

THE APPROVAL OF THE SECURITIES COMMISSION ("SC") SHALL NOT BE TAKEN AS AN INDICATION THAT THE SC RECOMMENDS THE PUBLIC ISSUE OF 9,000,000 NEW ORDINARY SHARES OF RM1.00 EACH IN NWP HOLDINGS BERHAD ("NWPH") AT AN ISSUE PRICE OF RM1.60 PER NEW ORDINARY SHARE IN CONJUNCTION WITH THE LISTING OF NWPH ON THE MAIN BOARD OF KUALA LUMPUR STOCK EXCHANGE ("KLSE"). INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF ANY INVESTMENT.

THE VALUATION OF THE PROPERTIES APPROVED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE LISTING EXERCISE AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT PROPERTIES FOR ANY OTHER PURPOSE.

THE ISSUE PRICE OF RM1.60 PER ORDINARY SHARE WAS ENTIRELY DETERMINED AND AGREED UPON BY NWPH AND COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD AS THE ADVISER AND UNDERWRITER BASED ON VARIOUS RELEVANT FACTORS MENTIONED IN THIS PROSPECTUS. INVESTORS SHOULD NEVERTHELESS FORM THEIR OWN EVALUATION ON THE ISSUE PRICE AND THE REASONABLENESS OF THE BASES USED.

THE 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 KLSE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF NWPH, THE PUBLIC ISSUE OR OF ITS ORDINARY SHARES.

DEFINITIONS

In this Prospectus, unless otherwise stated, the following abbreviations shall have the following meanings:-

| | |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Acquisition of NWP | - Acquisition of 2,000,000 ordinary shares of RM1.00 each in NWP, representing the entire equity interest therein, for a total purchase consideration of RM53,634,714 satisfied by the issuance of 46,034,714 new ordinary shares of RM1.00 each in NWPH, credited as fully paid-up, at an issue price of approximately RM1.165 per share |
| ADA | - Authorised Depository Agent |
| ADA Code | - ADA (Broker) Code |
| ATM | - Automated Teller Machine |
| CBSB | - Cashflow Budget Sdn. Bhd. (299614-V) |
| CDS | - Central Depository System |
| CIMB | - Commerce International Merchant Bankers Berhad (18417-M) |
| Electronic Share Application | - The application for the Issue Shares through a Participating Financial Institution's ATM |
| EPS | - Earnings per share |
| FIC | - Foreign Investment Committee |
| Issue Shares | - 9,000,000 new ordinary shares of RM1.00 each in NWPH to be issued pursuant to the Public Issue |
| KLSE | - Kuala Lumpur Stock Exchange (30632-P) |
| MCD | - Malaysian Central Depository Sdn. Bhd. (165570-W), a subsidiary of KLSE |
| MIH | - Malaysian Issuing House Sdn. Bhd. (258345-X) |
| MITI | - Ministry of International Trade and Industry |
| NTA | - Net tangible assets |
| NWP | - NWP Industries Sdn. Bhd. (141753-X) (<i>formerly known as NWP Industries Berhad</i>), a wholly-owned subsidiary of NWPH |
| NWPH or Company | - NWP Holdings Berhad (495476-M) |
| NWPH Group or Group | - NWPH and its subsidiary, NWP |
| Participating Financial Institution(s) | - The participating financial institutions(s) for Electronic Share Application as listed in Section 19.5 (ii)(o) of this Prospectus |
| PE ratio | - Price earnings ratio |
| Public Issue | - The issue of 9,000,000 new ordinary shares of RM1.00 each by NWPH at an issue price of RM1.60 per share to eligible employees of the NWPH Group and the Malaysian public |
| Rights Issue | - The rights issue of 4,965,284 new ordinary shares of RM1.00 each in NWPH at par on the basis of approximately 108 new ordinary shares for every 1,000 ordinary shares held after the Acquisition of NWP |
| SC | - Securities Commission |
| Selang Heights | - Selang Heights Sdn. Bhd. (296815-P) |

DEFINITIONS (Cont'd)

| | | |
|------------|---|---------------------------------------|
| TESB | - | Tegas Erti Sdn. Bhd. (274933-T) |
| USA | - | United States of America |
| RM and sen | - | Ringgit Malaysia and sen respectively |
| USD | - | USA Dollar |

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

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1. SUMMARY OF INFORMATION

The following information is derived from and should be read in conjunction with the full text of this Prospectus:-

1.1 History and Business

NWPH was incorporated in Malaysia under the Companies Act, 1965 on 5 October 1999 as a public limited company under its present name. On 18 October 1999, it obtained its Certificate of Commencement of Business from the Registrar of Companies, and in accordance with Section 142 of the Companies Act, 1965, held a statutory meeting on 29 December 1999.

NWPH is principally an investment holding company while its wholly-owned subsidiary, NWP is an integrated downstream timber processing company. NWP manufactures various types of timber products such as jambs, solid, finger-jointed and laminated mouldings and timber flooring. In addition, NWP is also involved in sawn timber trading and the provision of timber-treatment and kiln-drying services. The Group operates a timber complex on a 16.63-acre site located at Kampung Lanas, Kimanis, District of Papar, Sabah.

1.2 Risk Factors

The following is a summary of the risk factors (which may not be exhaustive) which applicants for the Issue Shares should carefully consider in addition to other information contained elsewhere in this Prospectus before applying for the Issue Shares:-

1.2.1 No Prior Market for NWPH's Shares

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

1.2.2 Control by Substantial Shareholder

Following the Public Issue, Sepang Heights will own 55.25% of the Company's issued and fully paid-up share capital and hence will be able to control the outcome of certain matters requiring the vote of the Company's shareholders, unless it is required to abstain from voting by law and/or by the relevant authorities.

1.2.3 Supply and Cost of Raw Materials

NWPH Group's profits will be subject to fluctuations due to changes in the cost of sawn timber and delays in receiving supplies of sawn timber. As the Group's principal activity is in timber processing, it depends significantly on the long term sustainable supply and cost of sawn timber, being the main raw material used.

