article 51

The Company may by ordinary resolution passed at a general meeting convert any paid-up shares into stock and reconvert any stock into paid-up shares of any denomination.

Article 52

The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulation as and subject to which the shares from which the stock arose might before conversion have been transferred or as near thereto as circumstances admit; but the directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

Article 53

The holders of stock shall according to the amount of the stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such part of stock which would not if existing in shares have conferred that privilege or advantage.

Article 54

Such of the regulations of the Company as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" and "member" therein shall include "stock" and "stockholder".

Article 55

Notwithstanding Article 64 hereof the repayment of preference share capital other than redeemable preference, or any other 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 a meeting.

Article 56

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 shares of that class) may, whether or not the Company is being wound up, be varied or abrogated 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 that 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 may demand in a poll. To every such special resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

Article 57

The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participations in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Article 58

The Company may from time to time by ordinary resolution increase the share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase shall prescribe.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

Article 59

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

Article 60

The Company may by ordinary resolution from time to time:-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; or
- (b) sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provision of the Act, and so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived. Any resolution whereby any share is sub-divided may determine that, as between the resulting shares, one or more of such shares may by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, capital, voting or otherwise over the others or any other of such shares; or
- (c) cancel any shares not taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 61

The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner authorised and subject to any conditions prescribed by the Act.

B. Transfer of Securities

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

(i) Articles of Association

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

Article 30

Subject to the provisions of these Articles, the Act, the Central Depositories Act and the Rules (with respect to transfer of a deposited security) all transfers of shares shall be in writing in the form prescribed and approved by the Exchange, or such form as may from time to time, be prescribed under the Act or approved by the Exchange, or such relevant authorities of the stock exchanges on which the Company's shares are listed. All transfers of Deposited Securities shall be effected in accordance with the Rules.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

Article 31

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

Article 32

(1) Where:-

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

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

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

(2) For the avoidance of doubt, no company which fulfils the requirements of paragraphs (a) and (b) of Article 32(1) shall allow any transmission of securities from the Malaysian Register into the Foreign Register.

Article 33

Subject to these Articles, there shall be no restriction on the transfer of fully paid securities except where required by law. However, no shares shall in any circumstances transferred to any infant, bankrupt or person of unsound mind.

Article 34

The Company may pursuant to Section 34 of the Central Depository Act and the Rules request for the Record of Depositors and in this connection, may request for the Record of Depositors as at a specified date. The Company shall give notice to the Central Depository to enable the Central Depository to prepare the appropriate Record of Depositors.

Article 35

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

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

Article 36

Neither the Company nor the directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares by registered members apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to Company or the directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee be set aside, and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee and/or particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

(ii) Main Board Listing Requirements of KLSE

Section 293A – Transfer of Securities

The transfer of any securities or class of securities of the company which have been deposited with the Central Depository shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and, notwithstanding Sections 103 and 104 of the Companies Act, 1965, but subject to 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 such securities.

Section 293B – Transfer 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 Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such securities;

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

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

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

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

(iii) Companies Act, 1965

The provisions within the Companies Act, 1965 on the transferability of securities and any restrictions on their free transferability 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 the 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 titles 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.

(iv) Rules of the MCD

The rules within MCD on the transferability of securities and any restriction on their free transferability are as follows:-

Rules 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).

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

Rule 8.05A

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

Rule 9.03(2)

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

- (a) the prescribed Form FTF010 (request for ordinary transfer of securities form) or Form 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 offer pursuant to the provisions of the Malaysian Code On Take-overs and Mergers 1998;
 - (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; and
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determined in its Procedural Manual.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

C. Remuneration of Directors

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

Article 112

The fees of the directors shall from time to time be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provided) be divisible among the directors as they may agree, or failing agreement, equally, except that any director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled to rank in such division for a proportion of the fees related to the period during which the director has held office provided always that:-

- (i) Fees payable to non-executive directors shall be by a fixed sum, and not by a commission on or a percentage of profits or turnover. Salaries payable to executive directors may not include a commission on or percentage of turnover.
- (ii) The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meeting of the Company or in connection with the business of the Company.
- (iii) Any fee paid to an alternate director shall be agreed upon between himself and the director nominating him and shall be paid out of the remuneration of the latter.
- (iv) Fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Article 113

- (a) The directors shall be entitled to be re-imbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the directors or of any committee of the directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance or their duties as directors.
- (b) If by any arrangement with the directors, any directors shall perform or render any special duties or services outside his ordinary duties as a director in particular without limiting to the generality of the foregoing if any director being willing shall be called upon to perform extra services or to make any special excursions 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 or a committee of directors, the directors may pay him extra remuneration, in addition to his director's fees.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

D. Voting and Borrowing Powers of Directors

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

Article 115

- (1) The business of the Company shall be managed by the directors who may exercise all such powers of the Company, and do on behalf of the Company all such acts as are within the scope of the Memorandum and Articles of Association of the Company and as are not, by the Act or by these regulations, required to be exercised the Company in general meeting, subject, nevertheless, to any of these regulations, to the provisions of the Act, and to such regulations, being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in general meeting; but no regulation made by the Company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.
- (2) Any sale or disposal by the directors of a substantial portion of the Company's main undertaking or property shall be subject to ratification by shareholders in general meeting.