1.2.4 Fluctuations in Selling Prices of Timber Products

Inherent to the timber industry is the fluctuations in the selling prices of timber products. However, the NWPH Group mitigates the fluctuations by having a diverse range of quality products and effective costing. Hence, the Group's risks are reduced should any one product suffers from a downturn in selling price or demand.

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

1.2.5 Foreign Market Risk

A significant part of the Group's products are exported to the USA. Therefore, the Group's future growth and level of profitability are expected to be closely linked to the political and economic development of the USA, where most of the Group's customers are located. In addition, NWPB's results will be subject to fluctuations in the currency value of the USD in the event that the fixed exchange rate of USD1.00 to RM3.80 imposed by Bank Negara Malaysia since September 1998 is no longer maintained by the Malaysian Government.

1.2.6 Competition

The Group's products face competition from both local and foreign producers. Competition is also faced in the form of substitute materials which may be more environmentally acceptable in certain markets. Furthermore, in view of the structural change of the industry towards downstream activities, competition in respect to the Group's products as well as its raw materials requirements may further increase in the future. As such, the Group has taken precautionary measures by entering into agreements to secure a consistent supply of raw materials essential to its operations as well as diversifying its products and markets.

1.2.7 Business Risks

The Group is subject to risks inherent in the manufacturing industry and those specific to the timber industry such as general downturn in the global, regional and national economy, entry of new players, constraints in labour supply, changes in law and tax legislation affecting the industry, increase in production costs, changes in business and credit conditions, fluctuations in foreign exchange rates, introduction of new technologies and negative publicity connected to the timber industry. Although the Group seeks to limit these risks through, inter-alia, expansion of export markets, development of new products and a diversified market network, no assurance can be given that any change to these factors will not have a material adverse effect on the Group's business.

1.2.8 Dependence on Key Personnel

The Group believes that its continued success will depend, to a significant extent, upon the abilities and continued efforts of its existing Directors and senior management. The Group's future success will also depend upon its ability to attract and retain skilled personnel.

1.2.9 Profit Estimate and Forecast

The profit estimate and forecast contained in this Prospectus are based on reasonable assumptions that are nevertheless subject to uncertainties and contingencies. Because of subjective judgments and inherent uncertainties, the estimate and forecast may not be realised and actual results may be materially different from those shown.

1.2.10 Political, Economic and Regulatory Consideration

Like all other business entities, changes in political, economic and regulatory conditions in Malaysia or elsewhere could materially affect the financial and business prospects of the Group and the markets of its end products.

1. SUMMARY OF INFORMATION (Cont'd)

1.2.11 Future Prospects

Certain statements in this Prospectus are based on historical data which may not be reflective of future results, and others are forward-looking in nature which are subject to uncertainties and contingencies. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty by the Company or its advisers that the plans and objectives of the NWPB Group will be achieved.

1.3 Future Prospects and Plans of the NWPB Group

With the exports of local wood-based products expected to continue growing positively and the world consumption of sawn timber and wood-panel products expected to grow at an average annual rate of 2.3% and 4.8% respectively for the period between 1990 to 2010, the prospects for the local sawmilling and timber processing industry are expected to be favourable.

(Source: 1998 Dynaquest Sector Analysis - Sawmills & Timber Processing)

The industry's prospects are further enhanced by the following factors:-

- (a) Malaysia, with its continual technological development and innovation, has a great potential for developing the local timber and timber-related industry; and
- (b) The implementation of strict measures for the conservation of forest resources under a national policy of sustainable forest management should ensure a continuous and stable supply of timber in the future.

The NWPB Group plans to expand its business by further investing in its timber flooring division. Timber flooring has been popular in temperate countries, especially in North America. At present, the Group operates two (2) shifts for its sole timber flooring production line. For the eight (8) months period ended 30 April 2000, the Group's timber flooring production line was operating at approximately 72% capacity with an annualised production output of 4,296 tonnes. The Group plans to invest in an additional line costing approximately RM10.0 million, to be financed from proceeds arising from the Rights Issue and Public Issue, for its timber flooring division to boost its current production capacity. The additional line, which is to be acquired in year 2001, will incorporate additional equipment to enhance the quality of its timber flooring. The line is expected to be fully installed by September 2001 with additional features to be integrated by early year 2002. Subsequent to the commissioning of the additional timber flooring line, the Group expects to maintain its two (2)-shift policy with an additional third shift when necessary to meet any temporary increase in demand. The two (2) lines are expected to operate at approximately 85% capacity with an annual production of 10,200 tonnes.

1. SUMMARY OF INFORMATION (Cont'd)

1.4 Financial Highlights

The following is a summary of the proforma audited results of the NWPB Group for the past five (5) financial years ended 31 August 1995 to 1999 and the eight (8) months period ended 30 April 2000, prepared on the assumption that the current structure of the Group has been in existence throughout the years and period under review:-

| | -----Financial year ended 31 August----- | | | | | 8-month period ended 30 April 2000 |
|---------------------------------------------------|------------------------------------------|----------------|----------------|----------------|----------------|------------------------------------------------|
| | 1995 RM'000 | 1996 RM'000 | 1997 RM'000 | 1998 RM'000 | 1999 RM'000 | RM'000 |
| Turnover | 21,800 | 31,072 | 34,784 | 45,840 | 54,573 | 37,403 |
| Profit before depreciation and interest | 6,220 | 8,962 | 9,624 | 11,084 | 11,886 | 8,516 |
| Depreciation | (860) | (952) | (976) | (1,322) | (1,626) | (1,136) |
| Interest expense | (463) | (533) | (476) | (163) | (118) | (227) |
| Interest income | - | 4 | - | 34 | 48 | 568 |
| Profit before taxation | 4,897 | 7,481 | 8,172 | 9,633 | 10,190 | 7,721 |
| Taxation | - | - | (65) | (12) | (15) | (159) |
| Profit after taxation | 4,897 | 7,481 | 8,107 | 9,621 | 10,175 | 7,562 |
| No. of ordinary shares assumed in issue ('000) | 46,035 | 46,035 | 46,035 | 46,035 | 46,035 | 46,035 |
| Net EPS (sen) | 10.64 | 16.25 | 17.61 | 20.90 | 22.10 | 24.64* |
| Gross dividend rate (%) | - | - | - | - | - | - |

Notes:-

* Annualised.