Article 116

- (1) The directors may exercise all the powers of the Company to borrow money or to mortgage or charge its undertaking, property, uncalled capital, or any part thereof, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related third party.
- (2) The directors shall not borrow any money or mortgage or charge any of the company's or its subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.
- (3) The directors shall cause a proper register to be kept in accordance with Section 115 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 108 of the Act in regard to the registration of mortgages and charges therein specified and otherwise.

Article 117

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

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

Article 118

The directors may procure the establishment and maintenance of any non-contributory or contributory pension or superannuation fund or life assurance scheme for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons who are or who shall have been at any time in the employment or service of the Company or any associated company or to any persons who are or who have been a director or other officer of and holds or have held salaried employment in the Company or any associated company, or the wives, widows, families or dependents of any such persons. The directors may also procure the establishment of subsidy or subscription and support to any institutions, association, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibitions or for any public, general or useful object. Provided that any director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only where the Act requires, to proper disclosure to the members of the Company in general meeting.

Article 119

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

Article 120

All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments, and all receipts for money paid to the Company, drawn, accepted, shall be signed, endorsed or otherwise executed, as the case may be, by any two (2) directors or in such other manner as the directors from time to time determine.

Article 121

A director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of director for such period and on such terms as the directors may determine. No director or intending director shall be disqualified by his office from contracting with the Company with regard to his tenure of any such office or place of profit in any other respect nor shall any such contract, or any contract or arrangement entered into by or on behalf of any company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established provided always that Sections 131 and 132E and all other relevant provisions of the Act and these Articles are complied with.

Article 122

Any director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director provided that nothing herein contained shall authorise a director or his firm to act as auditor of the Company.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

13.3. Directors and Substantial Shareholders

- (i) The names, addresses and occupations of the Directors are set out in Section 2 of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meetings.
- (iii) None of the Directors of the Company has any service contracts with the Company or its subsidiary companies.
- (iv) No Director, Senior Executive Officer or person nominated to become a Director or Senior Executive Officer of PHB is or was involved in the following events:-
 - (a) a petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was a Senior Executive Officer;
 - (b) conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
 - (c) the subject of any order, judgement or ruling of any court of competent jurisdictions, 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.
- (v) For the financial year ended 31 May 2000, the aggregate remuneration and fees paid to the Directors for services rendered in all capacities to the Company and its subsidiary companies amounted to RM380,000. For the current financial year ending 31 May 2001, the amount payable to the Directors for services to the Company and its subsidiary companies is forecasted to be RM564,000.
- (vi) None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in any business carrying on a similar trade as the Company and its subsidiary companies and which is not quoted on a recognised stock exchange.
- (vii) Save as disclosed below, none of the Directors and substantial shareholder of the Company has any interest, direct or indirect, in the promotion of or in any assets which have, within the two (2) years preceding the date of this Prospectus been acquired or disposed of by or leased to the Company or its subsidiary companies, or are proposed to be acquired, disposed of by or leased to the Company or its subsidiary companies, or any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Group taken as a whole except as disclosed below:-
 - (a) On 1 June 2000, PHB acquired the entire issued and paid-up share capital of PISB comprising 5,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM29,491,069 satisfied through the issue of 24,475,438 new ordinary shares of RM1.00 each in PHB at an issue price of approximately RM1.20 per share; and
 - (b) On 1 June 2000, PHB acquired the entire issued and paid-up share capital of POISB comprising 3,100,000 ordinary shares of RM1.00 each for a purchase consideration of RM8,946,038 satisfied through the issue of 7,424,560 new ordinary shares of RM1.00 each in PHB at an issue price of approximately RM1.20 per share.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

The interest of the Directors and substantial shareholders of the Company in the aforesaid transactions are as follows:-

Name	Nature of interest
Dato' Lim Tong Yong @ Lim Tong Yaim	A Director and substantial shareholder of PISB and POISB
Md Azar bin Ismail	A Director of PISB and a substantial shareholder of PISB and POISB
Hanapi bin Suliman	A substantial shareholder of PISB and POISB
Datin Khadijah binti Mohd Yasin	A substantial shareholder of PISB and POISB
Siti Hawa binti Mohd Nor	A substantial shareholder of PISB and POISB

- (viii) According to the Register of Directors' shareholdings as at the date hereof, the beneficial interests of the Directors in the Company before and after the Public Issue are tabulated below:-

Before the Public Issue

Name of Director	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Dato' Lim Tong Yong @ Lim Tong Yaim	32,761,944	64.47	–	–
Lim Tong Hai @ Lim Ah Jee	–	–	–	–
Md. Azar bin Ismail	9,180,380	18.06	–	–
Wang Hak Tham @ Wong Hak Tham	–	–	–	–
Tan Sri Abdullah Sanusi Ahmad	–	–	–	–

After the Public Issue

Name of Director	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Dato' Lim Tong Yong @ Lim Tong Yaim	32,771,944*	54.62	–	–
Lim Tong Hai @ Lim Ah Jee	10,000	0.02	–	–