(i) Apart from that mentioned in notes (iii) and (iv) below, turnover increased significantly from financial year 1995 to financial year 1999 mainly due to the increase in production capacity and the installation of new production lines for the production of new products such as jambs, laminated mouldings and timber flooring. The production capacity of solid timber moulding increased from 7,500 tonnes per annum in 1995 to 9,000 tonnes in 1999 whilst the capacity of jambs increased from 1,100 tonnes per annum in 1995 to 2,200 tonnes in 1999. The production capacity of jointed/laminated moulding increased from 1,600 tonnes per annum in 1995 to 4,000 tonnes per annum in 1999. The production capacity for timber flooring increased from 800 tonnes per annum in 1996 to 6,000 tonnes per annum in 1999.

(ii) The increase in profit before taxation throughout the financial years under review is in line with the increase in turnover and effective control over the Group's operating overheads.

(iii) The relatively significant increase in turnover and profit before taxation for the financial year 1996 is due to contributions from a new finger joint system and nine (9) kiln-drying chambers installed during the financial year 1995 whilst the relatively significant increase in turnover for the financial year 1998 is mainly due to the depreciation of RM against USD.

1. SUMMARY OF INFORMATION (Cont'd)

- (iv) *Turnover and profit before taxation for the financial period ended 30 April 2000 are higher in comparison to the corresponding period in the previous financial year due mainly to the increase in production of its timber mouldings products.*
- (v) *The taxation charged for the financial year 1999 is related to the underprovision in the previous year.*
- (vi) *The number of ordinary shares assumed in issue throughout the financial years and period under review is the number of ordinary shares in issue after the Acquisition of NWP.*
- (vii) *No dividend was declared and paid by the proforma Group during the financial years and period under review. However, NWP has, on 21 August 2000, declared and paid an interim tax-exempt dividend of 5% amounting to RM2.55 million (whilst NWP has, on 19 August 2000, declared and paid an interim tax-exempt dividend of 130% amounting to RM2.6 million to NWP) for the financial year ended 31 August 2000.*
- (viii) *The Group enjoys pioneer status for its general moulding products under the Promotion of Investment Act, 1986 for a period of ten (10) years, which will expire on 30 June 2001. In addition, the Group has unabsorbed capital allowances amounting to RM17,854 as at 31 August 1999 (subject to confirmation from the Inland Revenue Board) to off-set the taxable income derived from non-pioneer status products and services such as sawn timber trading and kiln-drying services.*
- (ix) *There was no exceptional or extraordinary item in respect of the financial years and period under review.*

1.5 Principal statistics relating to the Public Issue

| Share Capital | RM |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <i>Authorised</i> | |
| 100,000,000 ordinary shares of RM1.00 each | <u>100,000,000</u> |
| <i>Issued and fully paid-up as at the date of this Prospectus</i> | |
| 51,000,000 ordinary shares of RM1.00 each | 51,000,000 |
| <i>To be issued pursuant to the Public Issue</i> | |
| 9,000,000 ordinary shares of RM1.00 each | <u>9,000,000</u> |
| | <u>60,000,000</u> |
| Issue price per ordinary share of RM1.00 each | RM1.60 |
| Proforma Group NTA | |
| Proforma Group NTA as at 30 April 2000 (after the Acquisition of NWP, Rights Issue, Public Issue and deducting estimated listing expenses of RM2,000,000) | RM78,558,000 |
| Proforma Group NTA per share (based on the enlarged share capital of 60,000,000 ordinary shares of RM1.00 each) | RM1.31 |

1. SUMMARY OF INFORMATION (Cont'd)

Consolidated Profit Estimate and Forecast

The consolidated profit estimate and forecast for the financial years ended/ending 31 August 2000 and 2001 are as follows:-

| Financial year ended/ending 31 August | Estimate 2000 | Forecast 2001 |
|----------------------------------------------------------------------|--------------------------|--------------------------|
| Consolidated profit after taxation (RM'000) | 11,371 | 12,466 |
| Net EPS (sen) | 23.67 ^{*1} | 21.30 ^{*2} |
| Net PE multiple based on the issue price of RM1.60 per share (times) | 6.76 | 7.51 |

^{*1} Based on the weighted average number of shares in issue of 48,032,361 ordinary shares of RM1.00 each and after adjusting for the bonus element inherent in the Rights Issue in accordance with MASB 13 of the Malaysian Accounting Standards Board.

^{*2} Based on weighted average number of shares in issue of 58,520,548 ordinary shares of RM1.00 each assuming the Public Issue is completed on 31 October 2000.

Dividend Estimate and Forecast

The estimated and forecast dividend for the financial years ended/ending 31 August 2000 and 2001 are as follows:-

| Financial year ended/ending 31 August | Estimate 2000 | Forecast 2001 |
|----------------------------------------------------------------------------|--------------------------|--------------------------|
| Tax-exempt dividend per share (sen) | 5.00 | 5.00 |
| Tax-exempt dividend yield based on the issue price of RM1.60 per share (%) | N/A* | 3.13 |
| Net dividend cover (times) | 4.46 [#] | 4.16 |

* Not applicable. An interim tax-exempt dividend of 5.00% amounting to RM2.55 million for the financial year ended 31 August 2000 was declared and paid on 21 August 2000. The Directors will not be proposing any final dividend for the financial year ended 31 August 2000.

Based on the interim tax-exempt dividend of 5.00% amounting to RM2.55 million declared and paid on 21 August 2000.