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

After the Public Issue

Name of Director	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Md. Azar bin Ismail	9,190,380*	15.32	–	–
Wang Hak Tham @ Wong Hak Tham	10,000	0.02	–	–
Tan Sri Abdullah Sanusi Ahmad	10,000	0.02	–	–

* Including the Directors' entitlement to the pink forms

- (ix) According to the register of substantial shareholders as at the date hereof, the names of the existing substantial shareholders and their respective direct and indirect interests in the shares of the Company before and after the Public Issue are tabulated below:-

Before the Public Issue

Name of substantial shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Dato' Lim Tong Yong @ Lim Tong Yaim	32,761,944	64.47	–	–
Md. Azar bin Ismail	9,180,380	18.06	–	–
Hanapi bin Suliman	2,950,842	5.81	–	–
Datin Khadijah binti Mohd Yasin	2,950,842	5.81	–	–
Siti Hawa binti Mohd Nor	2,950,842	5.81	–	–

After the Public Issue

Name of substantial shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Dato' Lim Tong Yong @ Lim Tong Yaim	32,771,944*	54.62	–	–
Md. Azar bin Ismail	9,190,380*	15.32	–	–
Hanapi bin Suliman	2,950,842	4.92	–	–
Datin Khadijah binti Mohd Yasin	2,950,842	4.92	–	–
Siti Hawa binti Mohd Nor	2,950,842	4.92	–	–

* Including his entitlement to the pink forms.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

13.4 General Information

- (i) The nature of the Group's business is described in Sections 1 and 6.4 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 are disclosed in Section 6.7 of this Prospectus.
- (ii) The time of the opening of the Application List is set out in Section 7.1 of this Prospectus.
- (iii) The amount payable in full on application is RM2.00 per share.
- (iv)
 - (a) Underwriting commission is payable by the Company to the Managing Underwriter and Underwriters at the rate of 1.5% of the issue price of RM2.00 per share on the 6,780,000 Public Issue Shares, and any Public Issue Shares not fully subscribed by the Directors, eligible employees of PHB Group and parties that have contributed to the success of the Group, being underwritten.
 - (b) Brokerage at the rate of 1% of the issue price of RM2.00 per share will be paid by the Company to Perwira Affin Merchant Bank, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH in respect of successful Application Forms bearing their stamp.
 - (c) Expenses specifically relating to the Public Issue such as underwriting commission, brokerage, stamp duty, registration and transfer fees and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of the Company on the KLSE amounting to approximately RM2 million will be borne by the Company.
- (v) Save as disclosed in paragraph (iv) above, no commission, discounts, brokerage or other special terms were granted by the Company within the two (2) years immediately preceding the date of this Prospectus in connection with the issue or sale of any capital or debenture of the Company or its subsidiaries or for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company and no Director or proposed Director or promoter or expert is or are entitled to receive any such payment.
- (vi) No amount or benefit has been paid or given within the two (2) years preceding the date hereof, nor is it intended to be so paid or given, to any promoter.
- (vii) Save as disclosed in Section 6 of this Prospectus, the PHB Group has not established a place of business outside Malaysia.
- (viii) Except as disclosed in Section 3 and Section 8 of this Prospectus, 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 or its subsidiary companies.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

- (ix) Except as disclosed in Section 3, 8, 9, 10 and 11 of this prospectus, the financial conditions and operations of the Company and its subsidiary companies are not affected by any of the following:-
- (a) Known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way;
 - (b) Material commitments for capital expenditure;
 - (c) Unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and
 - (d) Known trends or uncertainties that have had or that the Company reasonably expects will have a material favourable or unfavourable impact on revenues or operating income of the Group.

As far as the Directors are aware and except as disclosed in this Prospectus, the Group is not vulnerable to any specific factors or events of a particular nature other than those normal commercial risks experienced during the course of business.

- (x) Save as disclosed in Section 7.2 of this Prospectus, there are no other schemes involving the employees in the capital of the Company or its subsidiary companies as at the date of this Prospectus.
- (xi) As at the date of this Prospectus, the Company and its subsidiary companies do not have any convertible debt securities.
- (xii) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 14 of this Prospectus.
- (xiii) The name and address of the Auditors and Reporting Accountants of the Company are set out in Section 2 of this Prospectus.

13.5 Material Contracts

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

- (i) Supplemental sale and purchase agreement dated 1 June 2000, between PHB and the vendors of PISB, namely, Dato' Lim Tong Yong @ Lim Tong Yaim, Md. Azar bin Ismail, Hanapi bin Suliman, Datin Khadijah binti Mohd Yasin, Siti Hawa binti Mohd Nor and Lim May Kuin for the acquisition by PHB of 5,000,000 ordinary shares of RM1.00 each in PISB for a purchase consideration of RM29,491,069 to be satisfied through the issue of 24,475,438 new ordinary shares of RM1.00 each in PHB at an issue price of approximately RM1.20 per share;
- (ii) Supplemental sale and purchase agreement dated 1 June 2000, between PHB and the vendors of POISB, namely, Dato' Lim Tong Yong @ Lim Tong Yaim, Md. Azar bin Ismail, Hanapi bin Suliman, Datin Khadijah binti Mohd Yasin, Siti Hawa binti Mohd Nor for the acquisition by PHB of 3,100,000 ordinary shares of RM1.00 each in POISB for a purchase consideration of RM8,946,038 to be satisfied through the issue of 7,424,560 new ordinary shares of RM1.00 each in PHB at an issue price of approximately RM1.20 per share; and