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2. CORPORATE INFORMATION

Directors

| Name | Address | Occupation | Nationality |
|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|----------------------|--------------------|
| Majid bin Mat Lazim <i>(Executive Chairman)</i> | 56 Kilometre, Jalan Kimanis Beaufort Highway P.O. Box 362 89608 Papar Sabah | Company Director | Malaysian |
| Chang Ah Ngau <i>(Managing Director)</i> | 144A, Jalan Susur Taman Emas, Kepong 52100 Kuala Lumpur | Company Director | Malaysian |
| Mohd. Zahiri bin Dato' Haji Maulud <i>(Independent Non- Executive Director)</i> | 890, Jalan R1/21 Taman Rasah Jaya 70300 Seremban Negeri Sembilan Darul Khusus | Company Director | Malaysian |
| Lee Khim Sin <i>(Independent Non- Executive Director)</i> | 6, Everbright Jaya Lorong Seladah No. 1 93350 Kuching Sarawak | Chartered Accountant | Malaysian |

Audit Committee

| Name | Responsibility | Directorship |
|------------------------------------|---------------------------|----------------------------------------|
| Lee Khim Sin | Chairman of the Committee | Independent Non- Executive Director |
| Mohd. Zahiri bin Dato' Haji Maulud | Member of the Committee | Independent Non- Executive Director |
| Chang Ah Ngau | Member of the Committee | Managing Director |

Secretary : Law Fok Kiong
(MIA 3835/PA)
14, Lorong Beberek Empat
Kepong Baru
52100 Kuala Lumpur

Registered Office : 68C, Jalan SS 2/72
47300 Petaling Jaya
Selangor Darul Ehsan

Tel. No. : 03 - 757 3588

Principal Bankers : HSBC Bank Malaysia Berhad
56, Jalan Gaya
88000 Kota Kinabalu
Sabah

Affin Bank Berhad
(formerly known as Perwira Affin Bank Berhad)
17th Floor, Menara Affin
80, Jalan Raja Chulan
50200 Kuala Lumpur

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

| | | |
|--------------------------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Principal Bankers (Cont'd)</i> | : | The Pacific Bank Berhad Ground & First Floors F-65, Bangunan UMNO (Lot Persimpangan Jalan) Jalan Tan Sri Yahya Off Jalan Tok Awang Ngah 28000 Temerloh Pahang Darul Makmur |
| <i>Auditors and Reporting Accountants</i> | : | Yeap Cheng Chuan & Co. Public Accountants Suite 609, Block C Phileo Damansara 1 9, Jalan 16/11 Off Jalan Damansara 46350 Petaling Jaya Selangor Darul Ehsan |
| <i>Registrar</i> | : | Signet Share Registration Services Sdn. Bhd. 11th Floor, Tower Block Kompleks Antarabangsa Jalan Sultan Ismail 50250 Kuala Lumpur |
| <i>Valuers</i> | : | JS Valuers Property Consultants Sdn. Bhd. Level 5, Wisma Fook Loi 38, Jalan Gaya 88000 Kota Kinabalu Sabah |
| <i>Issuing House</i> | : | Malaysian Issuing House Sdn. Bhd. 27th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur |
| <i>Solicitors</i> | : | Lee, Perara & Tan 55, Jalan Thambapillai Off Jalan Tun Sambanthan Brickfields 50470 Kuala Lumpur |
| <i>Adviser and Underwriter</i> | : | Commerce International Merchant Bankers Berhad 8th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur |
| <i>Listing Sought</i> | : | Main Board of KLSE |

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3. INTRODUCTION

This Prospectus is dated 27 September 2000.

A copy of this Prospectus has been registered by the SC and lodged with the Registrar of Companies, Malaysia ("ROC) and neither the SC nor the ROC takes any responsibility for its contents.

The SC has granted the Company a waiver from complying with the SC's new guidelines under the Securities Commission Act, 1993 (as amended by the Securities Commission (Amendment) Act, 2000) as to the form and contents of a prospectus and permitted the issuance by the Company of a prospectus which complies with the form and contents of the provisions of the Companies Act, 1965 prior to the amendments introduced by the Companies (Amendment) Act, 2000. Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991 and Section 39(1)(j) of the Companies Act, 1965 (which was relevant prior to the amendments introduced by the Companies (Amendment) Act, 2000), the KLSE has prescribed NWPB as a prescribed security. In consequence thereof, the shares offered through this Prospectus will be deposited directly with MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of MCD.

An application will be made to the KLSE within three (3) market days of the issuance of this Prospectus for admission to the Official List of the Main Board of KLSE and for permission to deal in and quotation for the entire issued and fully paid-up ordinary shares of the Company, including the Public Issue, which is the subject of this Prospectus. These ordinary shares will be admitted to the Official List of the Main Board of KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of applications will be conditional upon permission being granted by the KLSE to deal in and quotation for the entire issued and fully paid-up ordinary shares of the Company, including the Issue Shares. Accordingly, monies paid in respect of any application accepted will be returned if the said permission from the KLSE is not granted.

Pursuant to the SC's Policies and Guidelines on Issue/Offer of Securities, the Company needs to have at least 25% of the enlarged issued and paid-up share capital in the hands of public shareholders and a minimum number of 1,000 public shareholders (including employees) holding not less than 1,000 shares upon completion of the Public Issue. Of the 1,000 public shareholders, at least 750 will not be employees of the NWPB Group. The Company is expected to achieve this at the point of listing. However, in the event that the above requirement is not met pursuant to this Public Issue, the Company may not be allowed to proceed with its listing plan.

An applicant should state his CDS account number in the space provided in the Application Form if the applicant presently has such an account. Where an applicant does not presently have a CDS account, the applicant should state in the Application Form his or her preferred ADA Code.

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 or her CDS account number to the Participating Financial Institution by way of keying in his or her CDS account number if the instructions on the ATM screen at which he or she enters his or her Electronic Share Application requires him or her to do so.

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

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by NWPB. 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 the NWPB Group since the date hereof.