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

- (iii) An underwriting Agreement dated 21 June 2000 between the Company, Managing Underwriters and the Underwriter whose names are mentioned under Section 2 of this Prospectus for the underwriting of 6,780,000 Public Issue Shares and any public issue shares not fully subscribed by the Directors, eligible employees of PHB Group and parties that have contributed to the success of the Group for an underwriting commission of 1.5% of the issue price of RM2.00 per share.
- (iv) A Joint Venture Agreement dated 21 October 1998 was entered into by Berg & Schmidt Asia Pte Ltd (“BSA”) at corporation existing under the laws of the Republic of Singapore and having its registered office at 63, Hillview Avenue #03-04, Lam Soon Industrial Building, Singapore 669569 of the first part, Paos Industries Sdn Bhd (“PISB”) of the second part and Berg Schmidt (Malaysia) Sdn Bhd (“the Company”) of the third part. BSA and PISB have on the aforesaid date formed a joint venture through the Company for the purpose, which includes but is not limited to, the production of refined feedfats from recycled oils, to blend them for feedfat consumption and to market the products in Malaysia. The shareholding of the company is equal between PISB and BSA. BSA shall provide the Company with personnel to carry out the management and all commercial activities of the company whereas processing storage and blending are to be carried out by PISB. Subsequently, the parties have entered into an agreement on 17 January 2000, wherein the parties have agreed to revoke the agreement.
- (v) A Production Agreement dated 21 October 1998 was entered into between Paos Industries Sdn Bhd (“PISB”) and Berg Schmidt (Malaysia) Sdn Bhd (“the Company”) in pursuant to the Joint Venture Agreement stated in clause (iv) herein above. In this Agreement, PISB agreed to make available to the Company the following facilities, firstly a tank farm with 13 banks (a number of which are to be equipped with suitable agitators) with a capacity of 4,250 cubic metres for blending of feedfats and mixing of lecithin compounds, secondly a refinery which includes a facility for pre-treatment bleaching and deodorising of fats and oils with a capacity of 4,500 metric tonnes per month and finally sufficient warehouse facilities. PISB shall receive payment of a guaranteed sum from the Company calculated in accordance with the provisions therein for the exclusive use of the aforesaid facilities.

13.6 Material Litigation

Neither the Company nor its subsidiary companies is engaged in any litigation either as a plaintiff or defendant which has a material effect on the financial position of the Company or its subsidiary companies 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 the Company or its subsidiary companies.

13.7 Public Take-Overs

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

- (i) no public take-over offers by third parties in respect of the Company and its subsidiary companies’ shares; and
- (ii) no public take-over offers by the Company in respect of other companies’ shares.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

13.8 Consents

- (i) The written consents of the Adviser and Managing Underwriters, Underwriter, Principal Bankers, Company Secretaries, Issuing House, Registrars and Solicitors to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants to the inclusion of its name, Accountants' Report and its letters relating to the proforma consolidated profit estimate for the financial year ended 31 May 2000 and consolidated profit forecast for the financial year ending 31 May 2001 and proforma consolidated balance sheets as at 31 December 1999 in the manner and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

13.9 Documents for Inspection

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours for a period of six (6) months from the date of this Prospectus:-

- (i) Memorandum and Articles of Association of PHB and its subsidiary companies;
- (ii) The Reporting Accountants' letters relating to the proforma consolidated profit estimate, consolidated profit forecast and proforma consolidated balance sheets as included in Sections 10.4 and 10.6 respectively of this Prospectus;
- (iii) The Directors' Report and Accountants' Report as included in Sections 11 and 12 respectively of this Prospectus;
- (iv) The material contracts referred to in section 13.5 of this Prospectus;
- (v) The letters of consent referred to in Section 13.8 of this Prospectus;
- (vi) The audited accounts of PHB for the period from 11 November 1997 (being the date of incorporation) to 31 May 1998, financial year ended 31 May 1999 and the seven (7) months ended 31 December 1999;
- (vii) The audited accounts of PISB for the past five (5) financial years ended 31 May 1999 and the seven (7) months ended 31 December 1999; and
- (viii) The audited accounts of POISB for the period from 8 June 1994 (being the date of incorporation) to 30 November 1995, the three (3) financial years ended 30 November 1998 and the thirteen (13) months ended 31 December 1999.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

13.10 Responsibility

- (i) PAMB acknowledges that to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts about the Public Issue and the Company and its subsidiary companies and is satisfied that the proforma consolidated profit estimate and consolidated profit forecast of the Group for the financial years ending 31 May 2000 and 2001 respectively for which the Directors are solely responsible has been stated by the Directors after due and careful inquiry.
- (ii) This Prospectus has been seen and approved by the Directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which could make any statement herein misleading.

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 14 July 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 PHB in their absolute discretion may decide.

14.2 Application Forms

The following Application Forms issued with this Prospectus are deemed to form part hereof:-

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

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

14.3 Procedure for Application

Application for the 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, 1965, the Application Form together with the Notes and Instructions printed therein shall constitute an integral part of this Prospectus. Applications which do not strictly conform to the terms of this Prospectus or Application Forms or Notes and Instructions printed therein or which are eligible will not be accepted. The Company will make no acknowledgement of receipt of the Application Forms or application monies.

(a) Applications by the Directors, eligible employees of PHB and parties that have contributed to the success of the Group

Applications for the 2,400,000 ordinary shares reserved for Directors, eligible employees of PHB and parties that have contributed to the success of the Group must be made only on the special "Pink Forms" provided and NOT on any other Application Form or by way of Electronic Share Application through a Participating Financial Institutions's ATM. The amount payable in full on application is RM2.00 per share.

(b) Applications by the Malaysian Public

Application for 6,780,000 Public Issue Shares made available for application by the Malaysian Public must be made on the White Application Forms provided or by way of Electronic Share Application through a Participating Financial Institution's ATM. A corporation or institution cannot apply for shares by way of Electronic Share Application. The amount payable in full on application is RM2.00 per share.

Only one application form from each applicant will be considered. MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED and application must be for 1,000 ordinary shares or multiples thereof. Directors and employees of MIH and their immediate family are strictly prohibited from applying for the Public Issue Shares.

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

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

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

- (A) BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- (B) CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES IN MALAYSIA AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- (C) MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
- (D) GUARANTEED GIRO ORDER ("GGO") FROM BANK SIMPANAN NASIONAL (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- (E) 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);
 - BANK UTAMA (MALAYSIA) BERHAD (27714-A);
 - BSN COMMERCIAL BANK BERHAD (23877-T);
 - BUMIPUTERA-COMMERCE BANK BERHAD (13491-P);
 - CREDIT CORPORATION MALAYSIA BERHAD (5023-H);
 - EON BANK BERHAD (92351-V);
 - EON FINANCE BERHAD (9692-K);
 - HOCK HUA BANK BERHAD (111501-D);
 - HOCK HUA FINANCE CORPORATION BERHAD;
 - HONG LEONG BANK BERHAD (97141-X);
 - HONG LEONG FINANCE BERHAD (7797-V);
 - INTERNATIONAL BANK MALAYSIA BERHAD (22671-U) (*formerly known as Hock Hua Bank (Sabah) Berhad*);
 - 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-H);
 - 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)

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

AND MUST BE MADE OUT IN FAVOUR OF "MIH SHARE ISSUE ACCOUNT NO. 182" 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 IN THE APPLICANTS IDENTITY CARD (NRIC) OR "RESIT PENGENALAN SEMENTARA (JPN1/9)" OR "RESIT PENUKARAN KAD PENGENALAN (JPN 1/22)" WHICH MUST BE ATTACHED TOGETHER WITH THE LEGIBLE PHOTOCOPY OF THE NRIC OR CHANGE OF ADDRESS CARD IN THE CASE OF INDIVIDUAL APPLICANTS EXCEPT FOR ARMED FORCES/ POLICE PERSONNEL WHICH SHOULD BE BASED ON THEIR RESPECTIVE CAMP/BASE/ STATION. IN THE CASE OF CORPORATE / INSTITUTIONAL APPLICANTS, THE NAMES MUST ALSO BE EXACTLY THE SAME AS IN THE 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 REMITTANCES WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

Each completed Application Form must be despatched by ORDINARY POST in the official envelope provided to the following address:-

Malaysian Issuing House Sdn Bhd (258345-X)
27th Floor, Menara Multi-Purpose
Capital Square
No 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
P.O. Box 13269
50804 Kuala Lumpur.

or DELIVERED BY HAND AND DEPOSITED in the Drop-in Boxes provided at the back portion of Menara Multi-Purpose, Capital Square, No 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur so as to arrive not later than 8.00 p.m. on 14 July 2000. Applications may also be delivered in a drive-in manner at Stadium Hoki Tun Razak, Jalan Duta, Kuala Lumpur on 14 July 2000, between 8.30 a.m. to 8.00 p.m. only.

No acknowledgment of the receipt of Applications or application monies will be made by the Company.

14.4 Applications and Acceptances

The Directors of the Company reserve the right to reject any application, which does not strictly comply with the instructions, or to accept any application in part only without assigning any reason therefor. The submission of an Application Form does not necessarily mean that the application will be successful.

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

In the event of an over-subscription, acceptance of applications by the Malaysian public shall be subject to ballot to be conducted in a manner as approved by the Directors. The basis of allocation shall be in such manner as to spread the shareholding base in PHB over a reasonable number of applicants with a view to establishing an adequate market in PHB shares. Acceptance of application will be made in a manner so as to comply with SC's shareholding spread requirement that at least 25% of the issued and paid-up share capital is in the hands of public shareholders and a minimum number of 750 public shareholders (at least 500 of which are public shareholders who are not employees) holding not less than 1,000 shares each. Applicants will be selected in a manner to be determined by the Directors of PHB. In the event the shareholding spread is not met, the Company may not be allowed to proceed with its listing.