3. INTRODUCTION *(Cont'd)*

The distribution of this Prospectus and the sale of the Issue Shares are subject to Malaysian law and the Company takes no responsibility for the distribution of this Prospectus and/or sale of the Issue Shares outside Malaysia. Persons who may be 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 an offer to sell or invitation of an offer to buy any Issue Shares in any jurisdiction in which such offer is not authorised or lawful or to any person to whom it is unlawful to make such offer.

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

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4. SHARE CAPITAL

| | RM |
|-------------------------------------------------------------------|--------------------|
| <i>Authorised</i> | |
| 100,000,000 ordinary shares of RM1.00 each | <u>100,000,000</u> |
| <i>Issued and fully paid-up as at the date of this Prospectus</i> | |
| 51,000,000 ordinary shares of RM1.00 each | 51,000,000 |
| <i>To be issued pursuant to the Public Issue</i> | |
| 9,000,000 ordinary shares of RM1.00 each | <u>9,000,000</u> |
| | <u>60,000,000</u> |

The price of RM1.60 for each Issue Share is payable in full on application.

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

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

At every general meeting of NWPH, each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney to 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. A proxy may but need not be a member of the Company.

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5. RISK FACTORS

Applicants for the Issue Shares should carefully consider the following (which may not be exhaustive) in addition to the other information contained elsewhere in this Prospectus before applying for the Issue Shares:-

5.1 No Prior Market for NWPH's Shares

Prior to this Public Issue, there was no public market for NWPH's shares. There can be no assurance that an active market for NWPH's shares will develop upon its listing on the Main Board of KLSE or, if developed, that such market will be sustained. The issue price of RM1.60 per Issue Share was determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and condition, its prospects and the prospects of the industry in which the Group operates, the management of the Group, the market prices for shares of companies engaged in businesses similar to that of the Group and prevailing market conditions. The price at which NWPH's shares will trade on the Main Board of KLSE upon or subsequent to its listing will be dependent upon market forces beyond the control of the Company.

5.2 Control by Substantial Shareholder

Following the Public Issue, Sepang Heights will own 55.25% of the Company's issued and paid-up share capital and hence will be the controlling shareholder of the Company. Therefore, it is likely that it will be able to influence the outcome of certain matters requiring the vote of the Company's shareholders, unless it is required to abstain from voting by law and/or by the relevant authorities.

5.3 Supply and Cost of Raw Materials

Sabah's downstream timber processing industries are suffering from a severe log shortage. There are more than 500 downstream timber processing operators in Sabah with a combined capacity to produce nearly 15.7 million cubic metres of timber products a year, and they are competing to gain access to the 6 million cubic metres of natural log supply each year. (*Source: 1998 Dynaquest Sector Analysis - Sawmills & Timber Processing*). Furthermore, as the timber industry undergoes structural adjustments towards downstream processing, there would be increasingly higher demand for logs and/or sawn timber as the Government introduces various incentives to encourage and promote greater downstream and value added activities in the wood-based industry.

The long term viability of the NWPH Group depends significantly on the long term sustainable supply and cost of sawn timber, being the main raw material. Although the Group has executed several Sale of Goods Agreement on 20 November 1997 with various sawn timber suppliers to secure an assured reasonable supply of sawn timber up to 14 November 2003, the NWPH Group's profits will still be subject to fluctuations due to changes in the cost of sawn timber to the Group and delays in receiving supplies of sawn timber. Therefore, no assurance can be given that the Group will continue to have available necessary raw materials at a reasonable price or that any increases in raw material costs would not have a material adverse effect on the Group in the future.

5.4 Fluctuations in Selling Prices of Timber Products

Inherent to the timber industry is the fluctuations in the selling prices of timber products such as sawn and moulded timber, jambs, solid, finger-joint and laminated mouldings and timber flooring as a result of market forces. Hence, the profit of the NWPH Group will be subject to fluctuations due to changes in the selling prices of its products. However, the NWPH Group mitigates the fluctuations by having a diverse range of quality products and effective costing. Hence, the Group's risks are reduced should any one product suffers from a downturn in selling price or demand.

5. RISK FACTORS (Cont'd)

5.5 Foreign Market Risk

A significant part of the Group's products are exported to the USA. For the financial year ended 31 August 1999, approximately 73.48% of the Group's products are exported to the USA. As such, the Group's future growth and level of profitability are expected to be closely linked to the political and economic development of the USA, where most of the Group's customers are located. The future growth of the USA economies may be affected by changes in inflation, interest rates, taxation and other political, economic or social developments in or affecting the USA. In addition, the Group will be subject to fluctuations in the currency value of the USD in the event that the fixed exchange rate of USD1.00 to RM3.80 imposed by Bank Negara Malaysia since September 1998 is no longer maintained by the Malaysian Government. In this regard, any strengthening of the RM against USD would have an adverse effect on the results of the Group. Likewise, any weakening of the RM against USD would contribute favourably to the results of the Group.

5.6 Competition

NWPH Group's products face competition from both local and foreign producers of solid, finger-jointed and laminated mouldings, jambs and timber flooring. Competition is also faced in the form of substitute materials, such as non-tropical timber, which may be more environmentally acceptable in certain markets such as Europe. This may affect the sale of jambs, solid, finger-jointed and laminated mouldings and timber flooring to some of the timber markets to which the Group exports. Although the Group expects to remain competitive by producing quality value-added downstream products, by using modern and efficient machinery which reduces wastage and by achieving economies of scale, no assurance can be given that the Group will be able to maintain its existing market share in the future.

Furthermore, in view of the structural change of the industry towards downstream activities, competition in respect to the Group's products as well as its raw materials requirements may further increase in the future. As such, the Group has taken precautionary measures by entering into agreements to secure a consistent supply of raw materials essential to its operations as well as diversifying its products and markets.

5.7 Business Risks

The Group is subject to risks inherent in the manufacturing industry and those specific to the timber industry. For example, the Group may be affected by a general downturn in the global, regional and national economy, specifically, the Malaysian and the USA economies, entry of new players, constraints in labour supply, changes in law and tax legislation affecting the industry, increase in production costs, changes in business and credit conditions, fluctuations in foreign exchange rates, introduction of new technologies and negative publicity from non-governmental organisations concerned with the effects of the timber industry on the environment which may affect certain export markets.