In the event of an under-subscription by the Directors, eligible employees of the PHB Group and parties that have contributed to the success of the Group, in respect of the Pink Form Applications, the number of Public Issue Shares not applied for will also be made available to the Malaysian public. In the event of an under-subscription by the Malaysian public, all the ordinary shares not applied for will be made available for subscription proportionately by the Managing Underwriter and Underwriters in the proportion specified in the Underwriting Agreement dated 21 June 2000.

WHERE AN APPLICATION IS REJECTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR REGISTERED POST RESPECTIVELY TO THE APPLICANT WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT THE ADDRESS SHOWN ON THE APPLICATION FORM AT THE APPLICANT'S OWN RISK.

FOR ELECTRONIC APPLICATIONS WHICH ARE REJECTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY WAY OF CREDITING THE APPLICANT'S BANK ACCOUNT BY THE RESPECTIVE PARTICIPATING FINANCIAL INSTITUTION WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS. THE CREDIT ENTRY WILL BE REFLECTED IN THE STATEMENT OF ACCOUNT OF THE RESPECTIVE APPLICANT.

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

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

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

14.5 CDS Account

Pursuant to Section 29 of the Securities Industry (Central Depositories) Act 1991, all dealings in the Public Issue Shares will be by book entries through CDS accounts. Accordingly, no share certificates will be issued to successful applicants.

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

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

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

Failure to comply with these specific instructions as the Electronic Share Application requires or inaccuracy in the CDS account number or the preferred ADA Code, may result in the Application being rejected. The Directors of the Company reserve the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Applications, if the records of the Participating Financial Institutions at the time of making the Electronic Share Applications differ from those in MCD's records, such as the identity card number, names and nationalities.

14.6 Notice of Allotment

Shares allotted to all successful applicants will be credited to their respective CDS accounts. A notice of successful allotment will be despatched to the successful applicant at his address shown in the Application Form at the applicant's own risk within thirty (30) days after the final ballot of the application. For Electronic Share Applications, the notice of allocation will be despatched to the successful applicant at his/ her addresses last maintained with the MCD at the applicant's own risk within thirty (30) days after the final ballot of the application list. This is the only acknowledgement of acceptance of the application.

14.7 Formalising CDS Account

Successful applicants whose CDS accounts have been opened by MCD at their preferred ADA or the ADA caused to be inserted by MIH at the instruction of the Company in case where the successful applicant fails to state either their CDS account number or preferred ADA Code, are required to formally open their accounts by submitting to the ADA the necessary documents and the account-opening fee. No transaction of shares credited to the account can be effected until the accounts have been formally opened.

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

14.8 Terms and Conditions for Electronic Share Applications

The procedures for Electronic Share Applicants at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "Steps"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section 14.9 of this Prospectus. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to the "applicant" in the terms and conditions for Electronic Share Applications and the Steps shall mean the applicant who applies for shares through an ATM of any of the Participating Financial Institutions.

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

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

Upon closing of the offer for the application for the IPO Shares on 14 July 2000 at 8.00 p.m ("Closing Date and Time"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the IPO Shares to MIH as soon as possible but not later than 12 p.m. of the 2nd business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the applicant making only one application. An applicant who has a bank account with a Participating Financial Institution and has been issued an ATM card will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to the applicant making only one application.

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

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

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

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of the Company.
- (b) The applicant is required to confirm the following statements [by depressing predesignated keys (or buttons) on the ATM keyboard] and undertake that the following information given is true and correct:-
 - I have attained 18 years of age as at the closing date of the share application
 - I am a Malaysian citizen residing in Malaysia
 - I have read the relevant Prospectus and understood and agreed with the terms and conditions of this application.
 - This is the only application that I am submitting.
 - I hereby give consent to the Participating Financial Institution and MCD to disclose information pertaining to myself and my account with the Participating Financial Institution and MCD to MIH and other relevant authorities.

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

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR SHARES AS NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE PUBLIC ISSUE SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.
- (d) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.

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

- (e) The applicant agrees and undertakes to subscribe for or purchase and to accept the number of shares applied for as stated on the Transaction Record or any lesser number of shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that the Company decides to allot or allocate any lesser number of such shares or not to allot or allocate any shares to the applicants, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key on the ATM) of the number of shares applied for shall signify, and shall be treated as, his acceptance of the number of shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of the Company.
- (f) The Company reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
- (g) Where an Electronic Share Application is not accepted or accepted in part only, the relevant Participating Financial Institution will be informed of the non-acceptance or acceptance in part. Where an Electronic Share Application is not accepted, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into the applicant's account with that Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful application within two (2) market days of the balloting date. The applicant may check his account on the fifth market day from the balloting date.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. A number of applications will, however, be held in reserve to replace any successfully balloted applications which are subsequently rejected. For such applications which are subsequently rejected, the application monies without interest will be refunded to applicants by MIH by way of cheques issued by MIH. The cheques will be issued and sent by registered post by MIH not later than 21 days from the day of the final ballot of the application list.

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

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

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

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

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

- (o) Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-
- ARAB-MALAYSIAN BANK BERHAD (295576-U)
 - ARAB-MALAYSIAN FINANCE BERHAD (5493-X)
 - BUMIPUTRA-COMMERCE BANK BERHAD (13491-P)
(at selected branches in the Klang Valley only)
 - HSBC BANK MALAYSIA BERHAD (127776-V)
(formerly known as Hongkong Bank Malaysia Berhad)
 - MALAYAN BANKING BERHAD (3813-K)
 - MAYBAN FINANCE BERHAD (3905-T)
 - OCBC BANK (MALAYSIA) BERHAD (5493-X)
 - ORIENTAL BANK BERHAD (845-W)
 - STANDARD CHARTERED BANK MALAYSIA BERHAD (115793-P)
(at selected branches only)
- (p) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institutions.

14.9 Steps for Electronic Share Application Through a Participating Financial Institution's ATM

- (a) Applicant must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account.
- (b) Applicant must have a CDS account.
- (c) Applicant is to apply for the initial public share offering via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application is set out in Section 14.8 under the Terms and Conditions for Electronic Share Applications. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:-
- Personal Identification Number (PIN)
 - Share Issue Number
 - CDS Account Number
 - Number of Shares applied for and/or the Ringgit amount to be debited from the account
 - Confirmation of several mandatory statements.

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

14.10 List of ADAs

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.: 03-2382788/99	086-001
BBMB SECURITIES SDN. BHD. (16453-K)	Level 2, 3, 4 & 17 Letter Box No. 2 Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2019900	099-001
BIMB SECURITIES SDN. BHD. (290163-X)	1st & 2nd Floor, Podium Block Bangunan AMDB 1, Jalan Lumut 50350 Kuala Lumpur Tel. No.: 03-4433533	024-001
CIMB SECURITIES SDN. BHD. (163712-V)	9th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel. No.: 03-2532288	065-001
FIMA SECURITIES SDN. BHD. (210959-K) <i>(formerly known as Capitalcorp Securities Sdn. Bhd.)</i>	No. 45-14, Plaza Level and Level One Plaza Damansara Jalan Medan Setia I Bukit Damansara 50490 Kuala Lumpur Tel. No.: 03-2549966	018-001
HLG SECURITIES SDN. BHD. (127855-D)	21st Floor, Wisma HLA Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2022778	066-001

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

Name	Address and telephone number	Broker Code
KUALA LUMPUR (Cont'd)		
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 Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2041888	055-001
K & N KENANGA BERHAD (15678-H)	8th Floor, Pernas International Building 801, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03-21613066	073-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN. BHD. (134631-V)	26th-30th Floor, The Weld Tower 76, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-2081600	053-001
KUALA LUMPUR CITY SECURITIES SDN. BHD. (126994-W)	3.07, Level 3, Bangunan Angkasaraya Jalan Ampang 50450 Kuala Lumpur Tel. No.: 03-2449322	076-001
LEONG & COMPANY SDN. BHD. (8789-P)	Level 18, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur P.O. Box 10943 50730 Kuala Lumpur Tel. No.: 03-2928899	061-001
MAYBAN SECURITIES SDN. BHD. (165630-M)	30th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel. No.: 03-2323822/33	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.: 03-21668888	026-001

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

Name	Address and telephone number	Broker Code
KUALA LUMPUR (Cont'd)		
OSK SECURITIES BERHAD (14152-V)	10th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel. No.: 03-21624388	056-001
PB SECURITIES SDN. BHD. (20027-W)	27th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-2013011	051-001
PM SECURITIES SDN. BHD. (66299-A)	Ground, Mezzanine & 1st Floors Menara Pengkalen <i>(formerly known as Wisma Pekerti)</i> No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel. No.: 03-2448055	064-001
RASHID HUSSAIN SECURITIES SDN. BHD. (95060-A)	Level 1, 2, 3 and 5, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: 03-9852233	087-001
SIME SECURITIES SDN. BHD. (165878-V)	21st Floor, Bangunan Sime Bank 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-2749288/7781779	097-001
TA SECURITIES BHD. (16029-V)	TA One Tower 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. No.: 03-2321277	074-001
SELANGOR DARUL EHSAN		
AMSTEEL SECURITIES (M) SDN. BHD. (51253-A)	2nd, 3rd & 4th Floors 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: 03-3439999	080-001
HALIM SECURITIES SDN. BHD. (107442-X)	68, Jalan 52/6 New Town Centre P. O. Box 561 46770 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-7555777	091-001