Although the Group seeks to limit these risks through, inter-alia, expansion of export markets, development of new products and a diversified market network, no assurance can be given that any change to these factors will not have a material adverse effect on the Group's business.

5.8 Dependence on Key Personnel

The Group believes that its continued success will depend, to a significant extent, upon the abilities and continued efforts of its existing Directors and senior management. The loss of any of the Group's Directors or key members of the senior management may affect the Group's performance. The Group's future success will also depend upon its ability to attract and retain experienced personnel. It is the Group's practice to retain the services of these Directors and senior management whenever possible and to also attract and retain experienced personnel.

5. RISK FACTORS (Cont'd)

5.9 Profit Estimate and Forecast

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

5.10 Political, Economic and Regulatory Considerations

Like all other business entities, changes in political, economic and regulatory conditions in Malaysia and elsewhere could materially and adversely affect the financial and business prospects of the Group and the markets of its end products. Amongst the political, economic and regulatory uncertainties are the changes in political leadership, expropriation, nationalisation, re-negotiation or nullification of existing sales orders and contracts, changes in interest rates and methods of taxation and currency exchange rules and contracts.

5.11 Future Prospects

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking in nature which are subject to uncertainties and contingencies. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty by the Company or its advisers that the plans and objectives of the NWP Group will be achieved.

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6. INDUSTRY OVERVIEW

The NWPB Group is principally involved in the manufacturing of various types of timber products such as jambs, solid, finger-jointed and laminated mouldings and timber flooring, sawn timber trading and the provision of timber treatment and kiln drying services. Further details of the Group's products and services are as set out in Section 9.3.1. The future outlook of the Group is closely linked to the general domestic and world economic outlook and in particular the outlook of the timber industry.

6.1 Overview of the Malaysian Economy

The Malaysian economy has recovered in 1999 from the severe deflationary impact of the regional crisis which had resulted in a 7.5% contraction of the economy in 1998. Real Gross Domestic Product ("GDP"), which had contracted by an unprecedented 10.9% and 10.3% in the third and fourth quarters of 1998, registered a significantly milder contraction of 1.3% in the subsequent first quarter of 1999 before recovering with a positive growth of 4.1% in the second quarter of 1999. Monthly analysis of the performance of the economy indicates that the downward trend reached its trough in January 1999 before bottoming out in February 1999. The recovery subsequently strengthened and real GDP growth is expected to further accelerate to an average annual rate of 7.2% during the second half of 1999, against 1.4% real growth in the first half of 1999.

Malaysia's economic recovery is expected to gather further momentum in the year 2000. Underlying this positive outlook is an economy that is becoming increasingly more resilient to external shocks and systematic risks, made possible by recent policy measures to strengthen the nation's external reserves position, financial system and the corporate sector. In addition, the prevailing low rate of inflation and the nation's large surplus resource position allow further demand stimulus measures to be taken in year 2000 to sustain the economic recovery process within the context of maintaining macroeconomic stability. Barring any major downside risks that could affect the world economic environment, these developments should provide the necessary impetus for Malaysia's real GDP to expand at a faster rate of 5% in the year 2000.

(Source : Economic Report 1999/2000)

6.2 Overview of the Timber Industry

(i) Industry Growth and Size

The wood-based sector was among the earliest industries to have started in the country way back in the 1940s. Characterised largely as family units, fragmented and utilising simple wood processing machines producing for domestic needs, the industry today has grown to become one of the economic pillars of the country. It has generated employment opportunities to more than 211,000 people, playing a prominent role in the commodity sector and poised for further growth.

(Source: Maskayu, March 1999)

Statistics obtained from the Malaysian Timber Industry Board ("MTIB") show that the industry recorded an average growth of between 7% to 8% over the last ten years, recession or otherwise. Malaysia's timber products' freight-on-board value was RM7.21 billion in 1988 but doubled to RM14.7 billion in 1998. In the first six (6) months of 1999, exports of timber and timber products touched RM7.46 billion compared with RM6.5 billion recorded for the same period of the previous year. The export markets for the timber products included the USA, Japan, the European Union, Canada, Hong Kong, the Middle East, Australia and Taiwan.

(Source: The Star, 18 October 1999)

6. INDUSTRY OVERVIEW (Cont'd)

(ii) Industry Life Cycle

The different sectors of the industry are experiencing different stages of growth in their life cycle. For example, in the sawn timber sector, the industry has reached a relatively advanced stage and in the case of panel products, it is expected that there will be a degree of plywood substitution by other panel products. However, for particleboard, medium density fibreboard, mouldings, joinery and furniture, the potential for increase in demand in these sectors is considerable. *(Source : 1998 Dynaquest Sector Analysis - Sawmills & Timber Processing)*

Panel products are mainly wood used in panelling walls and ceilings, particleboard is fine board made from saw dust used in furniture manufacturing, fibreboard is board made from wood chips used in furniture manufacturing, mouldings are shaped strips of wood whilst joinery are essentially strips of wood joined together to achieve desired length.

(iii) Government Legislation, Policies and Incentives

In an effort to promote the development of the local timber and the manufacture of wood-based products industry, the Government has provided a wide range of incentives including tax incentives in the form of pioneer status and investment tax allowance. An exemption from income tax of up to 100% of the statutory income for a 5-year relief period is usually granted under the pioneer status incentive scheme while an allowance of up to 80% of the qualifying capital expenditure incurred shall be given a 5-year claim period under the investment tax allowance scheme. The Government also provides for import duty exemption, export incentives as well as research and development and training incentives.

The Malaysian Government has set up various agencies such as the Malaysian Timber Council, Malaysian External Trade and Development Corporation and Malaysian Timber Industry Board to promote the local timber industry by promoting the use of timber and timber based products in various diverse markets both locally and internationally. In addition, the Government suspended export levies on sawn timber from Peninsular Malaysia effective May 1998, a move which would boost the competitiveness of Malaysian firms.