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

Name	Address and telephone number	Broker Code
SELANGOR DARUL EHSAN (Cont'd)		
HWANG-DBS SECURITIES BERHAD (14389-U)	18th-20th Floor, Plaza Masalam 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 41000 Shah Alam Selangor Darul Ehsan Tel. No.: 03-5533288	068-002
JF APEX SECURITIES BERHAD (46780-X)	3rd Floor, Wisma Apex 145A-C, Jalan Bukit P. O. Box 16 43007 Kajang Selangor Darul Ehsan Tel. No.: 03-87361118	079-001
MOHAIYANI SECURITIES SDN. BHD. (140238-A)	2nd & 3rd Floor Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.:03-7197345	095-001
SJ SECURITIES SDN. BHD. (141671-T)	Level 3, Holiday Villa 9, Jalan SS 12/1 Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-7340202	096-001
MELAKA		
MALACCA SECURITIES SDN. BHD. (16121-H)	1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang P.O. Box 248 75250 Melaka Tel. No.: 06-3371533	012-001
OCBC SECURITIES (MELAKA) SDN. BHD. (18884-P)	579, 579A & 579B Taman Melaka Raya 75000 Melaka Tel. No.: 06-2825211	072-001
STRAITS SECURITIES SDN. BHD. (74070-T)	Lot 9 & 10, 1st Floor Bangunan Tabung Haji Jalan Bandar Kaba P. O. Box 209 75740 Melaka Tel. No.: 06-2833622	011-001

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

Name	Address and telephone number	Broker Code
PERAK DARUL RIDZUAN		
BOTLY SECURITIES SDN. BHD. (14948-M)	1st Floor, Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel. No.: 05-2531313	058-001
KIN KHOON & CO. SDN. BHD. (17816-P)	23 & 25, Wisma Kota Emas Jalan Dato' Tahwil Azhar P. O. Box 421 30910 Ipoh Perak Darul Ridzuan Tel. No.: 05-2543311	017-001
MBf NORTHERN SECURITIES SDN. BHD. (14782-V)	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)	63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2558233	071-001
OSK SECURITIES BERHAD (64149-M)	21-25, Jalan Seenivasagam 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2415100	056-002
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)	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8060888	092-001

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

Name	Address and telephone number	Broker Code
PULAU PINANG		
A.A. ANTHONY & COMPANY 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)	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: 04-2636996	068-001
KE-ZAN SECURITIES SDN. BHD. (89986-P)	Wisma Ke-Zan 64, Bishop Street 10200 Pulau Pinang Tel. No.: 04-2634222	085-001
MERCURY SECURITIES SDN. BHD. (113193-W)	2nd Floor, Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Prai Pulau Pinang Tel. No.: 04-3322123	093-001
SMITH ZAIN SECURITIES SDN. BHD. (13901-H)	7th & 8th Floor, Wisma PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: 04-2283355	016-001
SOON THEAM SECURITIES SDN. BHD. (14147-K)	111, Jalan Macalister 10400 Pulau Pinang Tel. No.: 04-2281868	060-001
THONG & KAY HIAN SECURITIES SDN. BHD. (14592-P)	Level 5 & 6, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: 04-2635481	070-001
UT SECURITIES SDN. BHD. (20710-W)	12th Floor, Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel. No.: 04-2626644	059-001

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

Name	Address and telephone number	Broker Code
KEDAH DARUL AMAN		
ALOR SETAR SECURITIES SDN. BHD. (123654-H)	Lot T-30, 2nd Floor Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel. No.: 04-7318088	094-001
PERLIS INDRA KAYANGAN		
UPEN SECURITIES SDN. BHD. (254920-D)	2nd Floor, Podium Block Bangunan KWSP 01000 Kangar Perlis Indra Kayangan Tel. No.: 04-9765200	023-001
NEGERI SEMBILAN DARUL KHUSUS		
PAN MALAYSIA EQUITIES SDN. BHD. (228587-U)	2nd, 9th & 10th Floor Bangunan Yayasan Negeri Sembilan Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: 06-7638999	084-001
MALPAC SECURITIES SDN. BHD. (159143-V)	1st, 2nd & 3rd Floors 19, 20 & 21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: 06-7623131/34	063-001
JOHOR DARUL TAKZIM		
ENG SECURITIES SDN. BHD. (53333-T)	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2231211/2238212	081-001
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.: 07-3332000/3332800	078-001

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

Name	Address and telephone number	Broker Code
JOHOR DARUL TAKZIM (Cont'd)		
KESTREL SECURITIES SDN. BHD. (97150-A)	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: 06-9532222	088-001
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
PJB PACIFIC SECURITIES SDN. BHD. (430550-H)	Podium 2A & 3, Menara Ansar 65, Jalan Trus 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2222692/2765201	027-001
SOUTH JOHOR SECURITIES SDN. BHD. (53647-D)	3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel. No.: 07-4317033	069-001
PAHANG DARUL MAKMUR		
WK SECURITIES SDN. BHD. (70978-V)	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No. : 09-5660800/5660700	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

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

Name	Address and telephone number	Broker Code
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 61, Jalan Sultan Ismail P.O. Box 151 Pejabat Pos Besar 20700 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6235767	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. (432200-A)	Lot 2485, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel. No.: 085-435577	019-002
SABAH		
INNOSABAH SECURITIES SDN. BHD. (194990-K)	11, Equity House, Block K Sadong Jaya Karamunsing 88100 Kota Kinabalu Sabah Tel. No.: 088-234099	020-001
WILAYAH PERSEKUTUAN LABUAN		
LABUAN SECURITIES SDN. BHD. (239683-W)	Level 2, Wisma Oceanic Jalan OKK Awang Besar 87007 Wilayah Persekutuan Labuan Tel. No.: 087-410621 Labuan Tel No: 087-410621	022-001