(Source: Malaysian Business Times, 8 May 1998 and The Sun, 13 April 1999)

To ensure sustainability of Malaysia's forest resources, logging activities in Malaysia are fixed on a quota basis with the annual tree felling rate being steadily scaled down over the years. During the Fifth Malaysia Plan (1986 - 1990), the annual allowable cut was about 72,000 hectares while in the Sixth Malaysia Plan (1991 - 1995), it was reduced to 52,000 hectares and 46,000 hectares in the Seventh Malaysia Plan (1996 - 2000).

(Source: The Star, 21 June 1999)

The Government has recognised the need to maintain sufficient coverage of land under forest for sustainable economic and environmental purposes. It has launched the Compensatory Forest Plantation Programme in 1982 as a strategy to supplement the supply of logs that is projected to dwindle in the coming years. In addition, Malaysia is a member of the International Tropical Timber Organisation ("ITTO"), a 53-member commodity organisation whose key objective is to have all tropical timber entering international trade come from sustainably managed sources by year 2000. According to industry sources, only Malaysia has so far achieved sustainability in forest management as defined by ITTO.

(Source: Malaysian Business Times, 15 January 1999 and Maskayu, June 1999)

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

(iv) **Capital or Labour Intensive**

Logging is a relatively labour intensive activity while sawmilling, secondary and tertiary processing and furniture manufacturing are highly capital intensive.

(v) **Dependency on Other Industries**

The performance of the timber industry would be dependent on the performance of the wood-based products industry such as the furniture manufacturing industry and also the construction industry, in particular the residential and commercial construction sector.

(vi) **Industry Dynamics**

(a) **Nature of Industry**

The timber industry encompasses a wide range of activities from logging, sawmilling, secondary processing (for example process moulding and production of veneer and plywood), to tertiary processing (such as manufacturing of furniture, doors and windows). Its main products are sawlogs, sawn timber, panel products, mouldings and joinery, and furniture.

(b) **Competition**

The industry sees competition throughout the various processing stages from supply of logs to sales of the timber products. In the market for timber raw materials, the decline in supply as a result of dwindling timber resources coupled with the increase in demand due to the promotion of downstream activities in the wood-based industry has led to stiffer competition for logs and/or sawn timber. However, in terms of sales, competition is mainly from external forces as between 50% to 90% of the various categories of Malaysia's timber products are exported.

(Source: 1998 Dynaquest Sector Analysis - Sawmills & Timber Processing, Maskayu, March 1999 and Bernama Report published by The Sun, 1 October 1999)

(c) **Ease of Entry**

The entry-barrier for new entrants into the downstream timber processing industry (for example process moulding, manufacturing of furniture and manufacturing of plywood) is presently high mainly due to the level of technical skill required and the substantial amount of capital investment required. Prospective new entrants will find their potential return on their intended investment being less attractive due to the high capital investment required, uncertainty over the availability of raw materials especially if it is not well located and well established, limited skilled personnel and competition from well established manufacturers. Only existing participants with their various existing competitive advantages and established market niches can find the business lucrative.

(vii) **Summary of Outlook and Areas of Growth**

Spearheaded by the wooden furniture industry, the timber industry is set to be a major revenue earner for Malaysia. Emphasis would be placed on promoting value-added downstream activities to ensure full utilisation of the resources and skills available to the country. This includes pioneering rubberwood processing technology and gearing up effort towards production of original design manufacturing where we produce our own

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

designs for the export market rather than being dictated by foreign manufacturers under original equipment manufacturers' arrangements.

(Source: The Star, 18 October 1999)

The future prospects of the local timber industry appears to be promising with pricing nudging upwards in an expanding market place. The timber prices are on the mend with round logs and plywood prices increasing 26% and 32% respectively between the last quarter of 1998 and the second quarter of 1999. The stabilisation of timber prices and worldwide consolidation, especially in the South East Asia and Japan has strengthened the position of surviving market players. With maximum automation and high technology, the industry will contribute significantly to Malaysia's gross domestic product and foreign exchange earnings.

(Source: The Edge, 29 May 1999 and Bernama Report published by The Sun, 1 October 1999)

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7. FUTURE PROSPECTS AND PLANS

7.1 Future Prospects

With the export of local wood-based products expected to continue growing positively and the world consumption of sawn timber and wood-panel products expected to grow at an average annual rate of 2.3% and 4.8% respectively for the period between 1990 to 2010, the prospects for the local sawmilling and timber processing industry are expected to be favourable.

(Source: 1998 Dynaquest Sector Analysis-Sawmills & Timber Processing)

The industry's prospects are further enhanced by the following factors:-

- (a) Malaysia, with its continual technological development and innovation, has a great potential for developing the local timber and timber-related industry. Furthermore, the structural change of the industry towards downstream activities should increase the value-added content in the industry, thus boosting its growth; and
- (b) The implementation of strict measures for the conservation of forest resources under a national policy of sustainable forest management should ensure a continuous and stable supply of timber in the future. Proactive steps taken by the Government include implementation of controlled felling, reforestation and sustainable forest management programs.

7.2 Future Plans

The NWPB Group plans to expand its business by further investing in its timber flooring division. Timber flooring has been popular in temperate countries, especially in North America. Being a poor conductor of heat, timber flooring makes the floor cooler in the hot summer and keeps it less cold and less humid in the winter. With the booming housing market and the scarcity and high price of hard maple in the USA (*Asiantimber, June 2000*), demand for timber flooring made of less expensive timber extracted from tropical rainforest from this region as a substitute is expected to increase which will ensure a continuing market for timber flooring. At present, the Group operates two (2) shifts for its sole timber flooring production line. For the eight (8) months period ended 30 April 2000, the Group's timber flooring production line was operating at approximately 72% capacity with an annualised production output of 4,296 tonnes. The Group plans to invest in an additional line costing approximately RM10.0 million, to be financed from proceeds arising from the Rights Issue and Public Issue, for its timber flooring division to boost its current production capacity. The additional line, which is to be acquired in year 2001, will incorporate additional equipment to enhance the quality of its timber flooring. The line is expected to be fully installed by September 2001 with additional features to be integrated by early year 2002. Subsequent to the commissioning of the additional timber flooring line, the Group expects to maintain its two (2)-shift policy with an additional third shift when necessary to meet any temporary increase in demand. The two (2) lines are expected to operate at approximately 85% capacity with an annual production of 10,200 tonnes.

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8. PARTICULARS OF THE PUBLIC ISSUE

8.1 Details of the Public Issue

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

(i) Eligible Employees

2,700,000 of the Issue Shares have been reserved for eligible employees of the NWPB Group.

(ii) Malaysian Public

6,300,000 of the Issue Shares will be available for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

The 9,000,000 Issue Shares have been fully underwritten at an underwriting commission of one percent (1.0%) at the issue price of RM1.60 per share.

Any Issue Shares in respect of paragraph (i) above not taken up by eligible employees of the NWPB Group will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions.

8.2 Purposes of the Public Issue

The purposes of the Public Issue are as follows:-

- (i) To provide the Company access to the capital market to raise funds for future expansion, diversification, modernisation and continued growth of NWPB;
- (ii) To provide an opportunity for eligible employees of NPWH Group and the Malaysian public to participate in the equity and the continuing growth of the Group; and
- (iii) To obtain listing of and quotation for the entire issued and paid-up ordinary shares of NWPB on the Main Board of KLSE.

8.3 Utilisation of Proceeds

The gross proceeds arising from the Rights Issue, details of which are set out in Section 9.2.2 of this Prospectus, is RM4,965,284, whilst the gross proceeds arising from the Public Issue is RM14,400,000. The total gross proceeds of RM19,365,284 will be utilised in the following manner:-

| | Note | RM'000 |
|----------------------------|------|--------|
| Capital expenditure | (i) | 10,000 |
| Working capital | | 7,365 |
| Estimated listing expenses | (ii) | 2,000 |
| | | 19,365 |

8. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)*Notes:-*

- (i) *In line with the Group's expansion plans, the Group proposes to incur the following capital expenditure:-*

| <i>Plant and machinery</i> | <i>No. of units</i> | <i>Unit Cost RM'000</i> | <i>Total Cost RM'000</i> |
|------------------------------------------|---------------------|-----------------------------|------------------------------|
| <i>Dusphol Overlaid Machine</i> | <i>1</i> | <i>1,000</i> | <i>1,000</i> |
| <i>Cross Cut</i> | <i>10</i> | <i>7</i> | <i>70</i> |
| <i>Blanking Moulder</i> | <i>4</i> | <i>90</i> | <i>360</i> |
| <i>Single Rip Saw</i> | <i>4</i> | <i>75</i> | <i>300</i> |
| <i>Multiple Rip Saw</i> | <i>4</i> | <i>90</i> | <i>360</i> |
| <i>White Wood Sanding Machine</i> | <i>4</i> | <i>180</i> | <i>720</i> |
| <i>Double-End Tenoner</i> | <i>1</i> | <i>220</i> | <i>220</i> |
| <i>UV Lacquer Line</i> | <i>1</i> | <i>750</i> | <i>750</i> |
| <i>Conveyer</i> | <i>2</i> | <i>90</i> | <i>180</i> |
| <i>Packing/QC Table</i> | <i>1</i> | <i>60</i> | <i>60</i> |
| <i>Air Compressor</i> | <i>2</i> | <i>100</i> | <i>200</i> |
| <i>Blower/Vacuum System</i> | <i>-</i> | <i>-</i> | <i>680</i> |
| <i>Installation and Electrical Works</i> | <i>-</i> | <i>-</i> | <i>800</i> |
| <i>Veneer Slicer with Dryer</i> | <i>-</i> | <i>-</i> | <i>4,300</i> |
| | | Total | 10,000 |

- (ii) *The estimated listing expenses, including brokerage and underwriting commission relating to the Issue Shares, incidental to the listing of and quotation for the entire issued and paid-up ordinary shares of the Company on the Main Board of KLSE amounting to approximately RM2.0 million will be borne by the Company.*

8.4 Brokerage and Underwriting Commission

Brokerage relating to the Issue Shares will be borne by the Company at the rate of one percent (1.0%) of the issue price of RM1.60 per share in respect of successful applications bearing the stamp of CIMB, a member company of the KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIH.

The Underwriter has agreed to underwrite the Issue Shares which are available for application by the Malaysian public and eligible employees of the NWPB Group. The underwriting commission is payable by the Company at the rate of one percent (1.0%) of the issue price of RM1.60 per share.

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

8.5 Basis of arriving at the issue price

The issue price of RM1.60 per share was determined and agreed upon by the Company and CIMB as the Adviser and Managing Underwriter based on various factors, including but not limited to the following:-

- (i) The market prices of shares of companies engaged in businesses similar to that of the Group and prevailing market conditions;
- (ii) The forecast net PE multiple of approximately 7.51 times*¹;
- (iii) The issue price of RM1.60 represents a premium of RM0.29 or 22.14% from the proforma consolidated NTA per share of NWPH as at 30 April 2000 of RM1.31;
- (iv) The forecast tax-exempt dividend yield of 3.13%*²;
- (v) The qualitative factors of the NWPH Group as set out in Section 9.3 of this Prospectus;
- (vi) The Group's financial and operating history as set out in Section 9.6 of this Prospectus;
- (vii) Its prospects and the prospects of the industry as in which the Group operates as set out in Sections 7 and 6 respectively of this Prospectus; and
- (viii) The management of the Group as set out in Section 9.7 of this Prospectus.

Notes:-

- *1 *Based on the forecast consolidated net EPS of the NWPH Group of approximately 21.30 sen for the financial year ending 31 August 2001 and the issue price of RM1.60 per share.*
- *2 *Based on the forecast tax-exempt dividend per share of NWPH of 5 sen for the financial year ending 31 August 2001 and the issue price of RM1.60 per share.*

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